

Beginning calculation of spousal support.

This is an iterative calculation.

First, we calculate support according to the formula for the county you specified, based on Net Disposable Incomes.

Then, we calculate tax with that spousal support.

The tax changes Net Disposable Incomes. So we recalculate net Disposable Incomes.

New Net Disposable Incomes result in a different spousal support amount.

So, we recalculate spousal support, based on the new Net Disposable Incomes.

We repeat this several times. Each time, the incremental changes in tax and spousal support will diminish.

We repeat this process until the incremental change in spousal support is less than 50 cents.

That gives us our final spousal support result.

Preparing for Spousal Support iteration #1.

1. For Martin:

Federal income taxes, but excluding self-employment tax = \$24,710.

FICA, Medicare, and Self-Employment Tax = \$8,934.

California Taxes = \$0.

2. For Gladys:

Federal income taxes, but excluding self-employment tax = \$-1,909.

(A negative income tax means that the earned income credit, child tax credit, etc., are more than the tax due.)

FICA, Medicare, and Self-Employment Tax = \$3,428.

California Taxes = \$0.

3. Martin's annual Net Disposable Income using those taxes = \$92,692.

4. Gladys's annual Net Disposable Income using those taxes = \$32,446.

5. In Santa Clara county, the percent of high earner Net Disposable Income to use in the spousal support formula is 40%,  
and the percent of low-earner Net Disposable Income to use in the spousal support formula is 50%.

We call these the "high-earner percent" and "low-earner percent" respectively.

6. HPct, % of time the high income parent spends with the children = 0.5000

7. HPct of 0.50 is  $\leq 0.5$ , so HMultiplier is  $1.0 + \text{HPct} = 1.0 + 0.50 = 1.50$ .

8. Total Net Disposable Income Monthly is more than \$10,000.

So KMultiplier =  $0.12 + (800/\text{Total Net Disposable Income Monthly})$

=  $0.12 + (800/\$10,428) = 0.1967$ .

9. KFactor = HMultiplier \* KMultiplier =  $1.5000 * 0.1967 = 0.2951$

Spousal Support Iteration #: 1:

1. Each parent's Adjusted Trial Net Disposable Income = Parent's Trial Net Disposable Income \*  $(1.0 - (\text{ChildMultiplier} * \text{KFactor}))$

= (for Martin)  $92,692 * (1.0 - (1.600 * 0.2951)) = \$48,931$  annually = \$4,078 monthly.

= (for Gladys)  $32,446 * (1.0 - (1.600 * 0.2951)) = \$17,128$  annually = \$1,427 monthly.

2. Spousal support formula: (High-earner percent \* Monthly high earner Net Adjusted Disposable Income)

minus (Low-earner percent \* Monthly low earner Net Adjusted Disposable Income)

=  $(0.40 * \$4,078) - (0.50 * \$1,427)$ .

= \$917.36 per month, or \$11,008 per year.

Preparing for Spousal Support iteration #2.

1. For Martin:

Federal income taxes, including spousal support of \$11,008, but excluding self-employment tax = \$21,628.

FICA, Medicare, and Self-Employment Tax = \$8,934.

California Taxes = \$0.

2. For Gladys:

Federal income taxes, including spousal support of \$11,008, but excluding self-employment tax = \$-114.

(A negative income tax means that the earned income credit, child tax credit, etc., are more than the tax due.)

FICA, Medicare, and Self-Employment Tax = \$3,428.

California Taxes = \$0.

3. Martin's annual Net Disposable Income using those taxes = \$95,774.

4. Gladys's annual Net Disposable Income using those taxes = \$30,651.
5. HPct of 0.50 is  $\leq 0.5$ , so HMultiplier is  $1.0 + \text{HPct} = 1.0 + 0.50 = 1.50$ .
6. Total Net Disposable Income Monthly is more than \$10,000.  
So KMultiplier =  $0.12 + (800/\text{Total Net Disposable Income Monthly})$   
=  $0.12 + (800/\$10,535) = 0.1959$ .
7. KFactor = HMultiplier \* KMultiplier =  $1.5000 * 0.1959 = 0.2939$

Spousal Support Iteration #: 2:

1. Each parent's Adjusted Trial Net Disposable Income = Parent's Trial Net Disposable Income \*  $(1.0 - (\text{ChildMultiplier} * \text{KFactor}))$   
= (for Martin)  $95,774 * (1.0 - (1.600 * 0.2939)) = \$50,737$  annually = \$4,228 monthly.  
= (for Gladys)  $30,651 * (1.0 - (1.600 * 0.2939)) = \$16,238$  annually = \$1,353 monthly.
2. Spousal support formula:  $(\text{High-earner percent} * \text{Monthly high earner Net Adjusted Disposable Income})$   
minus  $(\text{Low-earner percent} * \text{Monthly low earner Net Adjusted Disposable Income})$   
=  $(0.40 * \$4,228) - (0.50 * \$1,353)$ .  
= \$1,014.67 per month, or \$12,176 per year.
3. Comparing \$12,176 to \$11,008 -- not close enough. Need another iteration.

Preparing for Spousal Support iteration #3.

1. For Martin:  
Federal income taxes, including spousal support of \$12,176, but excluding self-employment tax = \$21,305.  
FICA, Medicare, and Self-Employment Tax = \$8,934.  
California Taxes = \$0.
2. For Gladys:  
Federal income taxes, including spousal support of \$12,176, but excluding self-employment tax = \$59.  
FICA, Medicare, and Self-Employment Tax = \$3,428.  
California Taxes = \$0.
3. Martin's annual Net Disposable Income using those taxes = \$96,097.
4. Gladys's annual Net Disposable Income using those taxes = \$30,478.
5. HPct of 0.50 is  $\leq 0.5$ , so HMultiplier is  $1.0 + \text{HPct} = 1.0 + 0.50 = 1.50$ .
6. Total Net Disposable Income Monthly is more than \$10,000.  
So KMultiplier =  $0.12 + (800/\text{Total Net Disposable Income Monthly})$   
=  $0.12 + (800/\$10,548) = 0.1958$ .
7. KFactor = HMultiplier \* KMultiplier =  $1.5000 * 0.1958 = 0.2938$

Spousal Support Iteration #: 3:

1. Each parent's Adjusted Trial Net Disposable Income = Parent's Trial Net Disposable Income \*  $(1.0 - (\text{ChildMultiplier} * \text{KFactor}))$   
= (for Martin)  $96,097 * (1.0 - (1.600 * 0.2938)) = \$50,929$  annually = \$4,244 monthly.  
= (for Gladys)  $30,478 * (1.0 - (1.600 * 0.2938)) = \$16,153$  annually = \$1,346 monthly.
2. Spousal support formula:  $(\text{High-earner percent} * \text{Monthly high earner Net Adjusted Disposable Income})$   
minus  $(\text{Low-earner percent} * \text{Monthly low earner Net Adjusted Disposable Income})$   
=  $(0.40 * \$4,244) - (0.50 * \$1,346)$ .  
= \$1,024.61 per month, or \$12,295 per year.
3. Comparing \$12,295 to \$12,176 -- not close enough. Need another iteration.

Preparing for Spousal Support iteration #4.

1. For Martin:  
Federal income taxes, including spousal support of \$12,295, but excluding self-employment tax = \$21,263.  
FICA, Medicare, and Self-Employment Tax = \$8,934.  
California Taxes = \$0.
2. For Gladys:  
Federal income taxes, including spousal support of \$12,295, but excluding self-employment tax = \$74.  
FICA, Medicare, and Self-Employment Tax = \$3,428.  
California Taxes = \$0.
3. Martin's annual Net Disposable Income using those taxes = \$96,139.
4. Gladys's annual Net Disposable Income using those taxes = \$30,463.
5. HPct of 0.50 is  $\leq 0.5$ , so HMultiplier is  $1.0 + \text{HPct} = 1.0 + 0.50 = 1.50$ .

6. Total Net Disposable Income Monthly is more than \$10,000.  
 So  $KMultiplier = 0.12 + (800/Total\ Net\ Disposable\ Income\ Monthly)$   
 $= 0.12 + (800/\$10,550) = 0.1958$ .
7.  $KFactor = HMultiplier * KMultiplier = 1.5000 * 0.1958 = 0.2937$

Spousal Support Iteration #: 4:

1. Each parent's Adjusted Trial Net Disposable Income = Parent's Trial Net Disposable Income \* (1.0 - (ChildMultiplier \* KFactor))  
 $= (\text{for Martin}) 96,139 * (1.0 - (1.600 * 0.2937)) = \$50,955 \text{ annually} = \$4,246 \text{ monthly.}$   
 $= (\text{for Gladys}) 30,463 * (1.0 - (1.600 * 0.2937)) = \$16,146 \text{ annually} = \$1,345 \text{ monthly.}$
2. Spousal support formula: (High-earner percent \* Monthly high earner Net Adjusted Disposable Income)  
 minus (Low-earner percent \* Monthly low earner Net Adjusted Disposable Income)  
 $= (0.40 * \$4,246) - (0.50 * \$1,345).$   
 $= \$1,025.75 \text{ per month, or } \$12,309 \text{ per year.}$
3. Comparing \$12,309 to \$12,295 -- not close enough. Need another iteration.

Preparing for Spousal Support iteration #5.

1. For Martin:  
 Federal income taxes, including spousal support of \$12,309, but excluding self-employment tax = \$21,263.  
 FICA, Medicare, and Self-Employment Tax = \$8,934.  
 California Taxes = \$0.
2. For Gladys:  
 Federal income taxes, including spousal support of \$12,309, but excluding self-employment tax = \$81.  
 FICA, Medicare, and Self-Employment Tax = \$3,428.  
 California Taxes = \$0.
3. Martin's annual Net Disposable Income using those taxes = \$96,139.
4. Gladys's annual Net Disposable Income using those taxes = \$30,456.
5. HPct of 0.50 is  $\leq 0.5$ , so  $HMultiplier$  is  $1.0 + HPct = 1.0 + 0.50 = 1.50$ .
6. Total Net Disposable Income Monthly is more than \$10,000.  
 So  $KMultiplier = 0.12 + (800/Total\ Net\ Disposable\ Income\ Monthly)$   
 $= 0.12 + (800/\$10,550) = 0.1958$ .
7.  $KFactor = HMultiplier * KMultiplier = 1.5000 * 0.1958 = 0.2937$

Spousal Support Iteration #: 5:

1. Each parent's Adjusted Trial Net Disposable Income = Parent's Trial Net Disposable Income \* (1.0 - (ChildMultiplier \* KFactor))  
 $= (\text{for Martin}) 96,139 * (1.0 - (1.600 * 0.2937)) = \$50,954 \text{ annually} = \$4,246 \text{ monthly.}$   
 $= (\text{for Gladys}) 30,456 * (1.0 - (1.600 * 0.2937)) = \$16,142 \text{ annually} = \$1,345 \text{ monthly.}$
2. Spousal support formula: (High-earner percent \* Monthly high earner Net Adjusted Disposable Income)  
 minus (Low-earner percent \* Monthly low earner Net Adjusted Disposable Income)  
 $= (0.40 * \$4,246) - (0.50 * \$1,345).$   
 $= \$1,025.89 \text{ per month, or } \$12,311 \text{ per year.}$
3. Comparing \$12,311 to \$12,309 -- close enough. No further iteration needed.
4. Fixed Adjustment Method, adjusting to match DissoMaster, multiplying our result by 1.029477 gives a final spousal support result of \$12,674 per year.
5. Spousal support computation is complete. Spousal support amount is: \$12,674 per year.