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Budget 411: Make it easy for the client

by Lisa T. Spencer and Kelli Jordan

Who of us keeps a detailed accounting of our monthly spending? Not a glamorous topic, and we confess that in our personal lives, we are not among the few who do. Detailed monthly budgets are, however, critical information in marital dissolution proceedings:



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Parties' reasonable needs, i.e., their budgets, are an integral part of the statutory standard for determining an appropriate amount of spousal maintenance. After years of working with clients on their budgets, we've developed ways to ease your client's pain of diving into the muck of personal spending. It takes planning and persistence on your part, but it is well worth the effort to put together a reasonable, accurate budget to present in mediation, at a temporary hearing or trial.

First, determine what type of budget you are preparing. Is it a current budget based on current circumstances and expenses? Is it a marital standard of living budget and, if so, for how many years and what years? Or is it a combination of both?

Once you know the type of budget, there are important questions to immediately ask your client which may dramatically impact the cost and time associated with preparing the budget.

- Did the parties keep a computer generated analysis of their spending, e.g., Quicken? If so, lucky you. Obtain it immediately for as far back as they have it. You may not want to prepare a budget based upon 20+ years of spending, but that 20 years of spending can provide you with much needed insight regarding the parties' lifestyle [i.e. vacations (where they went, for how long they stayed, where they stayed), type of restaurants where they eat, where they shop, children's activities, etc.]. It can also provide you with information for other aspects of your case (i.e. non-marital tracings, assets, liabilities, etc.)
- Were any of the parties' expenses paid by a former or present business entity or employer (i.e. gas, cell phone, eating out, travel, etc.)? Such expenses will not be reflected in the parties' personal bank account or credit cards. Thus, it will be necessary to request business expense reports, credit cards, gas cards, bank statements, etc.

- Did the parties retain copies of their bank statements, credit card statements, travel records, etc. If so, obtain them immediately so that they are not destroyed, lost, written on, etc.

Next, determine other "big" sources for direct information. With the evolution of the internet and the availability of records online, obtain online access to your client's accounts (credit cards, bank accounts, etc.) so that you can download the information and avoid recreating the wheel. Be aware that some banks limit the time period in which the information can be downloaded (i.e. 90 days). Thus, the sooner you are able to download the information, the better. These resources are good starting points, but there's more work to do.

If you are not so lucky to get comprehensive budget information, then you and your client need to do some investigative work. Unfortunately, from your client's perspective, focusing on what they spend each month adds to the stress and anxiety they are already experiencing. How often have we heard, "It's too much - I can't deal with the kids, my job and now this too." If your client is struggling with the detail, it's helpful to break it down into categories and ask the client to focus on one category a week. Schedule a time at the end of each week to discuss the category expenses. Coach the

client along the way and let him/her know that if they hit a roadblock with a particular expense, move on to the next expense. You can discuss the roadblock later in the week. We often break the categories down as follows:

Week 1: Housing Expenses (mortgage, insurance, taxes, utilities, home maintenance/repairs, etc.). If your client does not have access to the bills or information, here are some helpful hints: a) your paralegal or secretary (or the client) can call the gas company, electric company and City for the last 12-month average for any given property (the utility companies seem to be limiting access to this information more and more unfortunately); b) have your client call the insurance agent for insurance rates; and c) real estate taxes can be found online.

Week 2: Household Supplies, Groceries, Dining Out, Transportation (gas, car payment, oil changes, auto club, maintenance repairs, etc.). If the client typically pays for these items with a credit or check card, you can easily download the information into a computer program to categorize and come up with a monthly amount. The client can request that providers (dealership, Tires Plus, etc.) print out a history showing the expenditures. For automobile license fees, etc., the client can email the DMV, and an estimate of the cost will be emailed back.

Week 3: Medical, Dental, Vision Expenses and Life Insurance. The client can call various providers and have them fax or email detailed invoices for each party and their children or have the client request Explanation of Benefit Information from the insurance company for a set period of time. Make sure you obtain accurate COBRA rates. Review life insurance statements or have the client obtain them from

their insurance agent. Be careful with some life insurance premiums, they don't always stay consistent from year to year and can increase as time goes on.

Week 4: Vacations. This can be an easily overlooked expense category, especially if some of the parties' vacation expenses are paid through business entities. Ask your client to review online social media accounts (Facebook, etc.) for postings or photographs from vacations, review travel agency records and passports for a list of trips (dates/location), review photo albums/photos for trips taken (dates/location), business and personal credit card statements for charges while on vacation, frequent flier mile statements, research airfare, resorts, vacation rental homes, rental car, restaurants, lift tickets, etc. online and print out information to support expense.

Week 5: Children's Expenses (school tuition, lunches, busing, activities, etc.) and Pet Expenses. Have the client obtain itemized bills from the school, etc. and have them faxed or emailed to your office. Your paralegal or secretary (or client) can go online and access most of this information through the school website and through the various activity websites (dance, karate, etc.).

Week 6: Miscellaneous Expenses (non-recurring such as window washing, carpet cleaning, country clubs, yacht clubs, wine memberships, one-time a year expenses (children's birthday parties, holiday cards, etc.), children's summer camps; Costco/Sam's membership, bank/credit card monthly/annual fees, etc. Such expenses can add up fast and should not be overlooked.

Week 7: Personal Allowances (hair care, nail care, recreation,

entertainment, newspapers, clothing, dry cleaning, retirement, investment, etc.). The client can request that beauty salon, health club, etc., print out a history and email or fax the history to you. You can review retirement statements and investments statements to determine what the client typically contributed each year. Don't forget to consider employer matches that are earned in a prior year of marriage but paid the following year. Not only could this belated match be a potential savings component in the budget, but is an often overlooked marital asset subject to division.

We've found that breaking down the work this way takes time but lessens the daunting task for your client. Your goal is an accurate, reasonable budget, and the key to reaching that goal is advance planning and regular communication to keep your client on task. If you're scrambling at the last minute before mediation or trial, it's more likely there will holes or overstatements in the budget. You'll earn points with your client and the court if you make this task a Budget 411, instead of a 911.

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