



IN RE Marriage of Jane and John Doe
Case: FN2014-*****

I, Nancy Hetrick, declare that I am a Certified Divorce Financial Analyst, an Accredited Wealth Management Specialist and an Accredited Asset Management Specialist. My 15 years' experience in the financial services industry is both broad and deep including employment as a Senior Financial Advisor for Clarity Financial creating investment and liquidity strategies for high net worth clients. For the last 2 years, I have been providing specialized financial analysis and advice to divorcing individuals, their attorneys and/or mediators as they structure settlements. I have also testified in other marital dissolution trials in Arizona as a fact-based witness.

At the request of Wendy Hernandez, attorney for John Doe, I have reviewed financial information for John Doe and Jane Doe for the purpose of analyzing the need for support as well as available funds for support.

DOCUMENTS REVIEWED

- A. Financial Affidavits of both parties
- B. Wells Fargo Checking Account Statements for Mrs. Doe
- C. Nationwide 457 Retirement Account Statements for Mr. Doe
- D. Pay Statements for Mr. Doe from both his employer and pension
- E. 401k Statements for Mrs. Doe
- F. Respondent's Non-Uniform Interrogatories to Petitioner
- G. Answers to Interrogatories Propounded by Respondent
- H. Social Security Statements for both parties
- I. Respondent's Rule 49 Disclosure Statement

DISCUSSION

Mr. Doe's combined gross wages and pension payments for 2013 are expected to be approximately \$80,587. Mrs. Doe's 2013 gross wages are estimated at \$54,990. Taxes for both parties were recalculated based on a post-divorce filing status of "single".

Upon assuming a 50/50 division of all marital property, including Mr. Doe's pension payments of which 100% is community property, Mrs. Doe has excess net income annually of over \$24,000 whereas Mr. Doe has negative net income of \$753. This is due to the fact that Mr. Doe's expenses are reported significantly higher than Mrs. Doe's and their income is substantially equal, assuming an equal property split.

Further, given a 50/50 property split and no spousal maintenance payments, after 20 years, the effect becomes compounded such that Mr. Doe's total net worth would be \$771,121 and Mrs. Doe's would be nearly double at \$1,413,768.



These numbers clearly indicate that because Mr. Doe's expenses are higher, if he relinquishes 50% of his pension, he will increasingly deplete his assets upon his retirement assumed at age 67 while Mrs. Doe will continue to grow her assets at the rate of over \$20k per year.

To adjust for this inequity and to equalize both income and net worth, the report was adjusted to reflect the following:

The pension payments would be split with Mr. Doe receiving 60% of the current payments and Mrs. Doe receiving 40%. Looking at page 4 of the report, you can see that under this scenario, both parties would have annual surplus income of \$2500 for Mr. Doe and \$12,508 for Mrs. Doe. All remaining assets would be split 50/50.

Page 8 illustrates projected net worth for both parties indicating that both parties have positive net worth that is comparable. John's net worth in 2032 would be approximately \$962,000 and Jane's would be \$823,700.

The remaining pages are further detail and pages 15 and 16 are comprehensive spreadsheets of all data incorporated in this report. The governing assumptions used in the document begin on page 18.

I declare under penalty of perjury under the laws of the state of Arizona, that to the best of my knowledge, the foregoing is true and correct.

Executed June 26, 2014 at Phoenix, AZ.

Nancy A. Hetrick, CDFA™, AWMA®, AAMS®