Calculating California Child and Spousal Support using Xspouse

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Introduction

Welcome to this introductory tutorial on how to calculate California child and spousal support using Xspouse.

The learning objectives are to:

◆ familiarize users with how to navigate around the many features of Xspouse;

◆ show users how to set up the program to do the calculations; and

◆ show users how to set up a case using a simple example in Part II of this tutorial.

If you have previously used Xspouse and are familiar with many of the navigation and setting features feel free to go straight to Part II.

To make it easy for users of this tutorial to skip around the different parts of the tutorial, at the bottom right of each page there is a hyperlink to return back to the Contents page from where the Contents hyperlinks can be used to jump to any section of interest.

Xspouse is an extremely powerful program and it is not possible within this tutorial to explore all of the features. Once users become familiar with how to navigate around the program and how to set it up, they will have the basic knowledge to handle most cases. However, to get the most out of the program, users are encouraged to experiment and explore the various features in order to maximize its utility.

This tutorial is in two parts:

◆ the first part reviews basic navigation and program settings; and

◆ the second part presents a simple case scenario to illustrate the navigation and settings features discussed in the first part of the tutorial.

While working through this tutorial you are encouraged to have a copy of Xspouse open so that you can actively follow all of the steps described herein.

Part I: Navigation and program settings

Under the California Family Code, the calculation of child support (CS) and spousal support (SS) is based upon the Net Disposable Incomes of the parties, unless otherwise agreed to.

The Net Disposable Income is, in turn, the income available to the parties after taxes and other allowable deductions have been taken into account. The calculation of Net Disposable Incomes is essentially an examination of cash flows. It is helpful to think in terms of cash flows as, on occasion, cases will arise that require the user to set up the program for unusual scenarios to correctly calculate the Net Disposable Incomes.

1   Xspouse data input

The following is a brief summary of how to access the various features within Xspouse. For a full explanation of the Xspouse layout and features, refer to the Xspouse User Manual, which is available for download from https://xspouse.com/ and, for new users of Xspouse, the Quick Start Guide at https://xspouse.com/QuickStart

1.1   Detail input windows

On the Xspouse main screen, the raised button-like input fields have an associated detail input window. To access the detail input window either:

- ◆ double-click the left mouse button on the field; or

- ◆ press the "D" key when highlighting the field; or

- ◆ click on the "Detail" item that becomes active on the toolbar when on such a field.

If data is entered directly into one of these button-like input fields without using the detail window, the entered value will be displayed in **red font** and Xspouse will assign the entered value to the default field within the associated detail input window (each detail input window has a default field). This may be sufficient for many situations, but users should familiarize themselves with what the default field is for each window as the default may not be the one that the user actually wants. It is always best to enter the date via the detail window.

In all of these detail input windows there is an option to toggle between monthly and annual input modes, the same as on the main screen.

1.2   Detail view and input

As an alternative to opening the detail windows for the various main screen input fields, users can set up a "Detail" view in the right hand panel of the main screen and use this for entering data.

To open the Detail view, either select "Data Detail" from the "View" option of the main menu at the top of the screen, or use the sunken field at the top of the right hand panel to toggle to the Detail view. How to use the toggle is explained in Section 2.1 below.

When in the Detail view, selecting any of the input fields on the left panel of the screen displays the associated detail input fields on the right panel and the detail data inputs can be entered or edited via this view.

If you would like to have the Detail view as the default on opening Xspouse, this can be set via the Preferences option on the File menu. Any changes made to Preferences will become active on restarting the program.

1.3   Wiz/Pro

If at any time you are uncertain about what to enter into a particular field, toggle the Wiz/Pro button on the tool bar to open the Wizard view. In this view if you click on any of the labels in the left column an explanation of the corresponding field is displayed on the right panel of the screen. The middle panel displays guideline net incomes and the resultant support due. Above the guideline net details the input fields open up the corresponding input detail window for that field.

To return to the "Professional" input view click the Wiz/Pro toggle.

2   Settings

2.1   General

The main program settings are accessed via "Settings" on the toolbar. If you change a default setting in the Settings window, the setting will change to a **red font** to indicate that it is no longer the default setting. Additionally, a "Settings changed" alert will appear on the center of the main screen.

Additionally, some settings are accessed via "sunken" fields on the main screen and on many of the sub-screens throughout Xspouse. Such "sunken" fields are a toggle for various options. The available options can be toggled by:

- ◆ clicking the right mouse button on that field;

- ◆ pressing the spacebar when highlighting the field; or

- ◆ pressing the backspace key when highlighting the field.

There are two exceptions on the main screen where the fields can be toggled in exactly the same way as "sunken" fields but, for clarity of display, don't have the "sunken" appearance. The first is the filing status, which can be toggled as described above, and the second is the support guideline options displayed at center screen. In the latter, highlighting either the CS or SS support guideline will change it to a "sunken" field to allow the user to toggle the optional settings.

2.2   Tax settings

Additional tax-related settings are accessed via "Taxes" on the main menu. The ones listed below are specific to one or the other party and, if the defaults are required to be changed, need to be set for each party independently. To access these options the user **MUST** have the highlight in one of that party's numerical input fields at left of screen; otherwise the selected settings window will not open. Many of these fields have an option to toggle between INCLUDE/EXCLUDE. The options can be toggled as described in Section 3.1 above.

The fields on the Taxes menu item requiring the above highlight setting are:

◆ *Tax settings* (options for setting federal and state income and employment taxes—see **Dual entry fields** below)

◆ *Tax credit override* window allows users to either include or exclude various federal and state credits (the default is to include credits);

◆ *Alternative minimum tax data* window allows users to enter data specific to federal form 6251 and California form CA P(540)—note that inputs for these fields must be entered as monthly figures even if the program is set to annual mode);

◆ *MFS deductions* option allows users to choose whether a party takes the itemized or standard deduction when filing status is married filing separately. The tax code mandates that in the MFS situation if one party itemizes deductions, then the other party must also itemize deductions. In Xspouse the default deduction setting for *MFS is therefore to itemize. If you are dealing with a case where one or both parties are filing as MFS, be aware that if you wish to have that party take the Standard deduction you must set that* option here for each party filing as MFS.

2.3   Dual entry fields

In the *Taxes>Tax settings* window, the INCLUDE/EXCLUDE toggle fields are dual entry fields whereby the user can either toggle between the above options or enter a numerical multiplier between 0.0000 and 10.0000.

The INCLUDE option corresponds to the multiplier value being set to 1.0000 and the EXCLUDE setting to the multiplier value being set to zero.

To return to the INCLUDE/EXCLUDE toggle display from a numerical display, press the spacebar or right mouse button click when on the field.

2.4   Non-California taxes

The dual entry fields described in the previous section allow users to handle cases involving non-California residents.

If the user knows what the out-of-state taxes are compared to those of California for the party, that party's income details can be entered into Xspouse as normal and then an appropriate multiplier can be set for that state's income and employment taxes in the *Taxes>Tax settings* window. An example of this is demonstrated in the worked example presented in Part II of this tutorial.

Part II Example case

The following example scenario is designed to demonstrate various features of the program discussed in Part I and does not necessarily reflect a real world scenario.

While working through this scenario, users are encouraged to pause and explore the features associated with the various detailed windows. The only way to gain expertise in using the program is to be adventurous and explore its features.

1   Case data

Father: Remarried filing jointly with new spouse. They have a young child aged 2 that qualifies for the CCC, EIC, CTC and CA YCTC. Father also has three children from his previous marriage to Mother. The oldest of these three is aged 18 and is claimed by the father as a dependent. Oldest does not qualify for the CCC or the CTC but qualifies for *Other dependent credit*

Father has an annual wage income of $65,000. He also has interest income of $2,000 and qualified dividend income of $3000.

His new spouse has a $70,000 annual wage income.

He pays $1,000 towards child care expenses for his new child and also pays the same for child care expenses for his youngest two children from the first marriage.

Mother: Files as Head of Household, with 2 children aged 12 and 10 from previous marriage to Father. Youngest two qualify for all of CCC, EIC and CTC.

Mother receives an annual salary of $100,000 .

She pays $1,500 in child care expenses for the two youngest children.

In what follows, each step is first explained, then the case data will be entered as we slowly build our case. As stated previously, from a learning perspective, it is very helpful to have Xspouse open and to fill in the steps as you work through this tutorial.

1.1   Step 1: Set up the children and timeshare details.

Place the cursor highlight on either of the parents' input fields on one of the first two input rows (*#of children* or *% time with NCP*) and open the detail window for that field as explained in Point 2.1 above. Both of these rows open the same detail window.

After you open the detail input window, enter the names of the children in the leftmost column in order, with oldest at the top.

Entering names for the children is not essential for the program to do the calculations. The names only need to be entered if the user wishes to have the names included on the printed output. As a memory jogger, let's name the three children Oldest, Middle and Youngest.

You can enter these by pressing the "Next" button in this window. Alternatively, as a shortcut before opening this detail input window, enter the total number of children involved in the case on the main screen for either one of the parents, then open up the detail window and the number of child rows will

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already be set up under the name of the parent in whose main screen input field the number of children was entered.

You can now enter the names of the children from oldest to youngest in the left column.

In the next column, if required, toggle which parent is the Custodial Parent for which child .

The next four columns display the time spent with the NON-Custodial Parent (NCP). In these NCP columns you can toggle the time units to suit and the percentage time will automatically be calculated. Alternatively you can simply enter the percentage time in the rightmost column and the appropriate number of the time share units will appear in the leftmost column of the four NCP columns.

The default units are days per year and default time with NCP is 20%

NOTE: The maximum percentage time that can be spent with the NCP is 49.99%. This is required for tax purposes to identify which parent is claiming the child as a dependent.

Slider%

As an alternative to entering a percentage value and/or changing the Custodial Parent, Xspouse offers users an ability to select the percentage time with NCP for each child individually or for all children at once by selecting the Slider% button and using the slider to allocate the percentage time with each parent. The Custodial Parent is automatically set based upon the slider setting.

Table

If you select the Table button, you will be presented with a list of various timeshare options that automatically are converted to corresponding percentage time with NCP.

Worksheet

A much more detailed timeshare option is available by using the timeshare worksheet. This provides the user with an ability to individually customize timeshare arrangements on a daily, weekly, monthly, or annual basis using either an *Hours* or *Santa Clara* mode. The former allows users to set actual hours for any day, while the latter is in increments of ¼ days and can be selected by pressing numerals 1-4 to select how many quarters of the day are spent with the particular parent. Additionally users can use the spacebar, backspace key, or clicking the right mouse button to change values. A detailed explanation of how to use the timeshare worksheet is the subject of a separate tutorial.

When using either the *Table* or *Worksheet* option, users should explore the "*Browser*" view as this provides additional printing and display options.

Case: Entering timeshare information

- On the main screen, click on the *#of children* field for Mother and enter the number 3 to indicate the three children that are involved in the case.

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- ◆ Open the detail window for this field and you will already have three rows for the children.

- ◆ Enter the names of the children in the left column, Oldest, Middle, and Youngest

- ◆ Next, place the cursor highlight on the Custodial Parent for Oldest and toggle this to Father.

- ◆ In the rightmost column, enter the NCP time percentage to 40%

- ◆ For Middle and Youngest you can experiment setting the time with NCP using the Table or Worksheet options. Otherwise, for this tutorial, the default value of 20% will be used.

Case: Children of other relationships

On the bottom half of the *Children* detail input window, there is an input field for children from other relationships that are not part of this case, but are dependents of one of the litigants and hence affect the tax calculations for various credits.

- ◆ Enter the father's child with his new spouse here.

It is important to enter such children on this screen as this links the children to the default settings for *# exemptions* detail input window, which is discussed below, and also the default number of children for consideration of any *Hardship deduction*.

The number of children in the *Hardship deduction* window is linked directly with the input for the number of children of *Other relationships* so any change in either window will be reflected in the other.

2   Step 2: Filing status

The following filing statuses can be selected for each party:

- ◆ Single

- ◆ HH/MLA (Head of household/Married living apart)

- ◆ MFJ (Married filing jointly. This status is always accompanied with an arrow (->) pointing either towards the other party, referred to as MFJIN when the two parties are filing a joint return, or with the arrow pointing away from the other party, referred to as MFJOUT when that party has remarried and is filing with the new spouse.

- ◆ MFS (Married filing separately. As with the MFJ situation can be either MFSIN or MFSOUT depending upon which way the arrows are pointing.)
  REMEMBER from **Part I, Section 3.2** that if the filing status is set to MFS either IN or OUT that the default is to take the *Itemized Deduction*. If the Standard Deduction is to be taken, then the user MUST select this option for each party who is filing MFS on the *Taxes* menu as described in Part I above.

Case: Filing status

◆ Mother with two children qualifies as HH/MLA

◆ Father, having remarried and filing jointly with new spouse, qualifies as MFJOUT. Use the backspace key to toggle to MFJ with the arrow pointing away from Mother's column.

3 Step 3: #exemptions

When you first open the program you will see an asterisk (*) beside the input field for each party. This asterisk indicates that Xspouse is using the default settings. Entering child information as described in **Step 1**, will automatically fill in all of the child dependents and qualify them for the Child Care Credit (CCC); the Earned Income Credit (EIC); and the Child Tax Credit (CTC).

There are two additional user input fields in the *# exemptions* Detail window, which are both set to false by default:

◆ # of other qualifying dependents; and

◆ qualifying child for the California Young Child Tax Credit (CA YCTC)

If the default values meet with your requirements there is no need to open the *# exemptions* detail window.

If you do open he *# exemptions* detail window, and close it again, the asterisk will no longer be displayed as the program assumes that you have manually overridden the default settings. To return to the default settings select this field for the party that you want to return the defaults to and press the asterisk (*) key. If you wish to return the defaults for both parties you will need to repeat this step for each party in turn.

Case: # exemptions

Set the various credit qualifications using age of the child as the criterion. Other criteria such as income are automatically factored into the calculations.

Oldest does not qualify for the CCC nor the CTC. However, Oldest qualifies as an *other qualifying dependent for father*.

Father's new child qualifies for CCC, EIC, CTC and the CA YCTC.

Middle and Youngest both qualify for CCC, EIC and CTC on the mother's side, but neither qualifies for the CA YCTC.

On the mother's side of the *# exemptions* detail window, no change is required as the automatic default values correctly set the number of children qualifying for the credits.

On the father's side, set the number of children qualifying for the CCC and CTC to 1 and set the CA YCTC value to 1 to cover the new child.

On the father's side, leave the EIC children as 2 as both Oldest and the new child qualify.

Oldest qualifies as *other dependent* of the father so, in the father's column, enter 1 on this row.

Press OK to return to the main screen.

If you wish to display on the main screen that the mother's *# exemptions* are the defaults, you need to highlight her *# exemptions* input field and press the asterisk (*) key.

4 Step 4: Income

4.1 Wages + salary

◆ The *Wages + salary* input field allows users to enter values in monthly or annual formats depending upon the time frame settings at the top of the main screen. Additionally, if the detail window is opened for this field there is a fully integrated calculator allowing input by:

◆ various pay periods;

◆ hourly rates and hours worked per week; and

◆ amount earned year-to-date (YTD) or user selected time period. This is very useful as most pay stubs include YTD which encapsulate everything that is considered as gross income.

Case: Wages + salary

◆ Father has an annual wage income of $65,000. To enter this as an annual amount, toggle the time period located at top center of the main screen to *Annual.* Alternatively, if you want to remain in *Monthly* mode but want to enter the wage as an annual value, you can enter the wage on the *Annual* row in the detail input window. In that case, the calculator automatically updates all of the other fields in the calculator and also writes the monthly amount to the main screen.

◆ Mother has an annual wage income of $100,00. Input her wage income in the same manner as for Father.

Case: Other income

◆ Father's interest income of $2,000 and qualified dividend income of $3,000 is entered in the detail window for *Other taxable income.*

◆ Father's new spouse has a wage income of $70,000. This is entered on the *Wages* line in the Father's column in the detail window for *New spouse income*.

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Case: Adjustments to income

This case has been kept very simply to avoid overload. However, users are encouraged to explore all of the detail input windows to familiarize themselves with the program features. Here we discuss only two features associated with the case data, *Hardship deduction* and *Child Care expenses*.

Hardship deduction

With the father having a child with his new spouse, the program automatically calculates the *Hardship deduction* according to the *Family Code*. However, this is not a given and can be allowed, reduced or disallowed by the court. The asterisk beside the *Hardship deduction* field indicates that the program is using the default automatic calculation of the hardship according to the percentage allowed. The default is 100%

In this case example, open the detail window for the deduction and you will see the father's new child already entered on the top row as explained in the *Case* subsection of **Section 1.1** and the hardship deduction is 100%.

Let's assume that the court has allowed only a one quarter hardship.

◆ Select the percentage value in father's column and change this to 25% (¼)

◆ If the hardship is set to an actual dollar value rather than a percentage, first toggle the *Calculate FC4071(b) hardship* row to *No* and enter the dollar value on the hardship row.

◆ The *Extraordinary health expenses* and *Uninsured catastrophic losses* if allowed are entered as dollar amounts.

Child care expenses

In this tutorial's sample case, the Father pays $1,000 towards child care for his new child and for his two youngest children from his marriage to Mother. Mother pays $1,500 towards child care for the two youngest children with father.

◆ Open the Detail window and in the father's column enter 1000 for *Care of child(ren) of this relationship* and 1000 for *Care for other child(ren) in the home*.

◆ In the mother's column enter 1500 as *Care for child(ren) of this relationship*.

Care expenses for children of this relationship are Addons. In this particular example, if you open the Settings screen on the main menu, you will see that the default setting is to share child care expenses 50/50. With the father's contribution of $1000 and the mother's of $1500, for an equal sharing of the expense the father needs to pay the mother $250 as an *Addon*. This amount is displayed on the main screen under *Support* as -250, the negative sign indicating that the lower *Guideline net* parent is making the payment to the higher *Guideline net* parent. In this tutorial case, Father has the lower *Guideline net* so makes the payment to Mother.

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Care for other child(ren) in the home goes towards calculation of the CCC for the father.

The other items in the detail window for *Child care expenses* are court ordered items.

5   Taxes

Xspouse accurately calculates federal and California income and employment taxes using the data supplied by the user. On occasion, cases will arise involving an out-of-state party. As explained in Part I, this requires a resetting of the state taxes on the *Taxes>Tax Settings* menu item.

Case: Other state taxes

Assume that the father lives in another state, for example one of the states that don't have income tax or SDI tax. To reset the father's tax settings, the following steps need to be taken:

- ◆ Place the cursor highlight into one of the numerical input fields in the father's column
- ◆ Open up the *Taxes>Tax Settings* menu item
- ◆ In the California section, toggle the *Include* setting to *Exclude* for both *State income tax* and *State disability insurance*
- ◆ Press OK and now no state taxes will be included

As explained in **Section 3.3**, the above fields are dual entry fields allowing users to enter a multiplier between 0.0000 and 10.0000. Using a multiplier permits simulation of other states where taxes may not be zero.

6   Summary and conclusion

This brings this tutorial and simple case file to a close. However, as mentioned at several points during the tutorial, users are encouraged to explore the various detail input windows to become familiar with what input fields are available. For a greater insight into the program, users can follow the input values through the tax forms, which can be accessed via the *Taxes>Tax Forms* menu. For most users this will not be necessary.

Feedback

If you have any questions or comments regarding this tutorial we welcome your feedback. Please submit these to feedback@xspouse.com