



Taxes and Divorce

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How is Divorce Initiated in
the State of Indiana?



What is the Divorce
"Timeline" in Indiana?



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There are Different Dispute Resolution Options Available

- 1) Direct Settlement Negotiations
- 2) Mediation
- 3) Arbitration
- 4) Litigation



Can you Discuss Indiana's
Child Support Guidelines?

What is the Child Support
Worksheet and What Factors
Figure Into Child Support?



What is a QDRO –
Qualified Domestic
Relations Order?



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- ▶ Distributions from a QDRO are taxed in the same manner as a typical plan.
- ▶ One key difference is there is no 10% early withdraw penalty.
- ▶ A QDRO can rollover the money to another deferred tax account like an IRA.
- ▶ A QDRO cannot shift the tax liability from the alternate payee (ex-spouse) to the participant so a gross-up would be needed.



What Factors Go Into Changing Child Support?



Is Remarriage Addressed in Divorce Settlement Agreements and How Can It Affect Child Support?



Non-Custodial Parent Claiming Child

The custodial parent may release his or her claim to the dependent child by signing IRS Form 8332 – a written declaration for the years not claiming the child.



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This will allow the non-custodial parent to claim the child tax credit for the year in question but does NOT entitle the noncustodial parent to:

Head of Household Status

Earned Income Tax Credit

The Child and Dependent
Care Credit



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Head of Household

One Can File Head of Household If:

- A) He or she is unmarried or "considered unmarried" on the last day of the year.
- B) He or she paid more than $\frac{1}{2}$ the cost to support for the year.
- C) Qualifying dependent lives with the person for more than $\frac{1}{2}$ of the year.



Head of Household

One is "considered unmarried" if one meets all of the following tests:

- A) One files a separate return for the tax year
- B) One pays for half of the cost of keeping a home for the tax year
- C) One's spouse did NOT live in your home during the last 6 months of the tax year
- D) The home was the main home of your child for more than half of the year
- E) You must be able to claim your child as a dependent



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Head of Household

For the purposes of filing Head of Household, the IRS considers the custodial parent to be the parent with the greater number of overnights during the year.

If the child lived with each parent for an equal number of overnights during the year, the custodial parent is the parent with the higher adjusted gross income.

Absences: if a child wasn't with the parent for a particular night (perhaps the child was doing a sleepover), the child is treated as being with the parent with whom the child would have normally stayed.



What is an Agreed
Entry?



How Are Violations of
Divorce Settlement
Agreements Enforced?



Can You Explain What a "Hold-Harmless"
Clause is in a Settlement Agreement?

Are They Important and How Often
Do You Use Them?



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Does Indiana Have Alimony?

Does Indiana Allow Alimony?

Could You/Have You Used Alimony as
a Negotiating Tactic?



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Can You Discuss the Parenting
Time Guidelines in Indiana and
Talk About the "Non-Custodial
Parent" Holiday Schedule?



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Can You Discuss What the Collaborative Law Process Is?

What is the Role of the:

- 1) Financial Neutral
- 2) Mental Health Professional



Questions?

