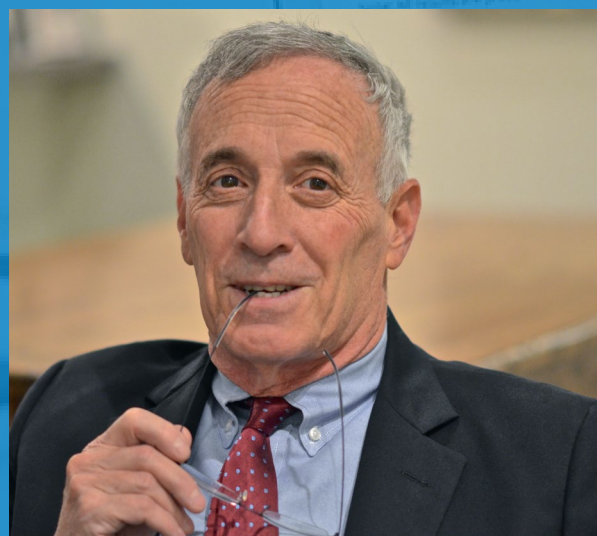


MAXIFI[®]

Reaching a Fair Divorce with MaxiFiPlanner.com and AnalyzeMyDivorceSettlement.com



Laurence Kotlikoff

Professor of Economics, Boston University
President, Economic Security Planning, Inc.
September 10, 2020

Divorce Is Commonplace, But Very Tough

- Emotionally and Financially
- For You, Your Spouse, Kids, Family, and Friends
- Look Before You Leap
- Use a Three-Part Strategy to Avoid Divorce War

MAXIFI®

Before You Decide

- **Do a Cost-Benefit Analysis**
- **Compare the Cost of Divorce with the Benefit**
- **Cost Is the Reduction in Your Sustainable Living Standard**
- **Benefit Is a Non-Monetary, Personal Valuation**
- **Calculate the Cost Using Sustainable Living-Standard Software**

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Sustainable Living-Standard Software

- MaxiFiPlanner (maxifiplanner.com)
- Analyze My Divorce Settlement (analyzemydivorcesettlement.com)
- AMDS Calculates Post-Divorce Living Standards
- MaxiFi Calculates Pre-Divorce Living Standard
- Disclosure: Both Tools are Marketed by My Company

MAXIFI[®]

Look Before You Leap

- Compare the Cost of Divorce with Its Non-Monetary Benefits
- If Your Sustainable Living Standard Will Drop 50 Percent, Is it Worth It?
- Benefits May Justify a 30 Percent, But Not a 50 Percent Decline
- Benefits Must Include Benefit or Harm to Children

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Calculate the Cost of Divorce

- Calculate Your Divorced Living Standard in AMDS
- Use MaxiFiPlanner to Calculate Your Living Standard If You Stay Married
- Calculate MaxiFi Living Standard Minus AMDS Living Standard
- Repeat for Alternative Possible Settlements
- Each Settlement Posits a Target Ratio Plus a Means to Achieve It

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Five Steps In Deciding Whether to Divorce and Making It Fair

1. Decide On a Fair Ratio of Post-Divorce Living Standards (LS)
2. Use AMDS to Find Settlements with Agreed-Upon Ratio
3. Choose Settlement with Highest, Tied-by-Ratio, Living Standards
4. Use MaxiFi to Calculate LS If You Say Married
5. Determine If the Benefit Exceeds the Cost (LS in MaxiFi less LS in AMDS)

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Choosing a Fair Ratio

- Consider the Length of Your Marriage
- Consider Who Will Work, How Hard, and How Long
- Consider Who Will Need to Care for Children
- Factor In Past Contribution of Each Spouse to Other Spouse's Earnings
- Factor In Grievances
- Agree on a Provisional Fair Ratio

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Optimize Your Divorce Settlement

- Use AMDS Software to Achieve Target Ratio
- I.e., Adjust Alimony, Child Support, Division of Assets, ... to Hit Target
- Compare Settlements that Maintains the Agreed Ratio
- Pick the Ratio-Preserving Settlement Delivering Highest Living Standard

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Case: Joe and Sally

- Age-45, Connecticut Couple, Married at 25
- Two Children, Ages 10 and 15, Kids Will Live With Sally
- Both Will Retire at 62
- Sally Earns \$150K Per Year
- Joe Earns \$50K Per Year
- Sally Has a \$1 mil 401(k), Joe Has a \$200K 401(k)
- They Have a \$200K Checking Account
- Own a \$750K Home with a \$250K Mortgage

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Using Analyze My Divorce Settlement to Calculate a Settlement for Sam and Sally Assuming Ratio of .75

Using MaxiFiPlanner PRO to Calculate Cost of Divorce



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