

LONG FORM FINANCIAL STATEMENT INSTRUCTIONS

Things to know and keep in mind about the Financial Statement.

- It is an affidavit. That means when you sign it (and you must sign it) you are swearing under oath to the judge for your case, as of the date on it, each line is as accurate and truthful as you can make it.
- You must file one of these each and every time you appear in court on any financial issue which means it must be updated each time you go to court. Since your financial accounts (bank, credit card, investment etc) change hourly if not every day it is never enough to just say “same as last time.” No two financial statements you file should be identical even if you filed them one day apart.
- The lawyer for your spouse or ex-spouse will scrutinize your financial records and compare them to your financial statement looking for excuses to accuse you of lying about something on the financial statement at trial. And if they can do that enough times, even about seemingly trivial amounts, it will show you did not take proper care with the financial statement and cast everything you say into doubt. So, it is essential for getting the judge to trust what you say to be as accurate as possible in this document.
- You must fill out every-single-line. If a line does not apply to you then you must write “0” on that line.
- You must add information that is not even on the financial statement itself if you need to do so to be accurate. For example, if you have expenses that are not listed on the official financial statement form that is no excuse to leave them off. You must list all your expenses, even if that means adding multiple sheets to the form that you create (or I) create. The financial statement must be complete and contain all of your financial information.
- You may, and I usually do, add explanatory endnotes to the financial if it will help clarify what a given number means or how you arrived at it. Not every line should require an explanation, however. It is a bit of a red flag – to the court and to the other side’s attorney – if a financial statement has a lot of endnotes. In my experience it means the person is trying to hide something in a way where he or she can claim not to have hidden it because it is buried in the end notes.
- Bottom line: everyone finds filling out these statements tedious, or maybe even upsetting as it lays bare your whole financial picture, but it cannot be skipped or done without care.

With those principals in mind, the following are instructions as to each section of the Financial Statement.

Section I: Personal Information

This section is pretty self-explanatory, so I will just note a few things. You should not put your actual, full social security number on it. Technically you are supposed to, but most lawyers, including me, have stopped doing that. Instead, just use the last four digits of your social security number, e.g. “xxx-xx-1234.” Another thing people are protective about is their birthdates, but I am sorry to tell you that you must include it. You must also put the address where you are currently residing, your phone number, and your employer’s address and main phone number. If

you are self-employed you can write self or the name of your business and then the business address and phone number. Obviously if you are unemployed you would just state that on the employer line and leave the rest blank.

Sometimes people are reluctant to say where they are currently residing or the address of their workplace. If that is you talk to me about possibly getting an abuse prevention (more commonly called “restraining”) order. But unless you already have such an order and it explicitly impounds your home and work addresses, then you must disclose them on this form.

On the line for health insurance, you must indicate if you have it or not (does not matter if it is your spouse’s insurance, if it covers you the answer to whether you have it is “yes”) and you must include the name of the insurance.

Section II. Gross Weekly Income/Receipts from All Sources:

This section must, in one way or the other, record every source of income you receive no matter where it comes from. Each line reflects one possible source and is pretty self-explanatory. One thing to note, however, is that these lines must all be *weekly* amounts. That is likely to require some math. The way I prefer to do that math, and recommend to you, is to first calculate the yearly amount, and then divide that by the 52 weeks in the year. So if you are paid \$100,000 per year, your weekly income would be \$1,923.08 per week. In the case of amounts that vary week to week or month to month, like overtime or tips, I prefer to take the most recent three pay periods and come up with an average amount. I then add an endnote stating that is how the number was calculated.

Some advice as to specific lines:

Line (a): you are paid a “salary” if it is a fixed amount and you are paid “wages” if every time you get paid the employer needs to look at the hours you worked that pay-period to know how much you are owed.

Line (d) Self-Employment – this requires you to fill out and attach a **Schedule A**. That form is pretty self-explanatory, but the thing to note about it here is that it will lead you through your gross income and business expenses to a weekly net income amount that will then go on page one of the financial statement. So, you need to fill out Schedule A first.

Line (m) child support/alimony: only include the amount you are actually getting, not what the person is supposed to be paying even if there is a judgment or order they are violating.

Line (n) rental income – this requires you to fill out a **Schedule B**. Here again the form is pretty self-explanatory, though I will note that some expenses that are acceptable to the IRS are not acceptable to the probate court, like depreciation.

Line (p) Contributions from household members: if you are living with someone, regardless of whether they are family, a tenant, or a significant other, any contributions they make to your household costs go here.

Remember every line when you are done should have a number on it, even if that number is zero.

Section III. Deductions From Gross Income.

This section deals with deductions from your paycheck directly. Again, if you give me three recent pay stubs I will do the math for you, but the information should all be on your pay stubs if you get one. That includes federal and state taxes, social security and Medicare, as well as deductions your particular employer might make for 401k plans or employer-provided medical insurance. Your employer might also have deductions for things like parking or life insurance. As with other sections of the financial statement if there is a deduction and you run out of space for it on the official form then additional sheets must be created and added with that information on it. The numbers must all, also, be weekly, which is not how any pay stub I have ever seen does it, so math will again be required.

Section IV: Net weekly income

This is just a summary section using the numbers generated by Sections II and III to reach the amount of money (weekly amount again) that is available to you to spend on the rest of your living expenses, which you will list in Section VI below.

Section V: Gross Income from Prior Year.

This is your gross income from the most recent full calendar year for which you paid income taxes. You should be able to get this number from your most recent federal tax return. You must also attach to this form your most recent w-2 or 1099 forms showing the gross income for that year.

Section VI: Weekly Expenses.

Here again, you must list everything you spend money on currently and you must do so in weekly amounts. Where possible I again advise trying to calculate your yearly expenses and then divide by 52. That is easy to do with rent or a mortgage. In the case of expenses that fluctuate more frequently, like groceries, I suggest you look at the most recent month and come up with an average amount. Some expenses are seasonal, like lawn care or snow removal. You should nevertheless include them on any financial statement you file by calculating the yearly amount and prorating it to a weekly figure. If you have expenses that are not listed on the form you must add sheets to include them, so it is up to you to make sure you do not miss anything. It can be very important to a judge to know what your expenses are, so there is a cost to forgetting something.

One question I often get is whether people should list expenses they plan on incurring. The answer is no. But I do, sometimes, put in endnotes to say that you anticipate a moving expense, say, or that the expenses are depressed because you are economizing for the divorce. The numbers on the statement, though, are intended to reflect actual current spending.

If someone in your household contributes to an expense, like the groceries or the heat bill, you should only include the amount *you* pay.

SECTION VII: Counsel fees.

Usually I can fill this in for you, but if you had another lawyer prior to me the total amount spent on the case must include what you gave them and me. So I may need your input on that figure.

SECTION VIII: Assets

Section A: Real Estate:

List the properties you own starting with the principal residence. As to each property you must include whose name is on the title (if you are married you have a claim to any property your spouse owns, but theirs might be the only name on the title). You must include the address, the amount you paid for it originally, the most recent tax assessed value and the date that was determined (by your town, which will have this information). The “Fair Market Value” is what a willing buyer would pay for it today, which is necessarily a guess. I like to use Zillow.com or Redfin.com to guesstimate a current value. You will then subtract outstanding first and second mortgages from that figure to arrive at a guesstimate of the total equity now in the property. I use the full amount of equity because, until the assets are divided, you have a claim to all of it.

Section B: Motor Vehicles

Use Kelly Blue Book online to estimate the current market value. You can use private sale or trade in value, but note which one you choose for inclusion in an endnote.

Section C: Pensions.

You should know if you have one of these without anyone having to explain it to you. Then you need to list the institution it is with, the full account number, beneficiary if any, and the value on the most recent statement you can access. If you can look at the value online on a day to day basis you should get the number that way.

Section D: Other Assets.

This is where you will list more common things like checking and savings accounts, brokerage accounts, CDs etc. In each case, again, you need the institution name (e.g. Fidelity or Bank of America) the full account number, and the current balance. As with other sections, if you have something not listed it must be fit onto the form or sheets must be added.

Section IX: Liabilities

In this section you list all your current debts except those already listed elsewhere, like your mortgage. All credit cards, all personal loans from family, all student loans or business loans must be listed, including the name of the creditor, the full account number if there is one, the date it was incurred, current balance, and what you pay broken down to a weekly amount. In the case of credit cards, it is sufficient to write “various” under date incurred. The weekly amount you pay should reflect what you actually pay. So, if you pay it off every month you should put down

a number that would pay off the total balance owed. If you only pay the minimum payment then that fact should be reflected.

Finally, you will sign the document under the pains and penalties for perjury, as the form itself tells you, indicating it is truthful and accurate as of the date on it. I will notarize your signature as well.

These instructions are intended to help fill out the form, but do not hesitate to ask me for clarification of any point. Accuracy and transparency are the overriding goals to keep in mind. The worst thing that can come of a financial statement is the discovery that you did not disclose something that should have been disclosed, so err on the side of disclosure.