FAMILY LAW FINANCIAL DISCLOSURE

"EQUALIZATION", EXPLAINED

It's not quite slicing Apple Pie. More like sharing some Apple Cider.

First:

Using a Form 13.1 Financial Statement

1.Count your apples (net worth) on the day you separated ("valuation date")

2.Count your apples (net worth) on the day you married.

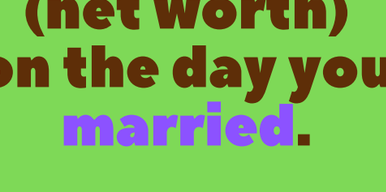
3.Subtract your two numbers.

This cider value represents your marriage Growth, also known as "Net Family Property"

Then:

Using a Form 13B NFP Statement

4.Compare the Growth



Here, 4 is the difference in each party's Growth.

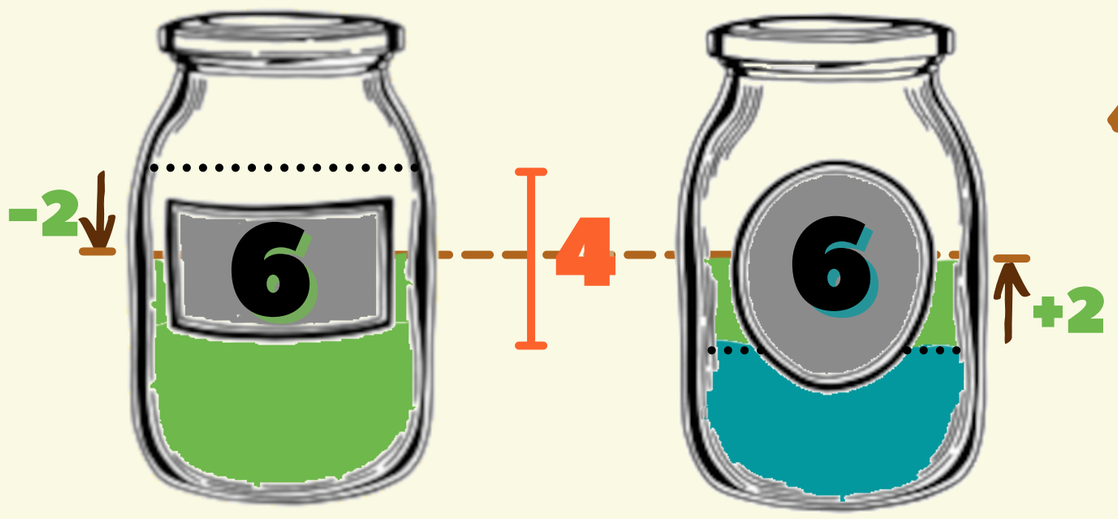
5.Pouring one-half the difference, (2), will make each party equal in growth!

Party 1

—

Party 2

—



Quirks

The value of certain property at separation can be "excluded" from your bushel, e.g. inheritances.

If your current home was owned when you married, it's value is not "deducted" in the calculation here.

We're just looking for *growth*, so if your result is negative, we'd label your jar as empty, 0.

As you can see, Equalization is just a math calculation.

Paying the (2) is a separate legal issue.

Equalized!

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FAMILY LAW FINANCIAL DISCLOSURE

FIVE REASONS TO GET YOUR DISCLOSURE GAME ON

1. Get what you need, sooner.

From support to sale of the home, the sooner you have your financial information together, the easier it is to ask for what you need.

2. Create Trust, on the cheap

Trust may be in short supply, but it is in high demand. Giving financial information without fuss says "I'm ready to listen, I'm ready to be heard."

3. Build Credibility

A prompt, candid telling of your financial circumstances builds credibility now, and when it really counts: future changes.

4. Save Real Cash

Most family law professionals work at hourly rates. So getting your financial information together faster = completing the process faster = saving real $$$.

5. Be prepared, for whatever happens

Whether you resolve your family law issues in or out of the court process, the legal issues are the same.
Be ready. Be prepared.
You got this.

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- FAMILY LAW FINANCIAL DISCLOSURE -

HOW TO DISCLOSE IN 6 STEPS

GET A BOX

Well, not that kind of box. Open a cloud storage service account like Dropbox, Google Drive, Microsoft OneDrive, Box, or any other out there.

START FOLDING

Make folders to organize your Disclosure. Simple labels: Income, Expenses, Assets, Debts. Want more? Use the headings in your financial statement.

FILL YOUR FORM

Do your best to complete the family law financial statement for your situation (there are 2 types). Need help? Check out DisclosureClinic.com/resources

INCOME DOCS

Upload to the Income folder your tax returns & Notices of Assessments for the past 3 years.

Depending on your sources of income, you'll need to add related documents too.

OTHER DOCS

Claiming child-related expenses? Find the invoices or receipts.

For property claims, collect account printouts proving the entries in your financial statement.

Save them in their folders.

SHARE!

Now you have:
(1) A financial statement
(2) An organized box of documents to share.

Email the link to the other party.

Congrats - you've disclosed!

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FAMILY LAW FINANCIAL DISCLOSURE

PROPERLY EXCLUDING PROPERTY

From Family Law Property Division

Start here:

What can be excluded?

- **A gift or inheritance from a 3rd party, received after date of marriage**
- **Damages for personal injuries**
- **Life insurance proceeds**
- **Property excluded by a domestic contract**

...but not if "traced" to the Matrimonial Home

1. Go the end!

You can only exclude property owned at "valuation date", as listed in your family law financial statement.

So consider if any of the excludable property was spent already. If not spent, in what form - asset, account or a right to funds - does it exist, as listed in your family law financial statement?

2. Back to the beginning!

It's important to find the document showing your initial entitlement to the funds. For example, a Will can document an inheritance.

Without a document, you can still exclude the property, but you won't be able to exclude any income <u>earned from it</u>.

If there is no document, find the initial deposits or transfers showing what you received, and from whom.

3. Trace!

"Tracing" means <u>linking</u> the initial entitlement, deposit or transfer to the existing assets on valuation date.

Tracing may entail finding old bank statements. Or you may need to create calculations if excluded funds were mixed up with other funds. It can be a bit of work, but with some diligence, you can do it!

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Family Law Financial Disclosure

TOP 5 INCOME DOCUMENTS YOU'LL NEED TO PROVIDE

The basics

1. **Complete T1 Personal Income Tax Returns**
   including income slips (T4s, T4As, T5s, etc.)
   *for the past **three** years*
2. **Notice of Assessment & Reassessment**
   *for the past **three** years*

+

Employed

3. Two Recent Paystubs (or equivalent statement) showing year to date earnings, including overtime

4. Summary Page of benefits received from employment

5. Completed Tax Form T2200, if commissioned and deducting expenses.

Self Employed

3. Financial Statements (Assets & Debts, Income & Expenses) for every business, corporation or partnership you have an interest in, for the past **three** years

4. A list of any employees and corporations your business pays not considered "arm's length"

5. Any Shareholder or Parnership Agreements

Not Employed

3. If terminated from employment, your Record of Employment (ROE)

4. Stubs showing amount you are receiving for the following:

Employment Insurance, Social Insurance, WSIB, ODSP, disability payments, Pension, Canada Pension Plan, employment severance

5. A resume setting out your education & work experience

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