

EXECUTIVE SUMMARY

Spousal support buyout

Illustrative matter: individual payment adjustments

Illustrative sample · 2026-09-20 · Draft / not reviewed

Fictional firm for demonstration only

GROSS PRESENT VALUE

\$120,571.06

Total future payments	Time-value discount	Payment count
\$127,000.00	\$6,428.94	24

As of 2026-09-20. First payment in one month. Nominal annual rates, compounded monthly.

A mathematical valuation of the entered schedule, not a recommended settlement or a determination of support. No probability adjustment for termination, modification, or collection. Lump-sum tax treatment and release of support rights are not modeled.

Preparer commentary

Separate fictional example: 24 ordinary \$5,000 payments, with one zero, one \$2,000 replacement, and a final \$20,000 balloon. Retained support is \$1,500 per month except for zero at installment 6. The \$90,000 cash proposal is illustrative, not a recommendation. Mandatory reconciliation appears even with the every-payment schedule off.

Proposed buyout

Item	Value
Cash on valuation date	\$90,000.00

Example Forensic Accounting

Item	Value
Present value of retained support	\$32,899.30
Total package value	\$122,899.30
Difference from baseline	\$2,328.24
Present value of released support	\$87,671.76

Retained monthly amounts by phase: \$1,500.00. Dates, rates, durations, and annual adjustments are unchanged. Individual replacements are disclosed separately. A positive difference means the proposed package has a higher present value than the baseline; it is not a recommendation.

Uniform annual comparison rate: 2.289162%. This single rate equates the released support stream to the cash amount and does not replace the entered phase rates.

Payment assumptions

1. Level monthly support: \$5,000.00 monthly × 24 payments, annual rate 4.5%, annual payment adjustment 0%. Phase PV \$120,571.06.

Payment adjustment reconciliation

Illustrative matter: individual payment adjustments

3 payment adjustments; 1 retained-payment adjustments. Before payment adjustments: \$120,000.00 future payments and \$114,553.28 present value. After payment adjustments: \$127,000.00 future payments and \$120,571.06 present value. Effects: +\$7,000.00 nominal and +\$6,017.78 present value. Retained adjustments allocate the modeled obligation and do not change its total.

Individual payment replacements apply after annual escalation and remain fixed in dollars. They replace one installment only. Present values use the effective payments. Amount sensitivity varies ordinary phase amounts while replacements stay fixed. Duration trials exclude adjustments outside the trial term and never repeat one-time adjustments. Dates remain regular monthly anniversaries; arbitrary dates and arrears are not modeled.

Payment / note	Calculated	Modeled	PV effect
1. Payment 6 2027-03-20 Phase 1 / installment 6	\$5,000.00	\$0.00	-\$4,888.96

Example Forensic Accounting

Payment / note	Calculated	Modeled	PV effect
2. Payment 18 2028-03-20 Phase 1 / installment 18	\$5,000.00	\$2,000.00	-\$2,804.54
3. Payment 24 2028-09-20 Phase 1 / installment 24	\$5,000.00	\$20,000.00	+\$13,711.28

1. Illustrative skipped installment. Zero is a modeling assumption, not a determination that support is waived or has been paid. Source: Illustrative terms for software demonstration only. Entered 2026-09-20; last updated 2026-09-20. Original entry context: 2027-03-20, generated \$5,000.00. Current reviewed date: 2027-03-20.
2. Illustrative temporary reduction for this installment only. Source: Illustrative terms for software demonstration only. Entered 2026-09-20; last updated 2026-09-20. Original entry context: 2028-03-20, generated \$5,000.00. Current reviewed date: 2028-03-20.
3. Illustrative final balloon payment replacing the ordinary installment. Source: Illustrative terms for software demonstration only. Entered 2026-09-20; last updated 2026-09-20. Original entry context: 2028-09-20, generated \$5,000.00. Current reviewed date: 2028-09-20.

Retained-payment adjustments

Payment / note	Calculated retained	Modeled retained	Released
1. Payment 6 2027-03-20	\$1,500.00	\$0.00	\$0.00

1. No retained support in the installment modeled at zero. Source: Illustrative terms for software demonstration only. Entered 2026-09-20; last updated 2026-09-20. Original entry context: 2027-03-20, generated \$5,000.00. Current reviewed date: 2027-03-20.

Sources and review

Discount-rate rationale: Illustrative 4.5% nominal annual rate, compounded monthly. Selected to demonstrate the software, not as a recommended or market-supported rate.

No matter-specific source register supplied.

Matter notes

Fictional matter for demonstration only. All amounts, terms, sources, and proposals are illustrative. No real clients or

Example Forensic Accounting

instruments are represented. No independent professional review has been performed.

Method and scope

$PV = \sum \text{payment}(k) / (1 + \text{phase monthly rate})^k$. Nominal monthly rate = annual percentage / 1200. Effective monthly rate = $(1 + \text{annual percentage} / 100)^{(1/12)} - 1$. Each phase discounts all its payments to the common valuation date using its own rate. These are payment-specific rates, not chained forward rates. The discount clock never restarts.

End timing starts at period 1; beginning timing at period 0. Annual adjustments first apply at payment 13 of each phase and every 12 payments thereafter. Monthly dates use valuation-day anniversaries, clamped in shorter months. Calculations use unrounded values; adding displayed cents may differ. Amount, duration, rates, legal terms, and tax treatment require independent professional review.

Model SB-PV 5.0 · Report format SB-REPORT 1.0 · Report SAMPLE-EXPERT-ADJUSTMENTS-SUMMARY