

# Child Support Calculation



## Iowa Support Master

by Alft & Wilson Publishing

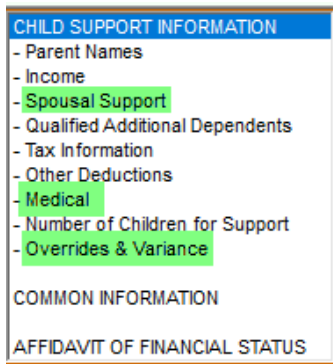
Iowa adopted Child Support Guidelines, in accordance with the Code of Iowa, which establish how child support is calculated in Iowa. There is a committee comprised of Iowa lawyers and judges who gather every four years to review the guidelines. They often assemble experts to assist them in making changes to the guidelines. Once they have concluded their studies, they submit their report and findings along with recommended guidelines changes to the Iowa Supreme Court. The Supreme Court may then adopt or make changes to the Guidelines.

The Iowa Child Support Guidelines were modified and went into effect on January 1, 2018.

When you are calculating child support, it is important that you have a copy of the Guidelines nearby. Confused? Look at the Guidelines.

### Iowa Support Master 2018

*Iowa Support Master has what we call the “selection window”. It is found on the left side of the main screen. Below is an image with details showing the new fields created/changed because of the modification of the Guidelines.*



### Guidelines Rule 9.5 Income – Spousal Support

✓ Includes traditional or rehabilitative spousal support payments to be received by a party in the pending action and prior obligation of traditional/rehabilitative spousal support received pursuant to a court order. The payor of said support will receive a reduction in income because of spousal support being paid. Reimbursement spousal support is not added or deducted.

<p>CHILD SUPPORT INFORMATION</p> <ul style="list-style-type: none"> <li>- Parent Names</li> <li>- Income</li> <li style="background-color: #e0f0ff;">- Spousal Support</li> <li>- Qualified Additional Dependents</li> <li>- Tax Information</li> <li>- Other Deductions</li> <li>- Medical</li> <li>- Number of Children for Support</li> <li>- Overrides &amp; Variance</li> </ul> <p>COMMON INFORMATION</p> <p>AFFIDAVIT OF FINANCIAL STATUS</p>	<p style="text-align: center;"><b>Spousal Support Income &amp; Payment</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 42.5%; text-align: center; color: #0070c0;">Non Custodial</th> <th style="width: 42.5%; text-align: center; color: #0070c0;">Custodial</th> </tr> </thead> <tbody> <tr> <td style="background-color: #e0ffe0;"><b>Income</b></td> <td style="border: 1px solid #ccc;"><input type="text"/></td> <td style="border: 1px solid #ccc;"><input type="text"/></td> </tr> <tr> <td style="background-color: #ffe0e0;"><b>Payment</b></td> <td style="border: 1px solid #ccc;"><input type="text"/></td> <td style="border: 1px solid #ccc;"><input type="text"/></td> </tr> </tbody> </table> <p style="text-align: center; color: #0070c0;"><a href="#">Click here for more help online</a></p>		Non Custodial	Custodial	<b>Income</b>	<input type="text"/>	<input type="text"/>	<b>Payment</b>	<input type="text"/>	<input type="text"/>
	Non Custodial	Custodial								
<b>Income</b>	<input type="text"/>	<input type="text"/>								
<b>Payment</b>	<input type="text"/>	<input type="text"/>								

Click on “Spousal Support” in the “Selection Window” of 2018 Iowa Support Master.

You will see fields to enter income or payments of spousal support made by both parties. Assume the NCP is paying \$6,000 per year spousal support to a prior spouse and \$6,000 per year to the current spouse, the CP, you will enter \$12,000 as the “Payment” of spousal support on the NCP side.

Support Master will calculate all appropriate taxes. Example, the payor’s income will be reduced by the amount of spousal support being paid but the payor is responsible to pay FICA on spousal support paid. The recipient must pay taxes on spousal support received, but not FICA.

We have included a help page on this new Guidelines change. Click the link at the bottom of the screen for instant help.

## Spousal Support – Troubling Issues

As of January 1, 2019, spousal support paid will no longer be allowed as a deduction against the income of the payor nor will the recipient be taxed on spousal support received per federal tax code changes.

The spousal support changes under the new Guidelines go into effect on January 1, 2018. The potential problem we expect is that if the parties are not in agreement on spousal support, it will not be possible to provide the court with a child support calculation. How can you prepare a Form 1 pre-trial if one party wants spousal support and the other disputes it? We suspect the parties will need to submit proposed child support calculations based on their position. Once the court decides the issue, the parties may be required to re-submit calculations for support based on the ruling of the court.

## Rule 9.5(j) and 9.11A - Child Care Expenses and Variance for Child Care Expenses

✓ Actual Child care expenses are defined in Rule 9.11A. (See below). **Actual child care expenses are allowed as a deduction against income.** So if a party is paying for child care expenses, they are allowed to deduct the amount they are paying for purposes of calculating child support. Iowa Support Master will perform the calculations for you. Enter Child Care expenses in the “Other Deductions” screen of Iowa Support Master.

Rule 9.11A allows the court to grant a variance in the child support award because of the child care expenses. If a party has child care expenses, they may want to seek a variance in child support based on those expenses.

Consider if the custodial parent is paying \$800 per month in child care. The CP would enter \$800 per month in the “Child Care” area of the software and this will reduce the income of the CP toward the calculation of child support. The reduction may drive up the child support in some amount.

What happens if child support is \$900 per month? You will have a CP paying \$800 in child care expenses then having the benefit of only \$100 per month in child support. The CP would probably want to consider asking the court for a “variance”. You would enter an amount requested in the “Overrides and Variance” area of Iowa Support Master. An amount you may want to consider would be the percentage shares of the parties as shown on page 3 of Form 1.

✓ Child care expenses mean costs to care for the children in the pending case that are reasonably necessary for the parent to work, attend education or training activities, or conduct a job search, less any third-party reimbursements and anticipated child care tax credits.

*Rule 9.11A is a new provision addressing child care expenses for a custodial parent. It provides that the custodial parent’s child care expenses may constitute grounds for the court to vary from the amount of child support that would result from application of the guidelines. This provision has no application in equally shared care arrangements or when the NCP falls in the low-income shaded area of the guidelines.*

✓ In cases where a custodial parent is paying for child care expenses, you may expect a variance. If a variance is warranted, child care expenses are to be considered “independently of any amount computed by use of the guidelines or any other grounds for variance.” Rule 9.11A

✓ There is a rebuttal presumption that no variance is allowed for children reaching age of 13. Rule 9.11A(2)

✓ If a variance is allowed, the support order must specify the amount of the basic support calculated before the child care expense variance, the amount of the child care expense variance allowed and the combined amount support and child care variance.

*Child care expenses are still found under “Other Deductions” in the selection window as show below.*

<b>CHILD SUPPORT INFORMATION</b> - Parent Names - Income - Spousal Support - Qualified Additional Dependents - Tax Information <b>- Other Deductions</b> - Medical - Number of Children for Support - Overrides & Variance  <b>COMMON INFORMATION</b> <b>AFFIDAVIT OF FINANCIAL STATUS</b>	<table border="1"> <thead> <tr> <th></th> <th>Non Custodial</th> <th>Custodial</th> </tr> </thead> <tbody> <tr> <td>Union Dues</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>Mandatory Occupational License Fees</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>Child Support, Prior Order</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>Medical Support, Prior Order</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> </tbody> </table>		Non Custodial	Custodial	Union Dues	<input type="text"/>	<input type="text"/>	Mandatory Occupational License Fees	<input type="text"/>	<input type="text"/>	Child Support, Prior Order	<input type="text"/>	<input type="text"/>	Medical Support, Prior Order	<input type="text"/>	<input type="text"/>	<b>About</b> Affidavit Analysis <b>CLIENT FILES</b> Open and Save Files College Cost Client Info Find <b>FORMS-PRINT</b> Guidelines HELP Reverse Split Special Ops Start Over <b>EXIT</b>
		Non Custodial	Custodial														
Union Dues	<input type="text"/>	<input type="text"/>															
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Medical Support, Prior Order	<input type="text"/>	<input type="text"/>															
<p style="text-align: center;"><b>Free Program Resources</b></p> <p style="text-align: center;"><a href="#">Change Background Image</a></p> <p>Child Support Amount <b>\$937.12</b></p> <p>Cash Medical Support <b>\$0.00</b></p>																	

**Child Care**

Enter child care costs for children in this case.

Child Care Expenses

Number of Children in Childcare

Yearly 3rd Party Reimbursements  ?

Employer reimbursements are added as pre-tax income.  
Do not include reimbursement income into wages.

**Child Care Analysis & Proportional Share**  
[Click Here](#)

Look at the image above. You will see a notation about employer reimbursements. Make sure you know if a party is receiving reimbursements or subsidies of some kind. They must be entered.

To indicate a variance as to child care expenses, click on the "Variance" link in the selection window.

**IOWA SUPPORT MASTER 2018 PREVIEW - MAIN SCREEN**

<b>CHILD SUPPORT INFORMATION</b> - Parent Names - Income - Spousal Support - Qualified Additional Dependents - Tax Information - Other Deductions - Medical - Number of Children for Support <b>- Overrides &amp; Variance</b>	<b>Welcome to Iowa Support Master 2018 PREVIEW ON</b>  Some features a  This preview co  This is a "beta" v believe to be an takes place, ple  We are releasing estimate how th might look durin
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Calculation Overrides	Child Care Variance										
<div style="border: 1px solid black; padding: 5px; text-align: center;"><p><b>Child Care Variance Feature</b> from "Overrides and Variance"</p><p>Click the link in the program for help.</p></div>											
Cash Medical Support <input type="text" value="0.00"/> <input type="text" value="0.00"/>	NCP's guideline amount of monthly child support <b>\$1,024.83</b>										
<table border="1"><thead><tr><th colspan="2">Child Care Overrides</th></tr></thead><tbody><tr><td>Federal Tax Credits</td><td><input type="text"/></td></tr><tr><td>State Tax Credits</td><td><input type="text"/></td></tr><tr><td>State Tax Refund</td><td><input type="text"/></td></tr><tr><td>Child Care - Net Expenses</td><td><input type="text"/></td></tr></tbody></table>	Child Care Overrides		Federal Tax Credits	<input type="text"/>	State Tax Credits	<input type="text"/>	State Tax Refund	<input type="text"/>	Child Care - Net Expenses	<input type="text"/>	Amount of variance for child care expenses agreed upon or requested per month. <input type="text" value="0.00"/>
Child Care Overrides											
Federal Tax Credits	<input type="text"/>										
State Tax Credits	<input type="text"/>										
State Tax Refund	<input type="text"/>										
Child Care - Net Expenses	<input type="text"/>										
<input type="checkbox"/> When checked, program will not remove spousal support from taxable income. <input type="text" value="Explanation"/>	Adjusted amount of monthly child support <b>\$1,024.83</b>										
<input checked="" type="checkbox"/> When checked program calculates Additional Child Tax Credit. Uncheck to prevent using this tax credit. <input type="text" value="?"/>	<input type="button" value="Help"/> <input type="button" value="Remove and Return"/> <input type="button" value="Accept and Return"/>										
<input type="button" value="Clear"/> <input type="button" value="Help"/> <input type="button" value="Print This Page"/>	Child Care Analysis & Proportional Share For This Calculation <a href="#">Click Here</a>										
	<span style="color: yellow;">*</span> <i>New Features In</i>										
	<input type="button" value="Return"/>										

Child Care Analysis	
Child support including child care:	\$1,024.83
Child support excluding child care:	\$963.40
The value of child care in this calculation:	\$61.43
PROPORTIONAL CHILD CARE ANALYSIS	
<a href="#">How We Calculate Proportional Shares &amp; Child Care</a>	
NCP Child Care Adjusted Net Income:	\$3,609.84
CP Child Care Adjusted Net Income:	\$2,305.32
Total Monthly Child Care Cost:	\$866.67
Net Monthly Child Care Costs After Tax Credits, Refunds, and 3rd Party Reimbursements:	\$765.42
NCP Percent Of Income:	61.0270%
CP Percent Of Income:	38.9730%
NCP Proportional Child Care Share:	\$467.11
CP Proportional Child Care Share:	\$298.31

This is the pop-up help screen with analysis of the numbers.

**Rule 9.11A Variance for child care expenses.** The custodial parent’s child care expenses may constitute grounds for the court to vary from the amount of child support that would result from application of the guidelines. In determining whether variance is warranted under this rule and rule 9.11, the court should consider the fact that child care expenses are not specifically included in the economic data used to establish the support amounts in the Schedule of Basic Support Obligations. When considering a variance, child care expenses are to be considered independently of any amount computed by use of the guidelines or any other grounds for variance.

**9.11A(1)** “Child care expenses” means actual, annualized child care expenses the custodial parent pays for the child(ren) in the pending matter that are reasonably necessary to enable the parent to be employed, attend education or training activities, or conduct a job search, less any third party reimbursements and any anticipated child care tax credits.

**9.11A(2)** There is a rebuttable presumption that there will be no variance for child care expenses attributable to a child who has reached the age of 13 years old.

**9.11A(3)** If variance is warranted, the support order must specify the amount of the basic support obligation calculated before the child care expense variance, the amount of the child care expense variance allowed, and the combined amount of the basic support obligation and the child care expense variance.

**9.11A(4)** This rule does not apply to:

a. Court-ordered joint (equally shared) physical care arrangements, as those child care expenses are to be allocated under rule 9.14(3).

b. Cases where the noncustodial parent’s adjusted net monthly income is in the low-income Area A of the schedule in rule 9.26.

## Child Care Variance – Potential Issue

How can you prepare a Form 1 pre-trial if one party wants a child support variance and the other disputes it? We suspect the parties will need to submit proposed child support calculations based on their position. Once the court decides the issue, the parties may be required to re-submit calculations for support based on the ruling of the court.

## Rule 9.12(3) Medical Support Order

✓ If the children are covered under hawk-I, cash medical support will be the cost of the hawk-I premium or the amount calculated pure the rules, whichever is less.

*Cash Medical Support is money paid by the NCP to the CP in the event the parties do not have the children covered by insurance.*

*Title XIX and Hawk-I are not “health insurance”. If Title XIX is in place, NCP will be required to pay cash medical unless NCP’s income falls into the low-income “shaded” area of the guidelines tables.*

*If Hawk-I is in place, Iowa Support Master will perform the calculations to determine the lower amount of cash medical per this new rule change. The software will make the appropriate entries.*

*We have added a “goof-proof” feature to 2018 Iowa Support Master. You must check a box and this information will now be added to Line H, found on page 3 of Form 1.*

The screenshot displays the Iowa Support Master software interface. On the left, a navigation menu lists categories: CHILD SUPPORT INFORMATION (with sub-items: Parent Names, Income, Spousal Support, Qualified Additional Dependents, Tax Information, Other Deductions, Medical, Number of Children for Support, Overrides & Variance), COMMON INFORMATION, and AFFIDAVIT OF FINANCIAL STATUS. Below this is a 'Free Program Resources' section with a 'Change Background Image' link. At the bottom left, a summary shows 'Child Support Amount' as \$1,210.36 and 'Cash Medical Support' as \$20.00. The main area features a table for 'Cost of Child's Health Insurance' with columns for 'Non Custodial' and 'Custodial'. The 'Custodial' column shows a value of 240.00. Below this, 'Yearly Reasonable Cost' is listed as \$5,500.00 for Non-Custodial and \$5,000.00 for Custodial. The 'Cash Medical Support' is calculated as 240.00. A section titled 'Check the box below that applies to your case, if any' contains three radio button options: 'Health coverage is through Title XIX' (unchecked), 'Health coverage is through Hawk-I' (checked), and 'Private insurance provided at a cost' (unchecked). Below these are two more unchecked options: 'Health Insurance provided at no cost' and 'Private insurance provided at a cost'. At the bottom of this section are buttons for 'Hawk-I Insurance' and 'Affordable Care Act Info', along with a link for 'Questions? Click for Insurance & Cash Medical help'. On the right side, a vertical toolbar contains buttons for 'About', 'Affidavit', 'Analysis', 'CLIENT FILES Open and Save Files', 'College Cost', 'Client Info', 'Find', 'FORMS-PRINT', 'Guidelines', 'HELP', 'Reverse', 'Split', 'Special Ops', 'Start Over', and 'EXIT'.

In this example case, CP is paying \$20 per month for Hawk-I. We checked the "Hawk-I" coverage box. Iowa Support Master calculates Cash Medical obligation at \$20 per month. The program will insert "Hawk-I" under line H on page 3 of Form 1. See image below.

F.	Each Parent's Share of the Basic Support Obligation Using Combined Incomes	\$1,174.75	\$1,200.25
G.	NCP's Basic Support Obligation Before Health Insurance		\$1,200.25
H.	Allowable Child(ren)'s Portion of Health Insurance Cost *Hawk-I	\$20.00	\$0.00
I.	Health Insurance Add-On or Deduction From NCP's Obligation		\$10.11

### Rule 9.14(5) Health Insurance Premium

The method of finding the cost has not changed. Family plan costs \$500, single plan is \$400. The difference is \$100. The cost to cover the kids is \$100 with a new twist. Continue reading.

✓ You must determine how many people are covered by the plan then reduce the number by 1. Divide the cost to cover the children by the remaining number. Take the result times the number of children in the pending action and that is the cost to cover the children. See the example below.

✓ If the health plan covers only the children in the pending action, the entire premium is used as the children's portion of the health insurance premium. Rule 9.14(5)(b)(2)

*Modification Example: You have two kids in your current, modification case. The NCP is remarried, and his spouse has a child who is also covered by the NCP plan. NCP pays \$600 per month for a family plan. Single cost is \$400 per month. The NCP and his spouse, plus all three children are covered. The difference between family/single cost is \$200. There are 5 individuals covered by the plan. Remove 1 (the person acquiring the plan). This leaves four covered by the plan. Divide the cost \$200 by 4.  $\$200 / 4 = \$50$  per person. Since there are two children in the pending case, you will insert \$100 ( $2 \times \$50$ ) as cost of health insurance to cover the two children in your case.*

*(This is known as the "allowable portion" under the Guidelines).*

### Rule 9.14(6) Step Down Provisions

✓ Step-down support amounts are required.

What is a "step-down"? It means that you prepare a Form 1 using your current information. You have three kids? Prepare the Form 1 the way you want it to be concerning your client's point of view. Print the Form 1. Next, examine the case to determine, what will be the first change to take place? Will one of the kids launch out of daycare? That expense will no longer apply? Then prepare a Form 1 without the parent claiming daycare expense. Print the Form 1. That is your first step-down that will take effect on such-and-such date (when Johnny graduates from daycare). Next Susie will graduate from high school leaving just two kids in issue. Prepare a Form 1 as though the parties have only two children in issue. Get



the Form 1 the way you want it and print it. That's your next step-down that will kick into effect on such-and-such date.

Yes, this will take work, but the idea is to get child support amounts fixed into the future so that the parties can accept these changes as they come and we keep them out of the courtroom. IF circumstances change, they can always lawyer-up and get back into court.

If you have more than one child involved in your case, always perform new calculations as each child would age out. For many reasons, you must perform additional calculations in these situations:

1. *If any of the children are currently in daycare. They will age-out.*
2. *If there are Qualified Additional Dependents involved (QADD). Age-out.*

Do not rely on the step-down results found on the last page of Form 1. The program calculates the step-down numbers based on current entries. Who claims which kids will change as children age out. As the number of support children change, the program does not know which party is claiming which children. You must go back in and make changes as you would expect to take place when the oldest child ages out or the youngest leaves daycare or is no longer a QADD, etc.

## **Rule 9.27 Form 1**

✓ Cash medical support remains at the bottom of pages 1 and 2 in Form 1 but it has now been added to page 3 under line J. You will see the support amount and cash medical next to each other on page 3.

## **Tax Changes – 2018 – 2019**

Congress passed a tax reform act that went into effect on January 1, 2018. The significant change you should be aware of are as detailed below.

**Filing Status:** The Child Support Guidelines provide three filing status options: Single, Married filing Separate and Head of Household. The "Standard Deduction" based on filing status changed.

**Single** filing status was worth \$6,350 in 2017. In 2018 it will be worth \$12,000.

**Married/Separated** is the same as Single above.

**Head of Household** was \$9,350 in 2017. In 2018, \$18,000.

**Claiming the Kids - Personal Exemptions:** they have gone away with the tax code changes. You can indicate that the CP will claim 1 child then look at Form 1, "less personal exemptions. Self plus 1 dependents will display with this result: "<0.00>". Do not be alarmed, this is because the tax code adopted made this go away.

**Tax Credits:** tax credits still exist but were increased to \$2,000 per child for children under the age of 17 and based on the income of the party. They are also refundable. Iowa Support Master performs all the proper calculations.

**Spousal Support:** historically, the payor would pay the FICA on his/her obligation of spousal support but not federal or state taxes. The party receiving spousal support would not pay FICA on those monies but would pay federal/state taxes on the spousal support received.

On January 1, 2019, the payor will then pay all taxes on the spousal support obligation. So if payor earns \$250,000 per year and pays \$50,000 per year in spousal support, payor will pay the full boat tax obligation and FICA on \$250,000. The recipient of the \$50,000 per year in spousal support pays no taxes and no FICA.

## Cool Iowa Support Master Features

Check out our new “Special Ops” button!



## Special Ops - Tax Effects on Child Support

Iowa Support Master - Tax Effects on Guideline Child Support

### Tax Effects on Child Support

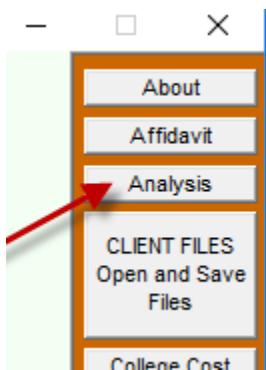
All else being equal, this function demonstrates the guideline value of each child in the calculation depending on filing status and who claims the kids.

Number of Support Children:

Oldest Child	Noncustodial Parent Claims As Dependent		Custodial Parent Claims As Dependent		Primary Custody		Shared Custody	
	Age 0-16	Age 17+	Age 0-16	Age 17+	Value	Value	Value	Value
1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	768.22		103.83	
2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1,092.98	324.76	147.72	43.89
3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1,266.08	173.10	171.12	23.40
4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1,414.45	148.37	191.18	20.06

Youngest Child:

## Analysis Page



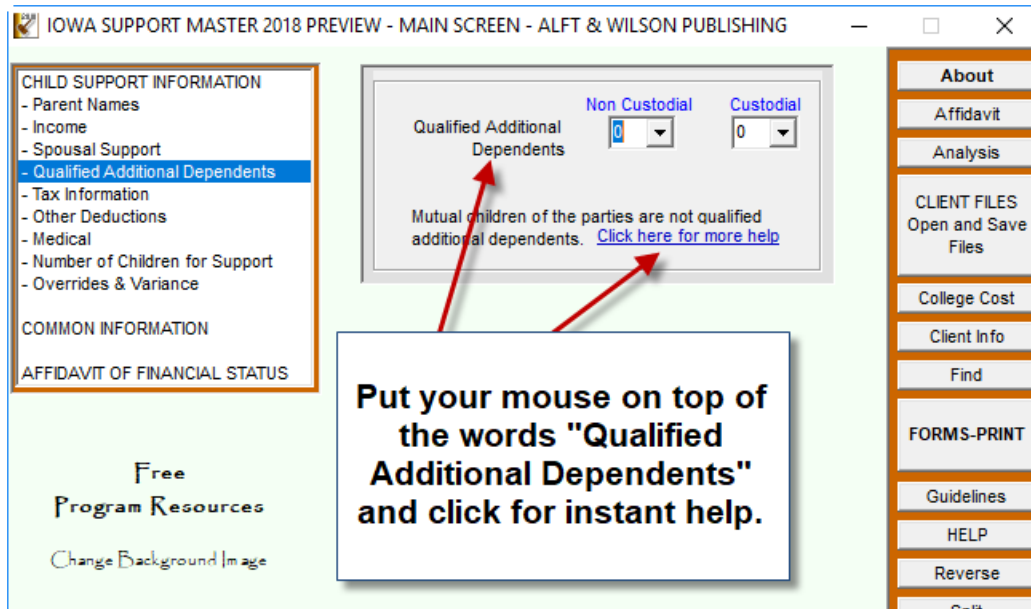
The value of this feature cannot be overstated. Prepare a calculation then click on “Analysis”. Scroll down the pages to see what the program tells you about your case. You can compare numbers, side-by-side. The program gives you a breakdown on the value of who claims the children.

See our “Analysis Page Explained” below.

## Instant Help

Iowa Support Master has built-in help on every single item of the software. For example, go to “Other Deductions” and put your cursor over the top of the words “Union Dues”. A tiny question mark appears. Click it for instant help on that topic.

Qualified Additional Dependents have you confused? Go to that screen and click for help.



## Cost of Health Insurance Issues

### Case Example – Health Not Showing on Form 1

- NCP Income \$15,744.60
- CP income \$48,000.00
- 2 Kids
- NCP claims 0 – Files Single.
- CP claims 2 – Files Head of Household
- CP provides health at a cost of \$4,800 per year (unreasonable alert)

You should be thinking, NCP is “low-income – shaded area of the Guidelines”.

Child support is shown as \$197 per month. There is no cash medical because health insurance was entered.

Health insurance cost is unreasonable. If we remove the entry, you can see that the reasonable cost of health insurance is \$2,400 on CP side. 0.00 on NCP side – 0.00 for cash medical. Why? Because the NCP is low income. Even if you enter \$2,400 as cost of health insurance on CP’s side, NCP will not be ordered to contribute toward the cost because of low-income.

See lines H and I on the 3<sup>rd</sup> page of the Form 1.

Shaded area under Guidelines Rule 9.12(4) – Area A Minimum Order. NCP’s preliminary net Income falls in the 0-1150 range per month. As a result, this puts NCP in the shaded area. No health insurance add-on and no cash medical support against the NCP.

<i>Rule 9.12(4)</i>					
<b>Medical Support Table</b>					
Preliminary Net Income	One Child	Two Children	Three Children	Four Children	Five or more Children
0 –1150	<b>Area A: Minimum Order</b> Noncustodial parent provides health insurance when it becomes available <b>at no</b> cost to add the child(ren). Health insurance is not an add-on cost in this area. Do not order cash medical support.				

**Notch Effect Issue - Watch What Happens**

- Remember that support is at \$197 per month.
- Now add 1 penny to NCP income making it \$15,744.61
- Child support jumps up to \$294.50 per month – up by \$97.95 per month.

You are not sure how this is happening... examine the Form 1, page 3. Compare the results as we make changes to the Child Support Guidelines. You will see that by adding one penny, this drives the NCP income out of the shaded area, now NCP must contribute toward the cost of health insurance.

**Health Insurance and Cash Medical Issues and Options**

If the kids are not covered by a private health insurance plan, there will be cash medical support:

**Title XIX is NOT health insurance.** If the kids are covered by Title XIX, cash medical will apply, unless the NCP falls within the shaded area of the Medical Support Table – Rule 9.12(4). Iowa Support Master will calculate this for you. If cash medical applies, these funds will be paid over to the State of Iowa, and not to the CP.

**Hawk-I is NOT health insurance.** If the kids are covered by Hawk-I, cash medical will apply, unless the NCP falls within the shaded are of the Medical Support Table – Rule 9.12(4). If the NCP is not in the shaded area, NCP will pay cash medical support in an amount equal to the cost of Hawk-I or a lesser amount as would ordinarily be calculated by Iowa Support Master. Cash medical in Hawk-I cases is paid over to the CP. Iowa Support Master will calculate this for you.

**Blue Cross, Aetna and any other private health insurance providers.** If the cost is reasonable, it will be apportioned between the parties. See page 3 of Form 1.

**Blue Cross, Aetna and any other private health insurance providers.** If the cost is unreasonable, Iowa Support Master will push your number onto page 3 of Form 1. You will be provided with a warning.

**The big issue! What do you do when you get the “Unreasonable Cost Warning”!**

Responsible parents, DHS, Child Support Recovery, not to mention the judge, want the kids covered. We suspect that in most cases the cost of the health insurance, even if not reasonable, will be approved in some manner and amount.

Here are some options:

1. Just go with the numbers provided by Iowa Support Master.
2. Both parties agree on the amount that is unreasonable and as divided on page 3 of Form 1.
3. The parties negotiate an amount of health insurance that is reasonable.
4. The parties agree to adjust the amount of child support.
5. The parties may adjust who will claim the kids to make up for the difference.
6. The parties may agree on a change in the percentage share of uncovered expenses.
7. The parties go to the courthouse and have their day in court with the court resolving the case using one of the options above.

## **Comments and Typical Questions**

### **Question: What do you do if both parents have the children covered by health insurance?**

There is no rule we know of that says both parents cannot provide health insurance. But in terms of coming to a resolution that is financially feasible for both parties, one party should provide a plan to cover the children. If the other party continues to carry coverage, it will simply be at their expense. One would think that the parties would consider the quality of the coverage, cost, deductibles, etc.

In our experience, the custodial parent wants to provide coverage, especially if the parties are not cooperative. The custodial parent may fear difficulty in obtaining coverage documents or that the NCP may drop coverage and the CP won't know until there is a problem.

What you should do is plug in the cost for one party and check the Analysis Page – print it. Now switch cost of insurance to the other party and check the Analysis Page. Compare the results and consider what plan you can live with and go with it.

### **May a parent file as Head of Household on a tax return without claiming a dependent?**

**Yes.** The IRS allows you to file if you meet their criteria. You must:

- Pay for more than half of the household expenses.
- Be considered unmarried for the tax year, and
- You must have a **qualifying child** or dependent.

To be considered a qualifying child, the child must meet the criteria in each of the following categories:

- The child must be your biological child, stepchild, foster child, sibling, step sibling, half sibling, or a descendant (child, grandchild, great grandchild, etc.) of one of these relatives.
- The child must have lived within your home for more than six months during the tax year.
- The child needs to be younger than you.
- As of the end of the tax year, the child must be under 19 if he is not a student, or under 24 if he is a full-time college student.
- The child must not have paid for more than half of his living expenses during the tax year.

Since you are a divorced parent, if the child lived in your home for more than half of the year, you may file as head of household, even if the divorce or separation agreement gives the other parent the right to claim the child as a dependent.

**Why do we have to do step-down forms when Form 1 already includes them?**

You don't have to do additional forms when you have multiple children.... but you should! The new rules require that step-down numbers must be included in the decree. You can get them off page 3 of Form 1 but depending on who you represent, you may be doing your client a disservice in relying on the results.

Iowa Support Master does not know which kids are leaving the nest first. If dad is claiming the oldest, the software does not know that dad will be losing the value of claiming the oldest on his returns when it performs step-down. That is why you must perform new calculations with each change.

Try this case example and assume that YOU are the NCP client who has the responsibility to pay child support.

Example Case (using 2017 program)

- NCP \$52,000
- CP \$64,000
- 4 kids
- CP has health coverage at \$2,400 per year
- Each claim 2 kids. NCP is Single. CP is Head of Household

Form 1 shows your current monthly support obligation as \$1,170.67 per month. That is \$1,080.48 plus \$90.19 per month for your share of the health insurance costs.

Here are the default step-down results from the program, page 3 of Form 1.

**VI. a. Basic Obligation**

Number of Children	NCP's Basic Support Obligation	Health Insurance Add-on or Deduction	Extraordinary Visitation Credit	Guideline Amount of Child Support
3	\$967.29	\$90.19	\$0.00	\$1,057.48
2	\$835.16	\$90.19	\$0.00	\$925.35
1	\$587.14	\$90.19	\$0.00	\$677.33

It is important to understand that the software does not know what changed regarding who claims what children. It doesn't know if filing status changed. The program does not know who has the oldest child as a dependent.

If one of your dependents dropped off, the program calculates support to be \$1,029.76. By running another calculation, you will save about \$28 per month over the default result of

\$1,057.48, or \$336 per year and this could go on and on depending on when the next child drops off.

If one of CP's dependents dropped off, your obligation will go to \$1,067.75.

**In a Shared Physical Care situation, the parties have a child on Title XIX. There is no health insurance available at a reasonable cost. May we override cash medical support?**

It is possible, but you must bring this to the attention of the court.

If the children have private plan health coverage, there is no cash medical support.

Be mindful of a "variance". If, for example, the kids are covered by Title XIX, both mom and dad may well have an obligation to pay cash medical support. That money is assigned to the State to reimburse for the cost of Title XIX. If the folks are in a financial pinch, ask for a variance. Ask the court to waive cash medical. It doesn't hurt to ask.

**I need help understanding Qualified Additional Dependents.**

A QADD is a child belonging to ONE of the parties. Not BOTH parties.

Dad has a child via a prior marriage. In your case, he and his wife have had two kids. If dad is paying child support to his ex for the prior child, per prior court order, he may deduct the child support payments. Look under "Other Deductions" of Iowa Support Master.

If Dad has a prior obligation of child support and he is not paying, or paying half what he is supposed to be paying, he may deduct what he is paying (if he is not paying then he cannot deduct it) in child support per prior order. Other Deductions screen.

If Dad has custody of the child or there is no order for support of the prior child, Dad may claim the child as a QADD.

These same rules apply to the custodial parent.

REMEMBER – Do the step-downs on QADDs as well. Removing a QADD or Prior Child Support amount from Other Deductions can make a huge difference in future child support amounts.

**Spousal Support Issues – Pre-Tax Changes Coming January 1, 2019**

Spousal support paid is deducted from the payor's income at tax time.

Payor has \$100,000 of income. Payor pays \$10,000 per year in spousal support. Federal and State tax will be calculated on \$90,000. FICA will be calculated on \$100,000.

Recipient receives \$10,000 in spousal support. Recipient pays Federal and State taxes. FICA is not paid on spousal support received.



Iowa Support Master will perform the calculations for you, however, you need to make sure you have made the entries in accordance with the above comments. Remember the new rule coming along on January 1, 2018 about spousal support (see above).

## Update the Software Help

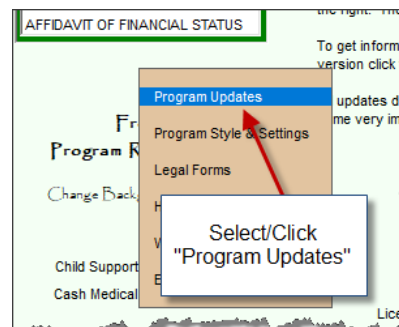
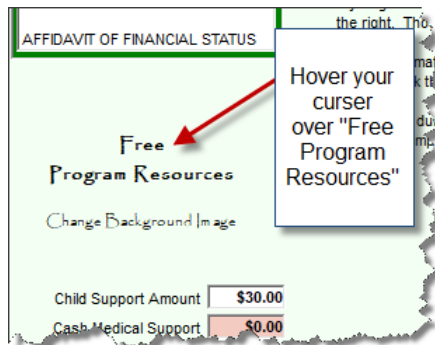
### How to determine which version you are using?

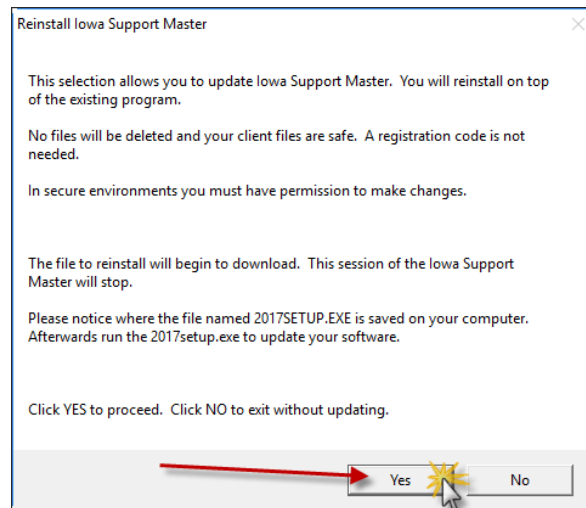
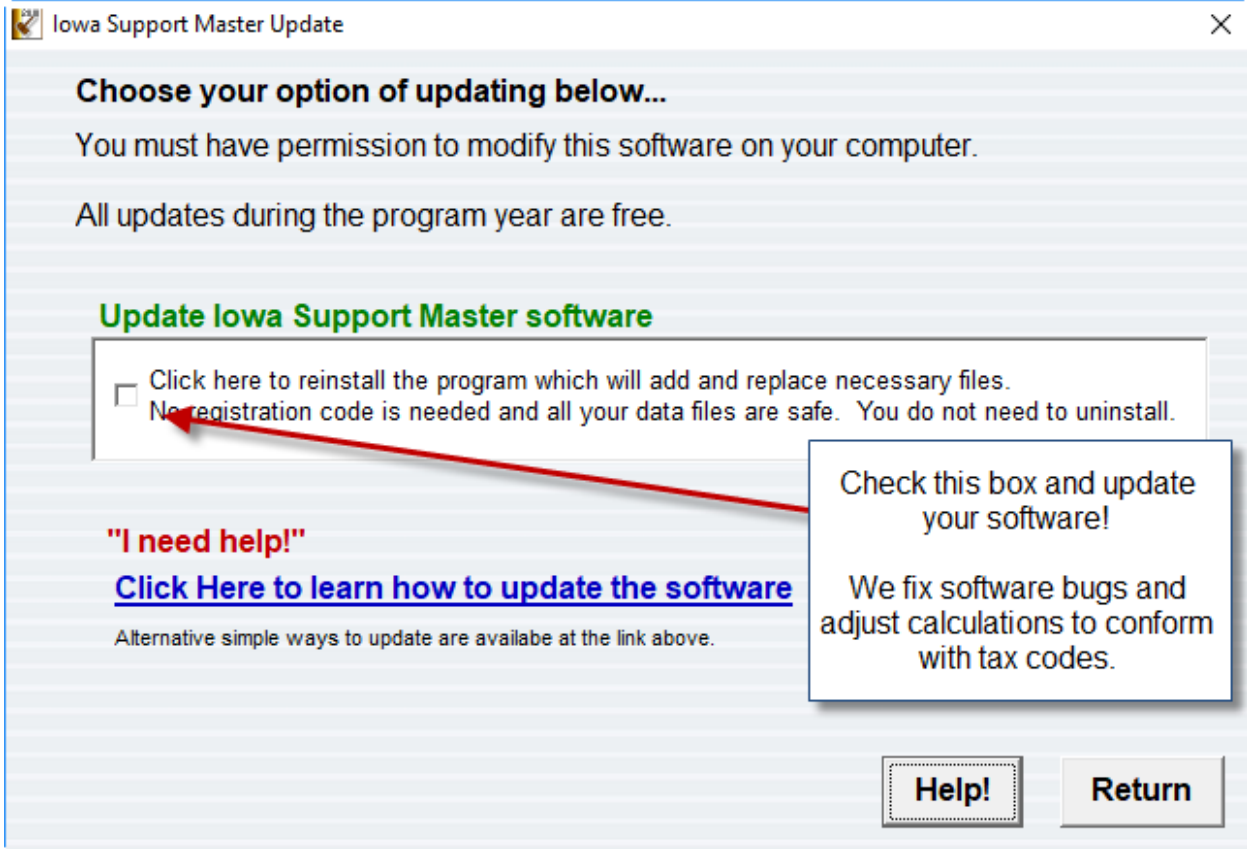
We provide the current version date on our website at [www.iowasupportmaster.com](http://www.iowasupportmaster.com). You can always check under the "Support/FAQ's" section of our website for the current version date.

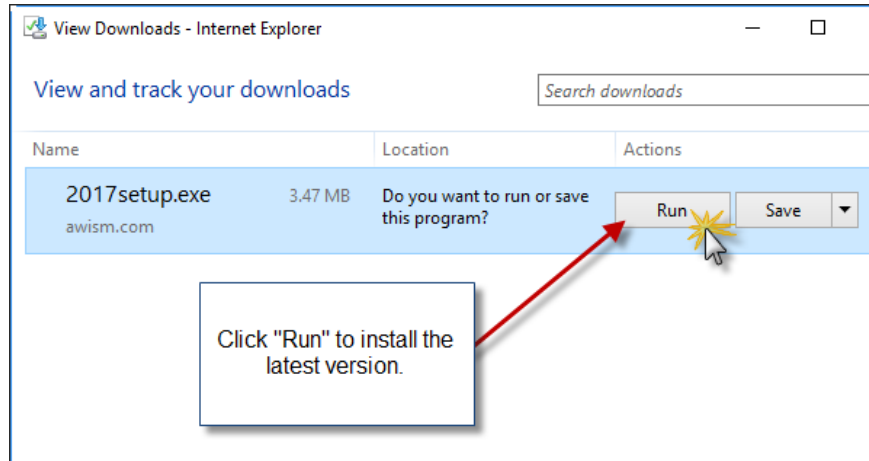
Click on "About" then look at the green field toward the bottom of the screen. The date displayed should match the date of the version of the program that is current as shown at [www.iowasupportmaster.com](http://www.iowasupportmaster.com)

### Update Iowa Support Master Instructions

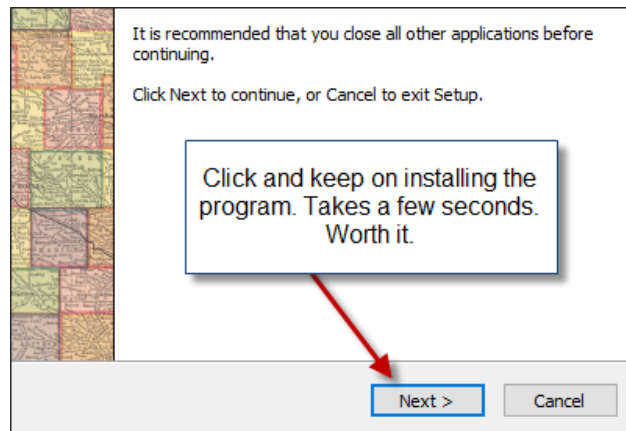
These are the screens you will see, in order. Examine each image below before you proceed to update the program.







You may receive a pop-up warning asking if you want the program or app to make changes to your "device". Click YES!



## ANALYSIS PAGE EXPLAINED

	Noncustodial Dad	Custodial Mom
<b>TOTAL INCOME:</b>	<b>78000.00</b>	<b>58500.00</b>
<hr/>		
<b>FEDERAL TAX ANALYSIS</b>		
Federal Income	78000.00	58500.00
<b>Personal Exemptions</b>	<b>3</b>	<b>2</b>
Personal Exemptions Value	12150.00	8100.00
Credit for Over Age 65 or Blind	0.00	0.00
Federal Standard Deduction	6350.00	9350.00
Filing Status:	Single	Head of House
Self-Employment Tax	0.00	0.00
Spousal Support, Prior Order	0.00	0.00
Net Federal Taxable Income	59500.00	41050.00
Beginning Federal Tax Liability	10613.75	5490.00
Federal Tax Credits	1800.00	1000.00
** NCP Child Tax Credit Income Phase Out - Dad		
Final Federal Tax Liability	8813.75	4490.00
Additional Child Tax Credits (refundable)	0.00	0.00
<hr/>		
<b>IOWA TAX ANALYSIS</b>		
State Income	78000.00	58500.00
-less federal tax liability	8813.75	4490.00
-less 1/2 self-employment tax	0.00	0.00
-less state standard deduction	2000.00	4920.00
-less alimony payments	0.00	0.00
Net Iowa Taxable Income	67186.25	49090.00
Beginning Iowa Tax Liability	4187.97	2754.75
- less Iowa pers/dep credits	120.00	120.00
- less state tax credits	0.00	0.00
+ plus school surtax	0.00	0.00
Ending Iowa Tax Liability	4067.97	2634.75
<hr/>		
<b>FICA &amp; PENSION LIABILITY</b>		
FICA & Pension Income	78000.00	58500.00
- less FICA/Pension on Wages	5967.00	4475.25
- less FICA on Self-Employment	0.00	0.00
Total Allowed FICA & Pension Liability	5967.00	4475.25
Mandatory Pension Paid	0.00	0.00
<hr/>		
<b>OTHER DEDUCTIONS</b>		
Qualified Additional Dependents	0.00	0.00
Union Dues	0.00	0.00
Occupational License Fees	0.00	0.00
Prior Order Child Support	0.00	0.00
Prior Order Spousal Support	0.00	0.00
Prior Order Medical Support	0.00	0.00
Child Care Expenses	0.00	0.00
Children In Child Care:	0	0
- less federal tax credits	0.00	0.00
- less state tax credits	0.00	0.00
- less state tax credit refund	0.00	0.00
Net Child Care Expenses	0.00	0.00
Total Other Annual Liabilities	0.00	0.00

**SUMMARY**

**Net Monthly Income Computation**

Total Income	78000.00	58500.00
- less federal Tax Liability	8813.75	4490.00
- less state Tax Liability	4067.97	2634.75
- less FICA Liability	5967.00	4475.25
- less Other Annual Liabilities	0.00	0.00
Net Annual Income	59151.28	46900.00
Preliminary Net Monthly Income	4929.27	3908.33
- less Cash Medical Support (not insurance paid)	0.00	0.00

**Child Support Computation**

A. Adjusted Net Monthly Income	<b>4,929.27</b>	<b>3,908.33</b>	<b>= 8,837.60</b>
B. Proportional share of income:	55.7761%	44.2239%	
C. Number of children for whom support is sought:	3		
D. Basic support obligation using only NCP income:	N/A		
E. Basic support obligation - combined income:	<b>2,295.00</b>		

Remember the math. The total support, considering the combined net monthly income of \$8,837 for 3 children is \$2,295.00 per month.

8701	-	8750	1383	1967	2278	2544	2799
8751	-	8800	1388	1974	2287	2554	2810
8801	-	8850	1393	1982	2295	2564	2820
8851	-	8900	1398	1989	2304	2574	2831
8901	-	8950	1403	1996	2313	2584	2842

F. Share of Basic support obligation - combined income:	1280.06	1014.94
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The share of each is arrived at by taking the "Proportional share of income" (Line B) and multiplying it times the "Basic support obligation" (Line E). So 55.7761% X \$2,295.00 = \$1,280.06. CP's share of the obligation is \$1,014.94. This is credited to NCP.

**G. NCP's basic support obligation before health insurance: 1,280.06**

H. Cost of Children's Health Insurance Premium:	200.00	0.00
I. Health Insurance Add-On/Deduction:	88.45	0.00
J. Guideline Amount of Child Support for NCP:	<b>1,191.61</b>	

**OVERVIEW OF THE PERCENTAGES INVOLVED IN THIS CALCULATION**

Child support as a percentage of combined net income:	13.48%
Child support as a percentage of NCP gross income:	18.33%
Child support as a percentage of NCP adjusted net income:	24.17%
Cash medical as a percentage of NCP gross income:	0.00%
Cash medical as a percentage of NCP adjusted net income:	0.00%
Total support as a percentage of NCP gross income:	18.33%
Total support as a percentage of NCP net income:	24.17%

**Use this info if NCP receives an annual bonus of changing amounts. Add language that in the event NCP receives an annual bonus, he/she shall pay \$18.33% over to CP as child support.**

**OVERVIEW OF CASH MEDICAL SUPPORT CALCULATION**

\*\*\* OVERRIDE \*\*\*You have entered Cost of Child's Health Insurance. This removes cash medical support obligation.

**NONCUSTODIAL PARENT**

Net income:	\$4,929.27
Percentage Rate:	5%
Gross Income:	\$6,500.00
Percent x Monthly Gross Income:	\$325.00
Monthly reasonable cost (cash medical support):	\$325.00
Yearly reasonable cost (cash medical support):	\$3,900.00

**CUSTODIAL PARENT**

Net Income:	\$3,908.33
Percentage Rate:	5%
Gross income:	\$4,875.00
Percent x Monthly Gross Income:	\$243.75
Monthly reasonable cost (cash medical support):	\$243.75
Yearly reasonable cost (cash medical support):	\$2,925.00

**Analyzing Cash Medical Support and NCP Income as number of children entitled to support changes**

Cash medical support for 3 children	\$0.00
Cash medical support for 2 children	\$0.00
Cash medical support for 1 child	\$0.00

**EFFECTS OF CLAIMING THE CHILDREN AS TAX DEPENDENTS**

Noncustodial claims 0 and custodial claims 3

Net Monthly Income	4629.10	4161.70
Monthly Child Support Amount	1109.62	
Actual Monthly Income	3519.48	5271.32

Noncustodial claims 1 and custodial claims 2

Net Monthly Income	4771.51	4035.02
Monthly Child Support Amount	1151.83	
Actual Monthly Income	3619.68	5186.85

Noncustodial claims 2 and custodial claims 1

Net Monthly Income	4929.27	3908.33
Monthly Child Support Amount	1191.61	
Actual Monthly Income	3737.66	5099.94

Noncustodial claims 3 and custodial claims 0

Net Monthly Income	5087.03	3781.65
Monthly Child Support Amount	1236.28	
Actual Monthly Income	3850.75	5017.93

This feature shows you the value to each party of claiming the kids. Example, NCP claims 3, CP claims 0. NCP income for the month is \$5,087.03. CP income is \$3,781.65. This results in NCP paying \$1,236.28 in monthly child support. The result is that NCP is left with a net monthly income of \$3,850.75. Add the child support to CP's income and her net monthly is \$5,017.93.

With NCP claiming 1 and CP claiming 2, NCP is left with \$3,619.68 per month and CP has \$5,186.85. The difference between these two examples is NCP loses \$231.07 per month while CP gains \$168.92.

**WARNINGS AND PRECAUTIONS**

- Use caution if using Section VI on worksheet. Consider calculating separate worksheets as children change.

