DivorceSmart Pro Report

Your Personalized Divorce Financial Analysis

For someone who's been out of the workforce, "will the settlement work" is a different question. This analysis covers the imputed-income risk, the workforce re-entry timeline, and the specific protective terms that matter most when the higher-earning spouse is on the other side of the negotiation.

PREPARED FOR

Maria Reyes (sample)

42 years old · California · Stay-at-home parent for 12 years

Married 14 years · Two children, ages 8 and 11

Reviewing proposed settlement, May 2026

REPORT INCLUDES

Executive Summary · 30-Year Cash Flow Projection · Imputed Income Analysis · Workforce Re-Entry Plan · Retirement Impact · Settlement Sustainability · Negotiation Talking Points

Executive Summary

THE 30-SECOND ANSWER

The proposed settlement carries an imputed-income risk Maria's attorney has not flagged. California courts can assign hypothetical income to a stay-at-home parent based on earning capacity. With a marketing background and kids no longer in early childhood, Maria is squarely in the pattern that triggered *Marriage of Mosley*. This risk needs to be addressed before signing, not litigated later.

Beyond imputed income: the 7-year alimony term ends when Maria is 49 — an age where re-entering marketing after 12 years out is real but slow. The settlement does not include a re-employment runway. And Maria's only retirement asset post-divorce is her share of Daniel's 401(k); she has no path to keep contributing without earned income.

TOP THREE RISKS

Imputed income. Daniel can request a vocational evaluation under **Cal. Fam. Code § 4331** at any time post-divorce. If granted, the court may assign Maria an earning capacity (typically $75,000–$95,000 for a marketing manager with her background) and reduce alimony accordingly. The settlement contains no protective language.

Year-7 alimony cliff with no re-entry runway. Alimony of $4,200/month ends when Maria is 49. Even with aggressive re-entry, realistic earnings at 50 in marketing are $55,000–$70,000 — before tax, before benefits, and well below the $50,400 alimony figure. Annual budget gap of approximately $20,000–$35,000 opens.

Retirement shortfall. Maria's only retirement asset is the $30,000 IRA from before kids plus her share of Daniel's 401(k) (approximately $192,500 after split). With no earned income to fund further contributions, projected retirement balance at 65 is $610,000. Target for sustaining current standard of living is $1.4M–$1.6M. The gap is structural, not bridgeable through saving.

TOP THREE RECOMMENDED CHANGES

Negotiate 12-year alimony, not 7. Marriage of 14 years places this near California's "long duration" threshold under **Cal. Fam. Code § 4336**. A 12-year term gets Maria to age 54, with realistic re-entry earnings of $80,000–$100,000 by then. Annual gap closes to $5,000 or less.

Build a re-entry stipend into the settlement. A $25,000–$35,000 training/credentialing stipend in years 1–2, paid by Daniel as part of a stipulated rehabilitative-support order. This both demonstrates good-faith intent to courts (protective against later imputation) AND funds the actual re-entry (career coaching, certifications, conference attendance, networking).

Take a larger share of retirement assets, not the house. Reallocate $200,000 of value from home equity to retirement accounts via QDRO. Settlement value unchanged; long-term outcome at 65 improves by approximately $640,000 due to compounding. See “Retirement Impact” on page 8.

Your Situation

This analysis uses the inputs you provided. Verify these are correct before relying on the conclusions.

Income (Current and Proposed)

Source	Amount	Notes
Maria's earned income	$0	Stay-at-home parent, 12 years out of workforce
Maria's alimony (proposed)	$50,400/yr	Years 1–7 ($4,200/mo)
Maria's child support (proposed)	$45,600/yr	Until kids age 18 (years 7 and 10)
Daniel's base salary	$245,000	Software engineer, tech company
Daniel's annual bonus	~$50,000	Variable; 3-year average
Daniel's RSU vesting	~$60,000/yr	Continues post-divorce as separate property

Assets and Proposed Division

Asset	Total value	To Maria	To Daniel
Marital home (equity)	$780,000	$780,000*	$0
Daniel's 401(k)	$385,000	$192,500	$192,500
Daniel's vested RSUs	$180,000	$90,000	$90,000
Joint brokerage	$95,000	$47,500	$47,500
Cash savings	$35,000	$17,500	$17,500
Maria's pre-kids IRA	$30,000	$30,000	$0
Total marital estate	**$1,505,000**	**$1,157,500**	**$347,500**
Buyout owed to Daniel	–$310,000	–$310,000	+$310,000
Net to each spouse		**$847,500**	**$657,500**

**Maria keeps the home; the $310,000 buyout to Daniel is paid via Maria taking less of his 401(k) than the 50/50 split would otherwise allocate. Net effect: Maria leaves with the house ($780K equity, refinancing solo) plus $192,500 retirement plus $30K old IRA plus $65K liquid. The unequal totals reflect alimony being treated as an offset against asset split, which is a negotiable position — see Talking Point 4.*

30-Year Cash Flow Projection

Year-by-year projection of Maria's income, expenses, and net cash position. The columns assume modest re-entry: $0 earned income years 1–3 (re-credentialing), $35K years 4–5 (entry-level return), $55K years 6–9 (mid-level), $70K+ years 10+. The years marked in gold are inflection points.

Year	Age	Earned	Alimony	Child Sup.	Total In	Total Out	Net
1	42	$0	$50,400	$45,600	$96,000	$108,200	($12,200)
2	43	$0	$50,400	$45,600	$96,000	$110,400	($14,400)
3	44	$0	$50,400	$45,600	$96,000	$112,600	($16,600)
4	45	$35,000	$50,400	$45,600	$131,000	$117,800	+$13,200
5	46	$38,000	$50,400	$45,600	$134,000	$120,200	+$13,800
6	47	$55,000	$50,400	$45,600	$151,000	$122,600	+$28,400
7	**48**	**$58,000**	**$50,400**	**$22,800**	**$131,200**	**$125,100**	**+$6,100**
8	**49**	**$60,000**	**$0**	**$22,800**	**$82,800**	**$127,600**	**($44,800)**
9	50	$63,000	$0	$22,800	$85,800	$130,200	($44,400)
10	51	$66,000	$0	$22,800	$88,800	$132,800	($44,000)
11	**52**	**$70,000**	**$0**	**$0**	**$70,000**	**$135,500**	**($65,500)**
15	56	$82,000	$0	$0	$82,000	$152,400	($70,400)
18	59	$88,000	$0	$0	$88,000	$166,500	($78,500)

Reading this table. The first 3 years are tight but workable — no earned income while Maria re-credentials, but support payments cover expenses. Years 4–7 are positive: earned income ramps up while support continues. Year 8 is the cliff: alimony ends, earned income hasn't caught up. Year 11 (when child support also ends for the older child) is where the real budget breaks. Without changes, by year 15 Maria is running an annual deficit comparable to her gross earned income.

Imputed Income Analysis

This is the most important page in this report. California courts can assign Maria a hypothetical earned income for purposes of calculating support — even when she actually has none — if specific conditions are met. Daniel's attorney is likely aware of this. Maria's settlement should account for it before signing.

The Two-Prong Test

Under California law (*In re Marriage of Regnery*, 214 Cal. App. 3d 1367 (1989)), a court may impute income when both of the following are shown:

- **Ability to work:** Maria has the skills, education, health, and background to earn the imputed amount.
- **Opportunity to work:** Real, not speculative, jobs exist that match her qualifications.

How Maria's Profile Looks Through This Lens

Factor	Maria's position	Imputation risk
Marketable skills	Marketing manager, 5 years pre-kids	High
Education	Bachelor's in communications	High
Health	No restrictions disclosed	High
Children's ages	8 and 11 (school-age)	High
Time out of workforce	12 years	Moderate (mitigating)
Recent training/skills update	None disclosed	Moderate (mitigating)
Job market for marketing	Strong in California tech corridor	High

What Imputed Income Could Look Like

A vocational examiner under **Cal. Fam. Code § 4331** would typically assess Maria's earning capacity at **$75,000–$95,000** based on the 2026 Bay Area marketing manager job market and her pre-kids background. A court adopting an $85,000 imputation would calculate alimony as if Maria already earned that amount. Under California's temporary support guideline (40% of high earner's net minus 50% of low earner's net), this could reduce alimony from $4,200/month to approximately $2,600/month — a $19,200/year hit.

The case law cuts both ways. *Marriage of Mosley* imputed income to a parent who left a law firm to raise children. *Marriage of Lim & Carrasco* declined to impute income to a parent in similar circumstances. The variance is real, judge-dependent, and largely outside Maria's control after the settlement is signed. The protective move is to address imputation in the settlement itself, not hope the court rules favorably later.

Three Protective Settlement Provisions

• **Stipulated rehabilitative period.** The settlement explicitly states that Maria will not seek employment for years 1–3 while re-credentialing, and Daniel agrees not to seek imputation during that window. This is enforceable as a stipulation incorporated into the judgment.
• **Vocational examination cap.** If Daniel later seeks imputation, the imputed amount cannot exceed an agreed ceiling (e.g., $65,000) for the first 5 years post-divorce.
• **Re-entry stipend.** Daniel funds Maria's training and credentialing in years 1–2 ($25,000–$35,000 total). This is characterized as rehabilitative support, demonstrates good-faith re-employment intent, and reduces the legal traction of any later imputation claim.

Workforce Re-Entry Plan

A realistic re-entry timeline is the single largest determinant of Maria's long-term outcome. The proposed 7-year alimony assumes re-entry happens; the settlement contains nothing that supports it actually happening. This page lays out what realistic re-entry looks like.

The Three Stages

Stage	Years	Activity	Realistic earnings
Re-credentialing	1–3	Marketing certifications (Google, HubSpot, Meta), 1-2 conferences, network rebuild	$0
Re-entry	4–5	Contract or part-time role at marketing agency or SMB. Title regression expected (not Manager — Specialist or Coordinator).	$35K–$45K
Recovery	6–9	Mid-level roles, possibly Manager again at smaller company. Specialty (digital marketing, content, ops) emerges.	$55K–$70K
Plateau	10+	Manager or Sr. Manager level. May not recover Director track lost during 12-year absence.	$70K–$95K

What This Costs

Re-credentialing budget: Marketing certifications run $200–$2,000 each; a useful certification stack costs roughly $5,000–$8,000. Conferences are $1,500–$3,000 per event including travel. A career coach specializing in re-entry is $150–$300/hour, typical engagement 12–20 hours = $2,500–$6,000. **Total realistic year-1 spend: $15,000–$25,000.** Year-2 might add another $8,000–$12,000 if a graduate certificate or part-time MBA fits the path. None of this is in the proposed settlement.

What It Returns

A focused re-entry stipend of $30,000 in years 1–2, applied well, shifts realistic year-4 earnings from approximately $30K (entry-level cold start) to approximately $50K (re-entered with current credentials and documented continuing education). Over a 25-year remaining career, the cumulative income difference exceeds $400,000.

STRATEGY

How to position this in negotiation. A re-entry stipend is not a demand — it's a tax-favorable structuring of money Daniel will likely pay anyway. Framed as "rehabilitative support" under the alimony order, it's deductible to Daniel for California state tax purposes (though not federal post-2019). Framed as part of the asset split, it's tax-neutral but reduces Daniel's leverage over future imputation claims. The first framing is usually preferable.

Settlement Sustainability

A sustainable settlement covers Maria's expenses through her expected lifespan. Here's what the numbers show under three scenarios.

Three Scenarios at Age 65

Scenario	Retirement balance	Annual gap	Verdict
As proposed (7-year alimony, no re-entry support)	$610,000	~$28,000/yr short	Insufficient
+ 12-year alimony + $30K re-entry stipend	$880,000	~$14,000/yr short	Borderline
+ rebalance: less house, more 401(k) via QDRO	**$1,475,000**	**~$2,500/yr short**	**Sustainable**

The "annual gap" is the difference between projected retirement income (4% safe withdrawal from the retirement balance, plus Social Security) and projected retirement expenses (current expense level adjusted for inflation, mortgage paid off, healthcare on Medicare).

When Money Runs Out (As Proposed)

Under the proposed settlement, with realistic re-entry but no protective changes, Maria draws down retirement assets starting around age 56 to bridge expenses. By age 65, the balance is approximately $610,000. At a 4% withdrawal rate that yields $24,400/year, plus Social Security — see below for a critical detail — for total retirement income of $48,000–$54,000/year against retirement expenses of approximately $76,000/year (current expenses adjusted for inflation, less mortgage).

Crossover point: age 81. The retirement gap of approximately $28,000/year drains the retirement account by age 81. Life expectancy for women in Maria's demographic is 86–88. The gap is 5–7 years long.

OPPORTUNITY

The Social Security divorced-spouse benefit is essential here. 14 years of marriage qualifies under **20 CFR § 404.331**. Maria can claim up to 50% of Daniel's primary insurance amount (PIA) at her full retirement age (67), without affecting his benefit and without requiring his cooperation. For Daniel as a high-earning tech engineer, his PIA at 67 will likely be near the maximum (~$3,800/mo in 2026 dollars), making Maria's divorced-spouse benefit ~$1,900/mo or $22,800/year. **This single benefit closes more than 80% of Maria's retirement gap.** Maria must remain unmarried (or remarry after age 60) to claim it.

Retirement Impact

For someone re-entering the workforce in their mid-40s, retirement is the hardest math in the divorce. Twelve years of compounding has been lost. The retirement assets in the settlement become disproportionately important because there's very little time to add to them.

Starting Position vs. Where You Need to Be

Metric	Maria, post-divorce	Target for retiring at 65
Retirement balance at age 42	$222,500	—
Years to retirement	23	23
Required annual contribution at 7% return	$8,400	$22,500
Likely annual contribution years 1–3	$0	$22,500
Likely annual contribution years 4–7	$3,500	$22,500
Likely annual contribution years 8–15	$6,000	$22,500
Likely annual contribution years 16–23	$9,000	$22,500
Projected balance at age 65	**$610,000**	**$1,475,000**

Why Retirement Assets Compound Differently Than Home Equity

A common mistake in stay-at-home-parent settlements is overweighting the house. The house feels stable and emotionally important. But retirement assets at age 42 have 23 years of tax-deferred compounding ahead. Every dollar shifted from house equity to retirement at this stage is worth approximately 3.4× its face value by age 65 in retirement-income terms.

Concretely: if the settlement reallocates $200,000 from home equity to Maria's share of Daniel's 401(k) via QDRO (so she takes a smaller buyout obligation but a larger retirement transfer), her projected retirement balance grows by approximately $640,000 over 23 years at 7% return. The same $200,000 in home equity grows to approximately $385,000 at 3% appreciation, but most of that gain is eaten by maintenance, taxes, and the post-divorce $250,000 capital gains exclusion limit if Maria sells later as a single filer.

TAX RULE

QDRO penalty exemption is a key liquidity option. Under **IRC § 72(t)(2)(C)**, Maria can withdraw funds from the QDRO-transferred 401(k) without the 10% early withdrawal penalty (ordinary income tax still applies). This is a one-time window before rolling the funds into her own IRA. For Maria's situation — no income years 1–3, predictable cash crunches — this is a genuine emergency liquidity reserve. **Do not roll the 401(k) directly into an IRA without first considering whether to withdraw any of it penalty-free.**

Negotiation Talking Points

Five specific points to raise in mediation or with Maria's attorney. Each is grounded in the analysis above. Sample language is provided where useful.

1. Build imputed-income protection into the settlement

Why it matters. Without protective language, Daniel can request a vocational examination at any time post-divorce. The case law cuts both ways and the outcome is judge-dependent.

> **Sample language.** "The parties stipulate that Maria will not seek employment during the first 36 months following the entry of judgment while she pursues re-credentialing. During this period, Daniel agrees not to petition for imputation of income to Maria for purposes of modifying support. After month 36, any imputation must be supported by a vocational examination performed by a mutually-agreed examiner, with the imputed amount capped at $65,000 annually for the first 24 months of any modified award."

2. Push for 12-year alimony, not 7

Why it matters. 14-year marriage approaches the "long duration" threshold under **Cal. Fam. Code § 4336**. A 7-year cliff at age 49 hits before realistic re-entry earnings catch up. A 12-year term gets Maria to 54 with $80K+ realistic earnings.

3. Negotiate a re-entry stipend ($30,000 in years 1–2)

Why it matters. Funds the actual re-entry (training, certifications, career coaching) that the alimony alone won't comfortably cover. Also serves as legal protection — demonstrated good-faith re-employment intent reduces the legal traction of later imputation claims.

4. Reallocate $200,000 from home equity to retirement via QDRO

Why it matters. $200K in retirement at 7% becomes ~$960,000 by age 65. The same $200K in home equity becomes approximately $320,000 (after maintenance, taxes, and the single-filer capital gains exclusion limit). The 23-year compounding gap is over $640,000.

> **Sample language.** "The parties agree to reduce the buyout obligation on the marital residence from $310,000 to $110,000, with the $200,000 difference transferred from Daniel's 401(k) to Maria via Qualified Domestic Relations Order. Total settlement value to each party remains unchanged; the asset mix shifts toward what compounds."

5. Confirm the divorce finalization date for Social Security purposes

Why it matters. Under **20 CFR § 404.331**, the divorced-spouse Social Security benefit requires 10+ years of marriage. The date is measured from the wedding to legal divorce finalization. Maria is well past 10 years, but confirming the finalization timing matters because the 2-year waiting period before claiming begins from finalization. The benefit is worth approximately $22,800/year at Maria's FRA — the single largest line item in her retirement income picture.

Methodology and Disclaimers

What This Report Did Model

• Year-by-year cash flow projections through age 65
• Federal and California state income taxes (single filer with two dependents)
• California temporary spousal support guideline (40%/50% formula)
• Realistic workforce re-entry earnings curve based on 12-year absence
• Mortgage refinance at single-income debt-to-income qualification
• Property tax with California Proposition 13 preservation
• Investment growth on retirement assets at 7% nominal
• Home appreciation at 3% nominal
• Expense inflation at 3% nominal
• QDRO penalty exception under IRC § 72(t)(2)(C)
• Social Security divorced-spouse benefit at full retirement age
• ACA marketplace healthcare premium with subsidy phase-out as income grows

What This Report Did Not Model

• Specific outcome of any future vocational examination — this is judge-dependent and case-specific
• Future remarriage by Maria (which would terminate alimony and could forfeit divorced-spouse Social Security if before age 60)
• Daniel’s post-divorce career trajectory (could affect future modifications)
• Long-term care needs in retirement
• Variation in market returns; results assume average returns
• Health changes affecting earning capacity
• Estate planning, life insurance needs, or beneficiary designations

Statutory and Case Law References

• **Cal. Fam. Code § 4320** — 14 factors for long-term spousal support
• **Cal. Fam. Code § 4331** — Vocational examinations
• **Cal. Fam. Code § 4336** — Marriages of long duration
• **26 U.S.C. § 72(t)(2)(C)** — QDRO early-withdrawal penalty exemption
• **26 U.S.C. § 121** — Capital gains exclusion on principal residence
• **20 C.F.R. § 404.331** — Social Security divorced-spouse benefit
• *In re Marriage of Regnery*, 214 Cal. App. 3d 1367 (1989) — Two-prong imputation test
• *In re Marriage of Mosley* — Imputed income to parent who left law firm
• *In re Marriage of Lim & Carrasco* — Declined to impute in similar circumstances

Important Disclaimer

This report is general financial analysis based on the inputs provided. It is **not legal advice**, **not tax advice**, and **not personalized financial advice from a licensed advisor**. The numbers represent estimates under stated assumptions; actual outcomes depend on market performance, life events, court decisions, and many factors outside the scope of this projection. Use this report as preparation for conversations with your attorney, mediator, CPA, and CDFA. For someone in Maria's situation specifically, working with a Certified Divorce Financial Analyst (CDFA) who specializes in stay-at-home-parent cases is strongly recommended — the imputed-income and re-entry-planning issues benefit substantially from specialist expertise.

Last reviewed: May 2026 · Report version 1.0 · Persona: stay-at-home parent