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Two Important Changes to Illinois Spousal Maintenance

By Christina Castrejon, CFP® and Jennifer L. Lavin, P.C.*

Divorce often causes significant financial stress. Anyone contemplating or litigating a divorce needs to prioritize financial planning.

Without in-depth financial planning, a divorcing spouse risks making uninformed decisions about how to handle divorce settlement funds. For example, in one extreme case, a woman who received a large monetary settlement left the entire sum sitting in cash—for years, foregoing substantial gains achieved in financial markets during that period.

Financial planning should be an early priority in any divorce proceeding, not merely after the fact. Spousal maintenance, formerly called alimony, is one key focus. In Illinois, judges first determine whether spousal maintenance is appropriate and then, if so, what the amount and duration should be.

Often, divorcing spouses negotiate a marital settlement agreement about spousal maintenance. A recent change in U.S. federal tax law has the potential to make those negotiations more contentious.

As of January 1, 2019, federal tax law will no longer allow the spouse paying spousal maintenance to deduct the maintenance payments from gross income when calculating federal taxes owed. Previously, that tax deduction has sometimes been the “carrot” that has led a reluctant spouse to agree to maintenance payments.

Soon, that carrot will be gone. Instead, spousal maintenance payments will no longer be tax deductible for the maintenance payor, and no longer included in the taxable income of the maintenance payee. This is a permanent change to federal tax law that applies to divorces finalized on or after January 1, 2019.

We do not yet know how Illinois law will adjust to these changes. Illinois currently employs a spousal maintenance formula that judges may apply, or from which judges may deviate, after having first determined that maintenance is appropriate. This formula is based upon the old tax treatment of maintenance. Illinois may update its maintenance formula to “catch up” to federal tax law, but how and when remains uncertain.

In the meantime, financial planning during divorce proceedings is especially important. For example, a financial advisor can run scenarios to determine likely outcomes from various combinations of asset divisions and maintenance schedules to help women ensure a proposed settlement has the potential to support the standard of living during the marriage.

Another important change to Illinois maintenance law involves both the income threshold pursuant to the main-



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tenance formula and the duration of maintenance payments. Before 2018, if the court determined that a maintenance award was appropriate, judges typically used the Illinois maintenance formula where the spouses’ combined gross annual income was less than \$250,000. In 2018, this income threshold increased from \$250,000 to \$500,000. This means that more Illinois high-net worth couples may find the maintenance formula applicable to their circumstances. Additionally, in 2018 the Illinois calculation of the duration of maintenance changed to incorporate more gradual increases in a potential maintenance award based upon the duration of the marriage.

If you are faced with the stress of divorce, be sure to obtain high-quality legal and financial advice early in the process. This will enable a focus upon financial realities during settlement negotiations and increase the possibility of favorable financial results following the resolution of your case.

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2018 TOP WOMEN IN MARKETING

On Tuesday, April 17th, Digital Megaphone, Chicago's leading provider of social and educational events for digital marketers honored 38 women who are leading the charge in Chicago's vibrant marketing landscape at ActiveCampaign's headquarters. Over 100 guests enjoyed an evening of networking, G4 Tequila margaritas, appetizers, spa services and an inspiring panel.

All of the honorees have bold visions and ideas that are elevating companies, large and small, to new levels. As leaders in their industries, they are shaping the way marketing strategies are conceived, executed and brought to life.

Here are Digital Megaphone's top Women in Marketing for 2018:



AMY MORGAN
Brand Communications Manager
Conagra Brands



DIANE SIMON
Founder
Java Culture



DANIELLA PETING
Award-Winning
Social Media Strategist



DINA FREEMAN
Social and Content Strategist
Babycenter



GINA JUDGE
Communications
Pepsico



APRIL CARLISLE
Sr. VP Shopper
Marketing
Leo Burnett



DONNA KOPERA
Business Development Leader
PointB



DANA SHANK
Associate Director
Kraft-Heinz



ELLY MOODY
Global Social Campaign &
Content Manager
McDonald's Corporation



JAMIE RUTTER
Manager, Digital Engagement
and Advocacy Programs
United



BARB ROERING
Social Media Marketing
Practice Lead
Catapult



CAROL FOWLER
Senior Vice President,
Digital News Products,
Chicago SunTimes



DANI HUBNER
Social Media Manager
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ERIKA GRINIUS
Sr. Manager, Digital Marketing
Walgreens



JENN SUTHERLAND
Director, Digital Marketing,
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BETH PETERSON
Founder
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Integrated Marketing
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"The biggest lesson I've learned through my career is that relationships are everything. Whether it's with your colleagues, consumers, employees, influencers, or the news media, sustainable success is about creating a mutual value exchange."

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