**ALIMONY**

Qualifies for Tax Deduction if payments are made under a divorce or separation instrument if following are met:

- Payments made in cash or by check to or for the benefit of a spouse or former spouse.
- Payments are required by divorce degree or separate maintenance agreement, court order of divorce judgment.
- Payments are not designated as non-taxable or non-deductible.
- Spouses must not be members of the same household at time payments are made, after a physical separation.
- No payments after the death of recipient.
- Parties must not file joint tax returns.
- Payments are not child support.
- Undifferentiated Support is taxable as alimony, if it ceases upon the death of the payee.

**ALIMONY RECAPTURE ($15,000 – 3 YEAR RULE)**

- If alimony decreases or terminates during first three calendar years, the recapture rule may apply.
- Recapture rule applies if alimony paid in the second or third year decreases by more than $15,000 from the prior year.
- Recapture rule does not apply if alimony ceases because of the death of either spouse or remarriage of the spouse receiving the payments.

**SOCIAL SECURITY**

- For year of birth, 1943-1954, bull benefit retirement begins at age 66; age 62 retirement benefit reduced by 25%, spouses benefit reduced by 30%.
- If you work, receive social security and are under full retirement age, $1 of benefit payments are deducted for every $2 above $15,720 of earnings for 2015 and $15,720 of earnings for 2016.
- Spouse is eligible to receive benefits at age 62, at reduced benefit. Even if spouse has never worked, he or she can receive ½ of full benefits at normal retirement age or receive his/her own benefit based on personal record. Either benefit can be elected by choice.
• Divorced spouses can receive same benefits (as if married) if previously married to ex-spouse for at least 10 years, be at least age 62, be unmarried and not be eligible for an equal or higher benefit on her own record or someone else’s record.

EXEMPTIONS FOR CHILDREN OF DIVORCED PARENTS

Generally, the dependency exemption for children of divorced taxpayers will go to the parent who has custody of the child for the greater part of the calendar year. The custodial parent, for tax years beginning after 7/2/08, will be determined by the number of nights in which the child resided with the parent. When the child spends an equal amount of time with each parent, the parent with the higher adjusted gross income is allowed to claim the dependency exemption. This rule applies only if the child receives over one-half of his or her support from parents who are divorced, legally separated, or have lived apart for the last six months of the calendar year. In addition, the child must have been in the custody of one or both parents for more than one-half of the calendar year.

There are two exceptions to the rule that a custodial parent is entitled to the dependency exemption:

• A multiple support agreement that allows the qualifying child to be claimed as a dependent by a taxpayer other than the custodial parent.
• Custodial parent of a dependent child transfers the right to claim the dependence exemption to the noncustodial parent by signing a written waiver (Form 8332). The waiver must be attached to the noncustodial parent’s tax return. The parents do not need a written divorce degree or separation agreement containing the noncustodial parent’s right to the exemption and the waiver does not need to be permanent. The waiver may only be used by the noncustodial parent for purposes of claiming the child tax credit and the dependence exemption.