

FORGOTTEN ISSUES IN DIVORCE

Presented by:

HON. JOHN R. ROACH, JR., *McKinney*
Judge, 296th Judicial District Court

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Written by:

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State Bar of Texas
44TH ANNUAL
ADVANCED FAMILY LAW COURSE
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San Antonio

CHAPTER 11

JUDGE JOHN R. ROACH, JR.

ELECTED OFFICIAL

State District Judge, 296th District Court, Collin County

Elected in March 2006 and took office January 2007. The Court is a general jurisdiction Court specializing in the areas of civil and family law. Judge of the Collin County Veterans' Court. Serves as the Collin County District Courts Local Administrative Judge. Implemented Video Jail Pleas, Court Teleconferencing, Managed Counsel Mental Health Program, Criminal Defense Teleconferencing and other programs to improve court efficiencies.

Former City Council Member, City of Plano, Texas

Member of the City Council for a Texas home-rule city with a population of 231,000. Elected at large. Council Liaison to the Collin County Central Appraisal District, Sister City Committee, Joint Council/School Board Committee and North Texas Municipal Water District.

EMPLOYMENT

Instructor, Southern Methodist University, Plano, Texas

Instructs graduate-level students in various areas of alternative dispute resolution processes including Arbitration, mediation, med/arb, summary jury trials and in-house dispute resolution programs. Subject areas include commercial litigation, business law, family law, torts and employment law.

Former Partner, Albin Harrison Roach, Attorneys at Law, Plano, Texas

Maintained offices in Plano, Frisco, Dallas and Austin. Represented individuals, families and business in General Civil Law including Medical Malpractice Insurance Defense, Municipal Law, Business and Corporate Law, Family Law, Land Use and Zoning, Wills, and Commercial and Business Litigation. Also frequently retained as Local Counsel for parties in cases within the North Texas area.

Former Partner, Roach LLP, Attorneys at Law, Plano, Texas

Roach LLP specialized in General Civil Law including Medical Malpractice Insurance Defense, Municipal Law, Business and Corporate Law, Family Law, Land Use and Zoning, Wills, and Commercial and Business Litigation. Roach LLP is also frequently retained as Local Counsel for parties in cases within the North Texas area. Finally, Mr. Roach is often retained by lawyers to mediate civil and family law cases and has been appointed as court annexed mediator by county and district courts in Collin County having more than 270 hours of mediation training.

Former Senior Vice President/General Counsel, Legacy Services, L.L.C., Plano Texas

Conducted the day-to-day business operations and maintained complete corporate legal counsel responsibilities for two divisions of a computer consulting/software business. Included implementing corporate strategies for growth, personnel administration, logistical determination of the appropriate resources throughout the country, budgeting, marketing strategies, business development, and creation of legal business entities and contracts.

Former Attorney at Law, Cowles and Thompson, P.C., Dallas and McKinney, Texas

Specialized in insurance defense litigation primarily in the area of medical malpractice, products liability and automobile liability. Maintained a lead counsel caseload of approximately 40 cases. Tried numerous jury trials to verdict in justice of the peace, county and state district courts in Kaufman, Denton, Dallas and Collin Counties.

Former Director of Constituent Services, State Senator Florence Shapiro, Austin, Texas

Responsible for maintaining open communications between district constituents and State Senator's office in Austin. Daily contact with district constituents regarding opinions and concerns on the local and state levels. Assisted in developing correspondence and proposed legislation addressing concerns of constituents. Liaison between constituents and state agencies on behalf of the Senator.

Former Communications Technician, Richardson Police Department, Richardson, Texas

State Certified 9-1-1 operator and dispatcher for the City of Richardson. Responsible for 9-1-1 call taking and dispatching police units in response to various calls for service. Received several departmental commendations for service.

MILITARY SERVICE

United States Marine Corps Reserves, Crash, Fire and Rescue Specialist

- Honorably Discharged
- Placed on Active Duty in support of Operation Desert Shield/Storm
- Received National Defense Medal, Marine Corps Service Medal

EDUCATION

St. Mary's University School of Law, San Antonio, Texas

Doctor of Jurisprudence

- Associate Editor, *St. Mary's Law Journal*
- Faculty Teaching Assistant in Research and Writing, Criminal Law and Civil Procedure

University of Texas at Austin, Austin, Texas

Bachelor of Arts in Government

- Minor, Speech Communications
- Phi Eta Sigma Honor Society
- Delta Sigma Phi Fraternity

Forrester International Institute, San Jose, Costa Rica

- Extensive study of Spanish language and Latin American culture

PROFESSIONAL ASSOCIATIONS

State Bar of Texas

Collin County Young Lawyers Association

- Founding Member
- Past Board of Directors

Dallas Bar Association

Dallas Young Lawyers Association

Collin County Bar Association

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EDUCATION

1997-2000 Juris Doctorate from Baylor Law School
1994-1997 Bachelor of Arts from Baylor University

EMPLOYMENT

2012 - present Partner, Goranson Bain, PLLC
2005-2012 Associate Attorney, KoonsFuller, P.C.
2003-2005 Associate Attorney, Albin & Harrison
2000-2003 Staff Attorney, The Ayco Company

MEMBERSHIPS

Collin County Bar Association
Dallas County Bar Association
Denton County Bar Association
Fellow of the Texas Bar Foundation
Texas Academy of Family Law Specialists

HONORS

Board Certified - Family Law
Best Lawyers in America - 2013, 2014, 2015, 2016, 2017, and 2018
Best Lawyers in Texas - Wall Street Journal - 2016
Texas Super Lawyers - 2014, 2015, 2016, 2017 and 2018
Texas Super Lawyers - Rising Star 2008, 2009, 2010, 2011, 2012, 2013
Interim Associate Judge - Dallas Family Courts - 2011
Top 10 Attorney Award by National Academy of Family Law Lawyers - 2015
President - Collin County Bar Association 2017-2018

AUTHOR AND LECTURER

How to Take and Use a Deposition in a Family Law Case
 Rockwall Bench Bar 2018
Why Your Client Needs a Pre-Nup
 Collin County Civil Litigation Section 2018
The Unknown Unknowns: Overlooked Financial Issues
 Marriage Dissolution 2018
How to Take and Use a Deposition in a Family Law Case
 Advanced Family Law 2017
Course Director
 Advanced Family Law 101 2017
TAFLS Trial Academy -
 Trial Simulation - Charleston, SC - 2017
Characterization of Separate and Community Property
 Estate Planning Council of North Texas - 2017
When to Consult a Family Law Attorney
 Dallas Bench Bar 2016

Characterization of Property/Marital Agreements
Collin County Estate Planning Section 2016

Judges' Tech Tips
Advanced Family Law 2015

Collaborative Myths
Collin County Bench Bar - 2015

Top Evidentiary Mistakes Made by Attorneys
Advanced Family Law - 2014

Professionalism
Baylor Law School - January 2014

Top Evidentiary and Discovery Mistakes Made by Attorneys
Advanced Family Law - 2013

To Catch an Alcoholic-A Soberlink Case Study
Collin and Denton County Bench Bar - 2013

Using your Ipad effectively in the Courtroom
Plano Bar Association - 2012

Evidence and Trial Procedure
Frisco Bar Association - Speaker - 2012

Texas Annotated Family Code
LexisNexis - Editor - 2010

Getting Your Case From 0 to 60
Collaborative Conference - Speaker - 2010

General Practice Institute
Family Law Update - Speaker - 2008

Estate Planning Council of North Texas
Estate Planning and Divorce -2008

Texas Practice Guide
Family Law - Editor - 2005

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BAR MEMBERSHIPS:

- State Bar of Texas
- District of Columbia Bar
- Federal – Texas Northern & Eastern Districts

EDUCATION:

Regent University School of Law

May 2011

Juris Doctor

- Phi Alpha Delta Law Fraternity
- Federalist Society
- Newman Club Vice President

Southern Methodist University

May 2008

B.B.A. in Finance and B.A. in Political Science

Honors:

- National Society of Collegiate Scholars
- SMU University Scholar
- Order of Omega Honor Society
- Hilltop Scholars Program

Activities:

- Phi Gamma Delta President, Scholarship Chair, and House Manager
- Political Science Symposium
- International Fraternity Council Representative

EMPLOYMENT/EXPERIENCE:

- Goranson Bain, P.L.L.C., Plano, Texas, December 2017 - Present
- Cordell & Cordell, P.C., Dallas, Texas, August 2016 – December 2017
- Skibell, Bohach, & Archer, P.C., Dallas, Texas, October 2015-August 2016
- Warren & Migliaccio, L.L.P., Richardson, Texas, July 2012-October 2015
- Robinius, Sutton, Harper, L.L.P., Garland, Texas, June 2012-August 2012
- The Foust Firm, Bedford, Texas, May 2012-June 2012
- Level 2 Review, Richardson, Texas, January 2012-May 2012
- Israel International Law Program, Summer 2010
- Judge Mike Anderson, 262nd Criminal Court of Harris County Texas, Summer 2010
- Strasbourg International Law & Human Rights Program, Summer 2009
- Office of Congressman Ted Poe, Washington D.C., Summer 2006

PROFESSIONAL ASSOCIATIONS AND MEMBERSHIPS:

- State Bar of Texas, Family Law Section
- College of The State Bar of Texas
- District of Columbia Bar
- Texas Family Law Foundation Texas
- Texas Young Lawyers Association
- Dallas Bar Association, Family Law Section
- Dallas Association of Young Lawyers
- Collin County Bar Association, Family Law Section
- Collin County Young Lawyers Association
- Denton County Bar Association, Family Law Section
- Denton County Young Lawyers Association

AWARDS:

- 2017 - 10 Best Attorney's for Client Satisfaction - American Institute of Family Law Attorney's

PUBLICATIONS:

- "Overlooked Financial Issues" – Co-Author, Marriage Dissolution Institute 2018
- "4 Tips For Modifying Your Existing Child Custody Order" – Author, Dadsdivorce.com – 2016

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Forgotten Issues in Divorce

As lawyers, it would not be inconceivable to forget an issue or omit a topic when you are drafting an offer or putting the finishing touches on a Mediated Settlement Agreement. In addition to forgetfulness, family law lawyers run the risk of other errors because family law touches on such a broad array of topics where an individual might not have the expertise necessary to avoid all the potential traps for the unwary related to the other areas of law. Therefore, this paper and discussion will attempt to assist you in addressing some overlooked areas in family law that are covered by federal law or are outside our area of expertise. Our hope is to help the prudent practitioner to ensure clients have the tools they need to make important decisions, to assist lawyers of potential pitfalls, and offer some advice to avoid unnecessary omissions. Hopefully this list of “Forgotten Issues in Divorce” will eliminate unwanted calls from unhappy clients.

1. ISSUES RELATED TO CHILDREN WITH DISABILITIES

The Family Code allows for child support to be paid indefinitely for an adult child over the age of eighteen if they are disabled. The statute requires that the child require substantial care and personal supervision because of a mental or physical disability, the adult child will not be capable of self-support, and the disability exists, or the cause of the disability is known to exist, on or before their eighteenth birthday (*see* T.F.C. §154.302).

PRACTICE TIP TO REMEMBER: Support payments can prevent an adult child from receiving social security disability benefits from the federal government. Therefore, do not forget to discuss the option of a special needs trust so that support will not lower government benefits.

2. FINALIZING YOUR DIVORCE – THE QDRO ISSUE

We all know that Qualified Domestic Relations Orders (QDRO’s) are required to divide up certain retirement accounts. However, QDRO’s are commonly overlooked when a divorce is finalized, and the standard for lawyers should always be: Never finalize a divorce without getting a QDRO signed simultaneously. The divorce decree itself *will not* preserve your client’s interest in a qualified plan after divorce if the participant dies and there is not a valid QDRO. Furthermore, since the trial Court loses plenary power after 30 days, a QDRO is void if signed more than 30 days after the entry of a decree. Therefore, the rule of thumb is to always get a QDRO signed at the same time the divorce decree is signed, and if you cannot, make sure the QDRO gets signed before the Court loses plenary power. Now, with that being said, if the Court loses plenary power and you still need a QDRO signed, you must file a Motion to Enter the QDRO per T.F.C. §9.101. As a practical matter, this is better than having a void QDRO, but your client will *not* want to pay you because you failed to timely enter the QDRO.

PRACTICE TIP TO REMEMBER: Save yourself the trouble, and enter the Final Decree, QDRO, Income Withholding Order, and any other documents that need to be signed by the Court at the same time.

3. TEACHER RETIREMENT¹

In The State of Texas, teachers contribute to a defined benefit plan referred to as TRS. Members make contributions by income deduction, and the payout is determined by a formula.

As such, there is no “cash-out” option at the time of divorce. However, in reviewing a TRS benefit statement (see attached Exhibit “A”) you will note under “Taxable Dollars in Your Account” that there is a fixed value. This fixed value *is not* the value of the plan, and I have always found the number to be grossly less than the defined benefit. So be careful!

PRACTICE TIP TO REMEMBER: In negotiating a property division with a TRS account – use percentages to properly award a benefit, and as an alternate payee, remember the value given on the statement *is not* the actual value of the account!

¹ The author and presenters would like to thank Phillip D. Phillips, Law Office of Phillip D. Phillips, 101 Summit, Suite 700, Fort Worth, Texas 76102, Telephone 817-984-7585, Fax 817-984-7589, Email: Phil@PhillipsTexasLaw.com for his assistance in contributing to this portion of this article.

ADDITIONAL PRACTICE TIP TO REMEMBER: Avoid using blanket language like “Any and All” retirement benefits in a divorce proceeding, or you might award “forgotten assets”. Consider listing out the specific accounts that are disclosed and known.

4. TAX IMPACT

PRACTICE TIP TO REMEMBER: When dividing investment accounts, make sure to account for tax consequences (*see* T.F.C. §7.008).

A. 401(k)

When a 401(k) is divided upon divorce using a QDRO, there are no tax consequences and the IRS will not treat the division as a withdrawal. However, whenever the funds are eventually withdrawn, there will be taxes due, so do not forget to tax effect the numbers pursuant to T.F.C. §7.008.

B. Life Insurance Policies

Some life insurance policies have cash values. Make sure you know the basis and what tax implications are present before valuing an asset.

5. CREDIT CARDS

A. Mediation Dangers

Credit card bills can change by the minute. Whether you are at trial or at mediation, do your due diligence to make sure the credit card balances are up to date. You do not want to be stuck responsible for a bill that the other party just ran up – so update the accounts and request injunctions against further use.

B. Prepaying a Credit Card

Prepaying a credit card can be a creative way for a party in a divorce to hide cash. One party may prepay on the card, then can legitimately represent on their Inventory and Appraisement that they have little cash, but no debt. Then, could say they “graciously” agree to assume responsibility for the entire card in a mediation/trial – walking away with a sum of cash with dubious intentions. Of course, at this point, the card itself becomes an asset to be divided rather than a liability.

PRACTICE TIP TO REMEMBER: Make sure you request verification of account balances and statements to avoid this very situation. Also, consider running a credit report for both parties to uncover any hidden transactions.

C. Failure to Pay

The assignment of credit card debts in a divorce decree has little to no effect on the creditor’s ability to collect it. Even if a credit card debt is assigned to one spouse in a divorce decree, if the debt is one for which the other spouse is otherwise liable, the creditor can seek payment from the other spouse. Additionally, the spouse that was not ordered to pay may suffer damage to their credit as a result. The practitioner has 3 main options in this scenario:

Award to the debt to the spouse in their sole name;

Pay off joint debt; or

Spell out that any joint credit/charge cards need to either be closed, refinanced in one spouse’s sole name, returned, or destroyed, and enjoin the other spouse from incurring charges associated with that credit card.

PRACTICE TIP TO REMEMBER: Make sure to clearly spell out the methods for payment, the amount, the dates due, and to where the payment will be sent. At the very least this permits the innocent party to properly use the decree in future litigation via a Motion to Enforce.

6. TAX RETURNS

Tax returns can be a wealth of information during a divorce case to help with “forgotten” assets. Reviewing a tax return can help identify business entities, tax benefits, and liquidated assets. For example, when reviewing a tax return you can identify businesses an individual might own on Schedule C, or identify if a K-1 has been issued. Further, tax returns will identify bank accounts (Schedule B), distributions from retirement accounts (1099’s) and if retirement accounts were liquidated.

Tax returns might also indicate assets carried over from previous years. One example is a Capital Loss Carry Forward. Any capital loss that could not be deducted in one year may be carried over for an unlimited time until fully used up.

EXAMPLE: Following a divorce, Husband sells stock at a loss a \$50,000. If he can only deduct a maximum of \$3,000 in the year prior to divorce, the tax return will reflect a \$47,000 carryforward that should be divided between the spouses.

PRACTICE TIP TO REMEMBER: You can find the Capital Loss Carryforward on Schedule D, Form 1040, Line 14 on a tax return (See attached Exhibit “B”).

7. SOCIAL SECURITY²

While Social Security is governed by Federal Statute, it often finds its way into divorces. This is an important factor to consider if either spouse is nearing retirement age. Please note that the SSDA website provides much more detail on amounts of earnings, and how to apply for benefits - see <https://www.ssa.gov/>.

- A. General Rule: If a spouse is age 62, unmarried, and divorced from someone entitled to Social Security retirement or disability benefits, they may be eligible to receive benefits based on the earning spouses’ income. The non-earning spouse can receive benefits on their ex-spouse’s record if:
1. The marriage lasted at least 10 years;
 2. The non-earning spouse is unmarried;
 3. The non-earning spouse is age 62 or older;
 4. The earning ex-spouse is entitled to Social Security retirement or disability benefits; and
 5. Any benefit that the non-earning spouse is entitled to receive based on their own work record must be *lower* than the benefit they would receive from their ex-spouse’s record. Simply put, the non-earning spouse collects whichever benefit is higher. They cannot collect both.

Note: it does not matter if the earning ex-spouse has remarried.

PRACTICE TIP TO REMEMBER: Do not forget to factor in Social Security when assessing income for spousal support if the marriage lasted at least 10 years. Further, whenever you have a client who is the non-wage earner, it is imperative to consider the benefits of Social Security if the marriage is “nearing” the 10-year mark. Practically, any marriage that lasted around the 9-year mark should include an analysis for your client about the Social Security benefits available if the parties make it to the 10TH year.

² The author and presenters would like to thank Craig W. Mills – EdwardJones, Financial Advisor, 17304 Preston Road, Suite 12601, Dallas, Texas 75252, Phone: 972-733-1037, Fax: 888-451-2504, Email: Craig.mills@edwardjones.com for his assistance in contributing to this portion of this article.

8. MILITARY BENEFITS³

A. 10-10 Rule

This rule allows eligible former spouses of servicemembers to receive their court-ordered portion of the servicemember's retired pay directly from the federal government, rather than from their ex-spouse. To qualify, the parties must be married for 10 years; *and* during the time of marriage, the servicemember must perform at least 10 years of military service creditable towards retirement eligibility.

PRACTICE TIP TO REMEMBER: Make sure you verify that the 10 years is actually *creditable* service, or else it may not qualify. A reservist, for example, may have “points” if they were in the military 10 years, but they still may not meet the threshold to meet the 10-year mark for purposes of the rule (typically 360 points equals 1 year of creditable service). Make sure to contact the Defense Finance and Accounting Service (DFAS) to verify if your client qualifies.

ADDITIONAL PRACTICE TIP TO REMEMBER: *The fact that the government pays the ex-spouse directly has no adverse impact on the servicemember.* Therefore, in most cases it makes sense for *both* parties for satisfy the 10-10 rule. In fact, the servicemember will probably *prefer* the government pay their ex-spouse directly. Consequently, if servicemember spouse is approaching the 10-year mark, it may be wise to delay entry of a divorce decree. Get an agreement with the other side to postpone entry, mediation, or final trial to satisfy the rule. In cases where a dismissal notice is approaching, you and opposing counsel may need to explain to the Court the reasons for delaying finalization. The Court will likely understand and push off any deadlines in that circumstance.

B. 20-20-20 Rule

This rule allows former spouses of servicemembers qualify for certain benefits. These include Tricare, which is military insurance and medical benefits; access to commissaries – which are on-base grocery stores that are tax free; and as use of exchanges – which are military department stores or strip malls that offer items tax free and at a large discount.

The non-servicemember spouse can receive these benefits *for life* so long as –

- a. the non-servicemember spouse remains unmarried;
- b. the parties were married for at least 20 years;
- c. the service member performed at least 20 years of service creditable for retirement pay; and
- d. there is at least a 20-year overlap of marriage and military service.

PRACTICE TIP TO REMEMBER: Like the 10-10 Rule, the servicemember spouse is not adversely affected by satisfying the 20-20 rule. It makes much more sense for the parties to get divorced at year 20, rather than year 19 ½. Therefore, if you represent the nonservice member spouse and the parties are approaching the 20-year threshold, it is wise to postpone the finalization of a divorce (whether it be for entry of a final order, mediation, or trial) to get to the 20-year mark.

ADDITIONAL PRACTICE TIP TO REMEMBER: If the 20-year mark is not met, the nonservice member spouse can still receive benefits. The military also offers a 20-15-20 rule, which has the same requirements, except that 15 years rather than 20 is the threshold. In that case, the non-servicemember spouse gets commissary and exchange benefits for 1 year following the date of divorce. The military also has an insurance plan comparable to COBRA called the Continued Health Care Benefit Program (CHCBP). If the servicemember is on active duty on the date of divorce, the ex-spouse spouse to get up to 36 months of Tricare coverage and medical benefits. The same concepts apply – verify with the DFAS to see where if the threshold

³ The author and presenters would like to thank Carole Cross, Law Office of Carole Cross, 464 Mid Cities Boulevard, Hurst, Texas 76054, Telephone 817-265-8300, Fax: 817-459-2850, Email: Carole@carolecrosslaw.com or her assistance in contributing to this portion of this article.

is met, and, if not, consider taking measures to postpone finalization if the servicemember is approaching year 15.

C. Survivor Benefit Plan Election

The Survivor Benefit Plan allows a military retiree to ensure their dependents receive a continuous lifetime annuity after the servicemember's death. If the servicemember is married, their spouse is presumed to be their beneficiary. In the event of divorce, the servicemember can designate their children, former spouse, or other relatives as beneficiaries. For children, the benefit pays until they turn 22. The beneficiary can receive anywhere from \$300/month up to 55% of the servicemember's retirement pay. As such, it is a very substantial asset that is easy to overlook.

PRACTICE TIP TO REMEMBER: Do not forget that the Survivor Benefit Plan Election is something that can be negotiated in a mediation or a settlement conference. In that scenario, remember to specifically designate beneficiaries, or else they are potentially losing out on a large sum of money. In your Mediated Settlement Agreement, you can order the servicemember to either designate either the ex-spouse or the children to ensure they receive money for years to come. Otherwise, if the servicemember remarries, their new spouse is presumed to be their beneficiary, and the ex-spouse and the children potentially missed out on a huge sum of money.

9. CHECKLIST

Family law covers such a wide-range of subjects, it can be easy to overlook certain action items. Attached as Exhibit "C", you will see a checklist that may prove helpful in mediation, settlement, or in preparation for final trial. I find this to be useful in tackling these "Forgotten Issues" *before* they become a problem. I suggest prior to signing a Mediated Settlement Agreement, tendering an offer, or in making final trial preparation, you make sure that the provisions listed therein are accounted for and not "forgotten".

Exhibits:

- A. TRS Statement;
- B. Schedule D, Form 1040 Federal Tax Return Highlighted Tax Loss Carryforward; and
- C. Mediation Checklist

Contributors:

1. Craig W. Mills – EdwardJones, Financial Advisor, 17304 Preston Road, Suite 12601, Dallas, Texas 75252, Telephone: 972-733-1037, Fax: 888-451-2504, Email: Craig.mills@edwardjones.com.
2. Phillip D. Phillips, Law Office of Phillip D. Phillips, 101 Summit, Suite 700, Fort Worth, Texas 76102, Telephone: 817-984-7585, Fax 817-984-7589, Email: Phil@PhillipsTexasLaw.com.
3. Carole Cross, Law Office of Carole Cross, 464 Mid Cities Boulevard, Hurst, Texas 76054, Telephone 817-265-8300, Fax: 817-459-2850, Email: Carole@carolecrosslaw.com.

EXHIBIT A

Teacher Retirement System of Texas

1000 Red River Street/Austin, Texas 78701-2698

Telephone 1-800-223-8778

www.trs.texas.gov

ANNUAL STATEMENT OF YOUR MEMBER ACCOUNT

FISCAL YEAR ENDING AUGUST 31, 2016

Please review your salary and service credit information in this statement. If salaries are incorrect, contact your employer(s) immediately. To report service credit discrepancies, promptly notify TRS. **For help in reading this statement**

INFORMATION PRESENTED ON THIS STATEMENT ONLY REFLECTS TRS DATA, SALARIES, SERVICE CREDIT, AND OTHER DATA SUBJECT TO AUDIT AND ADJUSTMENT PRIOR TO PAYMENT OF ANY BENEFITS.

Your Beginning Account Balance	\$49,196.41	TR Status of Your Account Dollars:
Your Total Annual Deposits	\$4,735.79	Non-taxable dollars in your account \$.00
Your Interest Credited This Year*	\$1,031.29	Taxable dollars in your account \$54,963.49
Your Account Balance as of Aug 31, 2016	\$54,963.49	

* Two percent interest credited on average balance. Tax deferred until withdrawn.

Recent Changes to TRS Laws and Rules May Affect You

Member Contribution Rate Increase:

Effective Sept. 1, 2016, the member contribution rate will increase from 7.2 percent to 7.7 percent.

Service Credit:

If you find an error on this statement regarding salary or service credit for the most recent school year reflected on this statement, you may be able to correct the error without additional cost to you other than the member contributions due on the compensation paid to you. However, you must notify TRS immediately but no later than May 31, 2017 so that it can be corrected by the end of the 2016-2017 school year as required by TRS rules.

If you have service not shown as service credit on this statement (see reverse), you must verify that service to TRS within five years from the end of the school year in which you rendered that service. Similarly, compensation not reflected on your statement must be verified within five years from the end of the school year in which it is paid. If you do not notify TRS and verify your service or compensation within the applicable timeframe, you will not be able to establish TRS credit for the service or the compensation, and you will not be able to use the service or compensation for TRS benefit purposes.

Service Credit for School Year:

To receive TRS service credit, you must work or use paid leave at least 90 days in a school year, except that in your final year of service before retirement, you receive a year of service credit if you work or use paid leave the full fall semester, even if you work less than 90 days in that school year. Credit for the final fall semester is determined at retirement and may not be reflected on your annual statement. Effective Sept. 1, 2015, if you are regularly scheduled to work fewer than five days per week, you may establish service credit by working four and one-half months. The service must include four full calendar months in which you work or receive paid leave for at least 8 days each month plus five additional days in another month or combination of months. You may not combine the four and one-half month standard and the 90 day standard to receive a year of service credit. Also, except in the year of retirement, you may not receive a year of service credit for a school year before Dec. 31.

Standardized School Year for TRS Service Credit:

The school year begins on Sept. 1 each year for all TRS members. This means that TRS service and compensation credit for all members is determined on a Sept. 1 through Aug. 31 basis, regardless of the dates of the individual's contract or work agreement, or the employer's calendar. Special rules may apply to the amount of annual compensation for the 2014-2015 school year and the final year of retirement. For more information please refer to the *TRS Benefits Handbook*.

Establishing TRS Membership:

Effective Sept. 1, 2015, you must establish eligibility for membership for a school year with a single employer. You may work for more than one TRS-covered employer, but you may not combine work with more than one employer to establish membership for a school year.

TRS Benefits Handbook:

The *TRS Benefits Handbook* provides detailed information regarding your retirement benefits, including retirement eligibility, and eligibility requirements for health care benefits. The handbook is available at www.trs.texas.gov.

Limitation on Enrollment in TRS-Care Health Benefit:

If you take a service retirement and you are eligible for the TRS-Care health benefit, you will need to be at least age 62 to enroll in the TRS-Care 2 or TRS-Care 3 levels of coverage. If you are under age 62, you will only be eligible to enroll in TRS-Care 1. This limitation does not apply if, on or before Aug. 31, 2014, our end amount of service credit equaled at least 70 or you had at least 25 years of service credit. This only includes service credited in TRS and the Employees Retirement System and any verified USERRA service. USERRA service does not have to be purchased to count. If you are affected by this limitation, you may enroll in any level of coverage as of the date you reach 62 years of age.

EXHIBIT B

**SCHEDULE D
(Form 1040)**

Capital Gains and Losses

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040 or Form 1040NR.
▶ Go to www.irs.gov/ScheduleD for instructions and the latest information.
▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

2017
Attachment
Sequence No. 12

Name(s) shown on return

Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b .				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824 .				4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6 ()
7 Net short-term capital gain or (loss) . Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b .				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12
13 Capital gain distributions. See the instructions				13
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				14 ()
15 Net long-term capital gain or (loss) . Combine lines 8a through 14 in column (h). Then go to Part III on the back				15

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 11338H

Schedule D (Form 1040) 2017

EXHIBIT C

Div. Grounds: Irreconcilable Difference or _____

Conservatorship: JMC / SMC & PC

Primary Parent: Client / Opp Party / Split or _____

Division of Rights and Duties: Exclusive, Joint,
Independent or _____

Geo Restrict: Yes / No . If Yes, Contiguous Counties /
County of Divorce only / Other: _____

Possession Order: SPO / Expanded SPO or _____

Random UA / Hair follicle? Yes / No _____

Child Support: Client pays / receives / neither
Amount: Guideline / (Other) _____

Health Insurance Available thru: Client / Opp Party
Carrier: _____

Split Uninsured meds: 50/50 / (Other) _____

Assets:

Real Property to: Client / Opp Party

a. Sell / Refi / Award or _____

b. Temp Use: Client / Opp / Share _____

c. Terms of Sale: 50/50 with _____ remaining
until closing; or _____

d. Mortgage & utilities: Client / OP / Split or _____

Other Real Property: _____

Personalty: To person in possession / See Client list or

Auto to C: _____

Note to: _____

Auto to OP: _____

Note to: _____

Other Autos: _____

Note(s) to: _____

Joint Bank Accounts: _____

C's Accounts: _____

OP's Accounts: _____

C's 401k / Pension: _____

OP's 401k / Pension: _____

Stocks / Options: _____
Other: _____

Life Insurance: _____

Sep. Prop. Claimed : _____

Liability Division:

Joint Credit Cards: _____

C's Credit Cards: _____

OP's Credit Cards: _____

Other Liabilities _____

Reimbursement: _____

Spousal Support / Alimony: None / Client receives /
pays: \$ _____

Frequency: Mo. / Semi / Bi / Weekly

Beginning Date: _____

Duration: _____

Permanent Injunction:

Against Overnight Guests of Opposite Sex? Yes / No

Against use of alcohol or controlled substance? Yes / No

Use of Credit Cards?

Other: _____

Tax Exemption for Child: To Client / Opp Party or

Taxes: No Stated Method / General Rule/ or _____

Name Change: Yes / No

Restore name to: _____

Fees & Costs: To party incurring same / Other _____

NOTES: