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BIAS IN DIVORCE SETTLEMENTS

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Prior research suggests that people take the cost of divorce into great consideration before entering into the divorce process. Women, in particular, look at the costs associated with divorce because research has shown that women are at greater risk of going into poverty after divorce. If, however, the benefits gained from a divorce outweigh the costs associated with it, women may be more apt to divorce. The costs of divorce are much easier to determine than the benefits. So, many women do not know if the benefits will outweigh the costs.

In this paper, I will look at the effect of bias on divorce settlement awards. By knowing the effects of certain biases on settlement awards, women may be able to better predict the award amount that they would get out of their own divorce. This means that women could gain insight into whether the benefits from divorce actually do outweigh the costs. If the benefits do not outweigh the costs, women have a choice to stay married, potentially accept a negative change in economic well-being, or enter the labor force. Past research shows that women typically choose to enter into the labor force and try to bring in more income, or they continue to live on their current income and later on enter into poverty.

JEL classifications: K36, J12, C83

Key words: divorce law, marital dissolution, monetary settlement

Table of Contents

I. Introduction	5
II. Literature Review	6
III. Method and Model	11
A. Hypothesis	11
B. Experiment	12
IV. Results and Analysis	14
V. Economic Implications	18
VI. Suggestions for Future Research	19
VII. Conclusions	20
VIII. References	21
Appendix A: Experiment Surveys	23
Appendix B: Legal Code for No Fault Divorce	27

I. Introduction

There was a point in time in which getting a divorce was the least common option for unhappy married couples, but today it seems as if divorce has become the most common option for unhappy couples. When couples decide to divorce they have to go through many legal procedures and struggle with extensive paperwork. One of the main legal procedures involved with divorce is the division of the assets amongst the couple. There are three main ways to handle a couple's assets after divorce; they can receive a settlement award, a child support award, or alimony. A person does have the option of receiving more than one of the awards, but most of the time he/she receives one.

A settlement award involves the distribution of marital and non-marital property. A child support award is the payment amount that a custodial parent gets from a noncustodial parent as a contribution to the costs of raising his/her child. An alimony award is court-ordered support paid by one spouse to another after they are separated. These awards are all chosen through divorce mediation or divorce trials.

My paper will only look at divorce trials and will look specifically at settlement awards. The purpose of this study is to see if biases occur in the divorce settlement process and if they affect monetary settlements. My research question is how does bias affect monetary settlements in divorce trials? The biases that I investigate are related to gender and the curse of knowledge. Gender bias occurs when a person is treated different than another simply because of his/her gender. For example, gender bias could occur in divorce if a woman receives more money in a settlement award simply because the judge or jury members favor women more. The curse of knowledge bias occurs when we are instructed to ignore what we know and yet are not able to do

so. By adding knowledge of adultery (or lack thereof) into my research, I will be able to test for curse of knowledge bias.

II. Literature Review

Espenshade (1979) used data from the Michigan Panel Study of Income Dynamics to explore the economic consequences of divorce on both men and women. He used data on men and women between 1968 and 1974. He found that real income for married couples during this time period increased 21.7%, while income for divorced women decreased 29.3%, and income for divorced men decreased 19.2%. He then measured how men and women's economic well-being changed during this period. He defined economic well-being as the ratio of income to family needs. He found that divorced women had a 6.7% reduction in living standards, while divorced men had a 16.5% gain, and married couples had a 20.8% gain. Also, he found that 45% of men who were married were able to lift themselves out of poverty compared to 67% of divorced men. The proportion of married men who went into poverty was 6% compared to 13% for divorced men. Thus the number of men who lifted themselves out of poverty outranked the number of men who went into poverty during the time period Espenshade studied. For women, however, the numbers were very different. The proportion of married women who lifted themselves out of poverty was 45% compared to 26% of divorced women. The percent of married women who went into poverty was 6% compared to 33% of divorced women. This meant that in 1973, 17.6% more divorced women went into poverty than in 1967. This showed a net increase of about 44,700 individuals who went into poverty for the total U.S. population. Espenshade (1979) also found that the increase in poverty of women after divorce caused an increase of women in the labor force.

Gupta et al. (1999) furthered Espenshade's (1979) research by finding the effect of marriage and divorce on women's economic well-being. Gupta et al. (1999) used two outcome equations to answer this research question. The first outcome equation looks at the economic well-being of women if they are still married, and the second outcome equation looks at the economic well-being of women if they are divorced. They use data from the National Survey of Families and Households 1987-1988 and the National Survey of Families and Households 1992-1994. The results of their research show that divorced women's family income and income-to-need ratio are lower than those who remain married. Interestingly, the results also showed that divorced women have higher personal income than women who remain married. This is because women who are married typically do not have much personal income; they usually rely on their husband's income for support. Therefore, women's economic well-being is worsened if they chose to divorce rather than remain married. So, Gupta et al. (1999) found very similar results to those of Espenshade (1979).

Another finding in Espenshade's (1979) paper was that women's participation in the labor force tended to increase after divorce. Johnson and Skinner's (1986) research showed that female labor supply does increase with divorce, while male labor supply decreases. Interestingly, Johnson and Skinner (1986) also found that female labor supply actually increased well before the woman actually got a divorce. The reasons that this may occur are either that shocks in the labor supply change divorce probabilities or that women with a higher probability of divorce work more.

Rogers (1999), in turn, explored the nature and the direction of the relationship between wives' income and marital quality. She compares marital quality, which is measured with three variables—marital instability, relationship problems, and marital conflict in 1980 and 1988 to

wives' income in 1980 and 1988 to investigate whether there is a correlation between the two variables. Her assumption is that marital quality from 1980 affects marital quality in 1988 and that income from 1980 affects the income in 1988. Her results showed that increases in wives' income did not significantly affect either husbands' or wives' perceptions of marital discord. However, the results did show that increases in marital discord contribute significantly to increases in wives' income. These increases in marital friction contribute to increases in wives' income by expanding the likelihood of non-employed wives entering the labor force.

Bremmer and Kesselring (2004) also looked into the effect of divorce on female labor supply. They also found that there was an increase in the labor force participation rate amongst women after divorce. Tamborini et al. (2012), in turn, mirroring the findings of Gupta et al. (1999), investigated the difference in women's earnings before and after divorces. They also report a significant increase in women's labor market participation and earnings after marital dissolution.

Gendadek et al. (2007) studied the effect of divorce on women's labor supply focusing specifically on the new no-fault divorce law. They compare mothers in states with and without no-fault divorce to childless women in these states from 1960-1990. They found that no-fault divorce laws are associated with increases in the labor supply of women who were mothers and married relative to married non-mothers. They also researched the effect of property division rules on labor force participation of women. They found that the laws that divided property based on common law tended to be associated with a decrease in women's labor force participation, but laws that divided property based on community property (such as no-fault divorce) tended to be associated with increases in women's labor force participation.

Peters (1993), building on Espenshade's (1979) work, focused on how important financial considerations are in divorce decisions. Peters (1993) approached this research question utilizing a choice-theoretic model to predict that the probability of divorce is negatively related to the financial opportunity cost of divorce. She measured opportunity cost as the difference in the present values of the future income streams that a married woman might expect if she were to stay married rather than become divorced. The results of Peters' (1993) model are that women do take the financial consequences into consideration when making the decision to divorce or not. The model also found that it is the short-term consequences that matter the most to women. This can be the result of imperfect capital markets, for example; many married women do not have credit in their own name. This can also be the result of the large uncertainty about outcomes at divorce, for example; a married woman not knowing how her living standards may change after divorce or not knowing if she will receive enough money from the divorce to support herself. Lastly, this can be a result if the marginal utility of income is not constant, a greater weight is put on the short-term loss compared to the long-term recovery, for example; a woman may feel that the amount of income she loses in her first year of divorce greatly outweighs the amount of income she can make within five years after the divorce. Peters' (1993) research shows that individuals behave as if they have very high discount rates, which is consistent with a number of studies estimating high discount rates for the purchase of consumer durables.

Through the legal system, in particular divorce law, people can receive monetary awards to help them financially after they divorce. By investigating the system one can alleviate some of the uncertainty that women have about their divorce outcomes. In the 1970s and early 1980s a new form of the divorce law was introduced into the system called the no-fault divorce law. It

states that when the dissolution of a marriage occurs, no evidence of wrongdoing by either party needs to be presented. In states where no-fault divorce is used, jury members and judges are not supposed to consider any breach in the marriage contract when determining settlement awards, alimony awards, or child support awards. Some researchers, however, did not believe that people would be able to abide by these guidelines. Wilkinson-Ryan and Baron (2008), for example, hypothesized that the new no-fault laws conflicted with moral intuitions favoring punishment for people who break their marriage contracts. They also hypothesized that people would be unable to fully ignore marital fault in the context of divorce settlement negotiations. They conducted an experiment to see whether people did ignore marital fault when determining divorce settlements or not. Their results showed that people were not able to determine divorce settlements without first taking into consideration the person's fault in the marriage. They found that some people did this unintentionally, and others did it intentionally.

Casper et al. (1989) examined hindsight bias within juror decisions in civil cases. In an experimental setting, they explored whether individual attitudes and the hindsight bias impacted award amounts. The hindsight bias occurred when jury members determined an award based on their interpretation of a testimony rather than on the pure facts of the case. Through the experiment, Casper and colleagues found that jurors did, in fact, let their individual attitudes and their interpretation of the testimony affect the size of the award. Thus, there is evidence of hindsight bias in the legal system. The focus of the current work is to explore hindsight bias, particularly a form of curse of knowledge, within divorce law.

III. Method and Model

A. Hypothesis

I hypothesize that settlement award amounts on average are different between genders. I also hypothesize that settlement award amounts on average are different if knowledge of adultery is present or not. Lastly, I hypothesize that an interaction effect between gender and knowledge of adultery does occur. These hypotheses are based, among others, on the research by Casper et al. (1989) which showed that the hindsight bias did have an effect on award amounts. Also, they are based on Wilkinson-Ryan and Baron (2008) who showed that people still took knowledge of fault into consideration when choosing an award amount. They are also based upon prior research done by Buehler (1989) which showed that women are typically favored in divorce because they are typically given custody of the children and therefore receive child support awards along with other monetary awards given out in the divorce. Setlzer and Garfinkel (1990) also found that women were favored in the divorce process. Their research showed that property settlements were typically worth between one and two-thirds of child support awards, which typically went to the mother.

The test that will be used for my hypotheses is a two-way ANOVA with an interaction term. An interaction term occurs “when the effects of one treatment vary according to the levels of treatment of the other effect” (Black and Eldredge 408). For example, the average settlement award amounts for an instance where the gender was male and there was knowledge of adultery could be very different from the settlement award amounts for an instance where the gender was female with no knowledge of adultery. The independent variables will be gender, knowledge of adultery, and the interaction between gender and knowledge of adultery. The dependent variable will be settlement awards in U.S. dollars. My hypotheses are shown below:

1. Ho: Settlement award amounts on average are the same for each gender.

Ha: Settlement award amounts on average are different for each gender.

2. Ho: Settlement award amounts on average are the same whether knowledge of adultery is present or not.

Ha: Settlement award amounts on average are different when knowledge of adultery is present or not.

3. Ho: The interaction effects are zero.

Ha: There is an interaction effect.

B. Experiment

The subject pool for my experiment consists of graduate level business and liberal arts students at Duquesne University. The participants in this experiment were each given informational sheets on a fictional divorce case. These sheets contained the basic information on the case itself, the background information of the parties involved, and the settlement award being asked for by one of the parties. The participants were also given a sheet to write down the settlement award amount they wanted to give to the party and their reasoning for that amount. The participants were read legal instructions on how to properly pick a settlement award. Some participants were also given a separate sheet with the history of adultery for one of the parties. Each of the sheets handed out during the experiments can be found in Appendix A of this paper. The legal code handed out can be found in Appendix B. The experiment was set up as a 2x2 design. The following table shows this design:

Table 1: Experiment Design

	Male	Female
No Information	Settlement Award in U.S. \$	Settlement Award in U.S. \$
Information	Settlement Award in U.S. \$	Settlement Award in U.S. \$

The participants were split into four groups based on the 2x2 design. The first group was the male-no information group, the second group was the female-no information group, the third was the male-information group, and the fourth was the female-information group. The male-no information group decided on a settlement award for the male involved in the case, and they were not given any information about adultery. The female-no information group decided on a settlement award for the female involved in the case, and they were also not given any information about adultery. The male-information group decided on a settlement award for the male involved in the case, and they were given information about the male committing adultery. The female-information group decided on a settlement award for the female involved in the case, and they were given information about the female committing adultery. Since my experiment was conducted in several graduate level classes, I was able to use different participants for each group. Before the experiment took place, I asked all participants if they had been a part of the experiment already and if they said yes, I asked them not to take part in the experiment again. It was important to keep participants involved in only one group for the experiment so that they would not let their knowledge from another group cloud their judgment in the new group. Table 2 shows the summary statistics for each group in the experiment.

Table 2: Summary Statistics

	Male	Female	Total
No Information	Mean = 40,342 St. Dev = 23,787 n = 38	Mean = 52047 St. Dev. = 37709 n = 36	Mean = 46036 St. Dev. = 31674 n = 74
Information	Mean = 39063 St. Dev. = 26144 n = 33	Mean = 28110 St. Dev. = 28397 n = 31	Mean = 33758 St. Dev. = 27598 n = 64
Total	Mean = 39748 St. Dev. = 24737 n = 71	Mean = 40972 St. Dev. = 35570 n = 67	

IV. Results and Analysis

The results of the two-way ANOVA are shown in Table 3 below. The model shows an interesting pattern in that *gender* is not significant (p -value = 0.9407), whereas *knowledge/no knowledge* (of adultery) (p = 0.0136), as well as the *interaction* between gender and knowledge (p = 0.0263) both are significant. Therefore, no significant difference in average settlement award amounts was found between those awarded to women and those awarded to men. Thus, the first null hypothesis was not rejected.

Interestingly, there is a difference in average settlement award amounts when knowledge of adultery is present and when such knowledge is not present. Since the average settlement award amount given is affected by knowledge/no knowledge of adultery, the curse of knowledge is a factor in the determination of the size of the awarded settlement. Equally importantly, the significant gender-knowledge interaction indicates that people view marital transgressions through a non-neutral gender lens. In summary, support was found for the latter two research hypotheses (as the null hypotheses were rejected).

The R-squared value for my model was pretty low (0.0762), which indicates that gender and adultery do not play a large role in predicting settlement awards. This result makes sense because there are many other factors that must be considered when determining a settlement award, such as house value, length of marriage, custody of children, job statuses of the couple, and several others. This result does not mean, however, that gender and adultery play no role at all in predicting a settlement award. It simply means that they play a small role in the prediction of settlement awards.

In order to show how much the average settlement award differed between knowledge of adultery and no knowledge of adultery, I did a two-way ANOVA regression. (The results of this ANOVA can be found in Table 4 below.) On average, knowledge of adultery can lead to a \$23,937.54 decrease in settlement award amount for both men and women. This result may occur because people feel that adulterers do not deserve as much money as they ask for in a settlement. So the curse of knowledge truly does have an impact in the settlement process.

The table also shows the difference in average settlement award amounts for the interaction term. When there is knowledge of a man committing adultery, the average settlement award increases \$22,658.53 from what the man expected to receive knowing that he committed adultery. This result seems a bit obscure at first glance because it is an increase in money rather than a decrease when knowledge of adultery is involved. However, an explanation for a result like this might be that a man who knows his adulterous act is going to be stated in trial may initially ask for a very low settlement amount because he assumes that he will get a low settlement anyways. The jury or judge may feel that this man still deserves a larger award because of other reasons that have nothing to do with the adulterous act. In this case, the man

would receive a larger settlement award than he asked for even though knowledge of adultery was known.

Although the gender variable was insignificant, the table still shows a decrease in settlement award amounts of \$11,705.12 for males. The table also shows that the female gender variable was dropped, the no knowledge of adultery variable was dropped, and all other interaction terms were dropped.

Table 3: ANOVA Results

Number of obs = 138
 Root MSE = 29519.7

R-Squared = 0.0762
 Adj. R-Squared = 0.0555

Source	Partial SS	df	MS	F	Prob > F
Model	9.6429e+09	3	3.2083e+09	3.68	0.0138
Gender	4,843,853.61	1	4,843,853.61	0.01	0.9407
Adultery	5.4509e+09	1	5.4509e+09	6.26	0.0136
Gender*Adultery	4.4011e+09	1	4.4011e+09	5.05	0.0263
Residual	1.1677e+11	134	871,412,658		
Total	1.2639e+11	137	922,585,640		

Table 4: ANOVA Regression Results

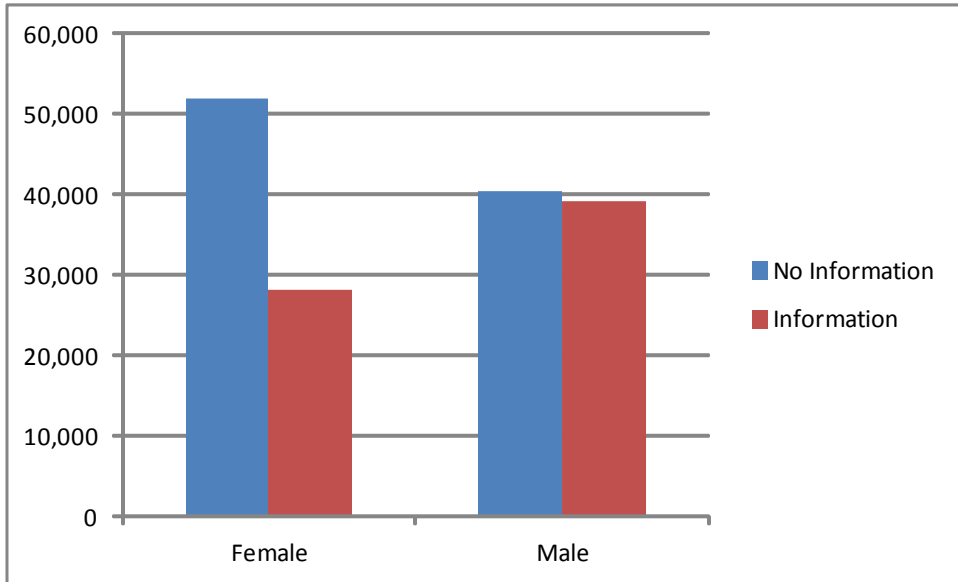
Number of obs = 138
 F (3, 134) = 3.68
 Prob > F = 0.0138
 R-squared = 0.0762
 Adj R-squared = 0.0555
 Root MSE = 29520

Source	SS	df	MS
Model	9.6249e+09	3	3.2083e+09
Residual	1.1677e+11	134	871,412,658
Total	1.2639e+11	137	922,585,640

Settlement Award	Coeff.	Std. Err.	t	P > t	95% Conf. Interval	
Cons.	52,047.22	4,919.95	10.58	0.000	42,316.42	61,778.03
Gender						
1	-11,705.12	6,865.699	-1.70	0.091	-25,284.27	1,874.039
2	(dropped)					
Adultery						
1	-23,937.54	7,232.98	-3.31	0.001	-3.8243.12	-9,631.972
2	(dropped)					
Gender*Adultery						
1 1	22,658.53	10,082.38	2.25	0.026	2,717.343	42,599.72
1 2	(dropped)					
2 1	(dropped)					
2 2	(dropped)					

The means for the four categories (Female No-Information vs. Information and Male No-Information vs. Information) are plotted in Chart 1.

Chart 1: Average Settlement Award Amounts Four Groups (Gender M F to Information Y N)



An interesting conclusion that can be drawn from my results is that women seem to be punished more severely than men for indiscretions within the marriage. In Chart 1, there is a drastic drop in the settlement award amount for women when knowledge of adultery is involved. For men, however, the settlement award amount does not seem to change that much whether information of adultery is present or not. So women who are at fault for the end of their marriage can expect to receive much less money in awards than they would have wanted. Since they are not receiving as high of a settlement award as they wanted or expected, they may be forced to find money in other ways. This could be a reason why women find themselves looking for work after divorce, or looking for another husband. This could also be a reason why women have a higher chance of going into poverty after divorce than men do.

V. Economic Implications

Expecting a certain amount of money and then receiving a much lower amount can greatly impact a person's economic circumstances. This is exactly what happens when women expect to receive a substantial amount of money in a settlement award and yet receive much less. As was stated already, my research found that, on average, men and women can expect a decrease in settlement awards when knowledge of fault is present in the trial. Women, however, seem to get a greater decrease in the award amount than men do. Since this settlement award is considered a part of the woman's income for her first year after a divorce, she also has to expect a decrease in her income after divorce.

Prior researchers found that a decrease in income like this can cause a woman to potentially go into poverty, be forced to find work, or simply find alternative ways to spend her money. New entrants in the labor force can lead to unequal supplies and demand in the labor force. If many more women enter the labor force than there are employers hiring in the labor force, then unemployment levels could start to rise. Also, many of these divorced women looking for jobs have not worked before or have not worked for many years, so their skills are not up to par with what many employers require. If the skill levels of these women are not what employers want/need, more of these women have the potential to go into unemployment. Eventually, a woman being unemployed for too long could lead to her going into poverty. If more women go into poverty, then the demand for welfare funding increases. A way for them to get this money is to potentially increase tax rates. Higher tax rates lead to less spending money in people's pockets and therefore less spending in the economy. So not only will divorced women have to find alternative ways of spending their money, but anyone paying these taxes would have to find alternative ways of spending their money.

VI. Suggestions for Future Research

A suggestion for future research is to see exactly how the decrease in income for men and women after divorce changes their spending habits, increases their risk of entering poverty, or increases entrants into the labor force. There are many papers that have looked at these subjects in the past, but not many researchers have looked at how these things change in today's society. People's views of marriage, gender roles, and parenting roles have changed significantly over the years, and these all need to be taken into consideration with future research.

Another suggestion for future research is to see how these changes affect the supply of labor force or the demand of goods. Once a researcher has knowledge of how exactly the supply of labor force and demand of goods is affected by divorces, she/he can begin to forecast these changes in the future. For instance, a researcher could see how divorce rates from 3 to 5 years prior to the current year have affected the entire labor force, not just women. If they find a significant effect, then they could use divorce rates as a predictor for the supply of labor force each year. This forecast could allow businesses to know when there would be large inflows of people looking for jobs.

Also, a researcher could see how divorce rates from 3 to 5 years prior to the current year have affected a certain stores' sales. For example, they could look at a Walmart in a certain state and see if its sales for a certain year were affected in any significant way by the divorce rates in that state from 3-5 years prior. If there is a significant effect that occurs, then Walmart would be able to add another predictor variable into its forecasted sales model. Better sales forecasts allow businesses, like Walmart, to save a lot of money because they do not have to worry about the costs associated with excessive inventory and products as much.

VII. Conclusions

My research has found that there is curse of knowledge and gender bias (when knowledge is also present) within my experimental trial and that those play a significant role in choosing settlement award amounts. From a financial standpoint, it shows that, in today's society, men are just as badly affected as women are after a divorce because gender bias, alone, did not occur. This may be due to the change in perceptions of gender roles, parental roles, and marriage throughout history. Since these biases occur in the divorce settlement process, both men and women should expect to have a significantly smaller amount of income within their first year of divorce. They can use this information to better prepare for a life after divorce. So, many people struggle financially after a divorce because they did not expect such a sudden change. Knowing what to expect out of a divorce can make it a lot easier for people to prepare for one in the future, so that they can be better off financially.

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Appendix A

Male-No Information Group:

Case Information:

Joe and Mary Williams have been married for 7 years. Neither party has been married before this marriage. They own a home in Pittsburgh, Pennsylvania that is worth \$110,000. They have two children, a 3 year old and a 5 year old. Mary has a part time job so that she can take care of the children while Joe works at his full time job. The couple split two months ago and Mary filed for a divorce. The divorce was a mutual agreement between both parties.

Parties' Information:

Mary earns \$15,600 a year at her part-time job.

Joe earns \$44,000 a year at his full-time job.

Joe inherited \$35,000 from a relative during the time of his marriage.

Mary has been given custody of her two children. Joe still has visitation rights, but the children do not live with him.

Mary currently lives in Joe and Mary's home in Pittsburgh, PA with the children.

Joe currently lives in an apartment in Pittsburgh, PA by himself.

Settlement Award Requested:

Joe wants Mary to sell their home for \$110,000. He wants 60% of the money made from selling his home as part of his settlement award. Therefore, Joe is asking for \$66,000.

Settlement award for Joe should be \$ _____,
because _____

_____.

Male-Information Group:

Case Information:

Joe and Mary Williams have been married for 7 years. Neither party has been married before this marriage. They own a home in Pittsburgh, Pennsylvania that is worth \$110,000.

They have two children, a 3 year old and a 5 year old. Mary has a part time job so that she can take care of the children while Joe works at his full time job. The couple split two months ago and Mary filed for a divorce. The divorce was a mutual agreement between both parties.

Parties' Information:

Mary earns \$15,600 a year at her part-time job.

Joe earns \$44,000 a year at his full-time job.

Joe inherited \$35,000 from a relative during the time of his marriage.

Mary has been given custody of her two children. Joe still has visitation rights, but the children do not live with him.

Mary currently lives in Joe and Mary's home in Pittsburgh, PA with the children.

Joe currently lives in an apartment in Pittsburgh, PA by himself.

Settlement Award Requested:

Joe wants Mary to sell their home for \$110,000. He wants 60% of the money made from selling his home as part of his settlement award. Therefore, Joe is asking for \$66,000.

History of Adultery:

It is known, by Mary, that Joe has committed adultery within the marriage 3 times. It is not known whether these accounts took place with 3 separate women or with 1 woman three separate times. The children are not aware of the affairs and the parents decided to keep the affairs a secret. Joe and Mary continued to work through their marriage even after the affairs occurred.

Settlement award for Joe should be \$ _____,
because _____

_____.

Female-No Information Group:

Case Information:

Joe and Mary Williams have been married for 7 years. Neither party has been married before this marriage. They own a home in Pittsburgh, Pennsylvania that is worth \$110,000. They have two children, a 3 year old and a 5 year old. Mary has a part time job so that she can

take care of the children while Joe works at his full time job. The couple split two months ago and Mary filed for a divorce. The divorce was a mutual agreement between both parties.

Parties' Information:

Mary earns \$15,600 a year at her part-time job.

Joe earns \$44,000 a year at his full-time job.

Joe inherited \$35,000 from a relative during the time of his marriage.

Mary has been given custody of her two children. Joe still has visitation rights, but the children do not live with him.

Mary currently lives in Joe and Mary's home in Pittsburgh, PA with the children.

Joe currently lives in an apartment in Pittsburgh, PA by himself.

Settlement Award Requested:

Mary wants to keep her and her husband's house for at least 3 years then she will sell it. She needs help keeping up with the mortgage payments, however, and requests that Joe give her \$36,000 as a settlement award. She also wants to keep all of the money made from selling the house in 3 years.

Settlement award for Mary should be \$_____,
because_____

Female-Information Group:

Case Information:

Joe and Mary Williams have been married for 7 years. Neither party has been married before this marriage. They own a home in Pittsburgh, Pennsylvania that is worth \$110,000. They have two children, a 3 year old and a 5 year old. Mary has a part time job so that she can take care of the children while Joe works at his full time job. The couple split two months ago and Mary filed for a divorce. The divorce was a mutual agreement between both parties.

Parties' Information:

Mary earns \$15,600 a year at her part-time job.

Joe earns \$44,000 a year at his full-time job.

Joe inherited \$35,000 from a relative during the time of his marriage.

Mary has been given custody of her two children. Joe still has visitation rights, but the children do not live with him.

Mary currently lives in Joe and Mary's home in Pittsburgh, PA with the children.

Joe currently lives in an apartment in Pittsburgh, PA by himself.

Settlement Award Requested:

Mary wants to keep her and her husband's house for at least 3 years then she will sell it. She needs help keeping up with the mortgage payments, however, and requests that Joe give her \$36,000 as a settlement award. She also wants to keep all of the money made from selling the house in 3 years.

History of Adultery:

It is known, by Joe, that Mary has committed adultery within the marriage 3 times. It is not known whether these accounts took place with 3 separate men or with 1 man three separate times. The children are not aware of the affairs and the parents decided to keep the affairs a secret. Joe and Mary continued to work through their marriage even after the affairs occurred.

Settlement award for Mary should be \$_____,
because_____

_____.

Appendix B

PROPERTY DISTRIBUTION:

In an action for divorce or annulment, the court shall, upon request of either party, equitably divide, distribute or assign, in kind or otherwise, the marital property between the parties without regard to marital misconduct in such proportions and in such manner as the court deems just after considering all relevant factors, including:

- The length of the marriage.
- Any prior marriage of either party
- The age, health, station, amount and sources of income, vocational skills, employability, estate, liabilities and needs of each of the parties.
- The contribution by one party to the education, training or increased earning power of the other party.
- The opportunity of each party for future acquisitions of capital assets and income.
- The sources of income of both parties, including, but not limited to, medical, retirement, insurance or other benefits.
- The contribution or dissipation of each party in the acquisition, preservation, depreciation or appreciation of the marital property, including the contribution of a party as homemaker.
- The value of the property set apart to each party.
- The standard of living of the parties established during the marriage.
- The economic circumstances of each party, including Federal, State and local tax ramifications, at the time the division of property is to become effective.
- Whether the party will be serving as the custodian of any dependent minor children.

All real or personal property acquired by either party during the marriage is presumed to be marital property regardless of whether title is held individually or by the parties in some form of co-ownership such as joint tenancy, tenancy in common or tenancy by the entirety. [Based on Pennsylvania Consolidated Statutes - Title 23 - Sections: 3501 & 3502]