



Divorce Glossary

Asset: Anything of value owned by one or both spouses, such as bank accounts, retirement accounts, investments, real estate, vehicles, or business interests.

Buyout: A payment made by one spouse to the other in exchange for keeping a particular asset, such as a home or retirement account.

Cash Equalization Payment: A payment made to balance the overall division of assets and debts so each spouse receives their agreed-upon share of the marital estate.

Community Debt: Debt incurred during the marriage that is generally considered the responsibility of both spouses, regardless of whose name is on the account.

Community Property: Property or income acquired by either spouse during the marriage and before the date of separation that is generally subject to equal division under California law.

Date of Marriage (DOM): The legal date the parties were married.

Date of Separation (DOS): The date one or both spouses decided the marriage was over and acted consistently with that decision. This date is important because it generally marks when community property stops accumulating.

Disclosure: The exchange of financial information required during a divorce, including income, expenses, assets, and debts.

Epstein Credits: A potential reimbursement claim when one spouse uses separate property funds after separation to pay community obligations.

Equalization: The process of adjusting the division of assets and debts so each spouse receives their agreed-upon share of the community estate.

Fair Market Value (FMV): The price an asset would reasonably sell for between a willing buyer and a willing seller.

Family Residence: The marital home or primary residence owned by one or both spouses.

Fiduciary Duty: The legal obligation spouses owe one another to fully disclose financial information and act in good faith regarding community assets and debts.

Moore/Marsden Analysis: A California calculation used when community funds were used to pay down the mortgage on a home that one spouse owned separately before marriage. The analysis determines the community's interest in the property's appreciation.

Post-Tax Value: The estimated value of an asset after accounting for taxes that may be due when the asset is withdrawn, sold, or distributed.

Pre-Tax Value: The current value of an asset before taxes are considered, such as the balance of a traditional retirement account.

Qualified Domestic Relations Order (QDRO): A court order used to divide certain employer-sponsored retirement plans without triggering early withdrawal penalties.

Reimbursement Claim: A request that one spouse be repaid for separate funds used to benefit the community or vice versa, when allowed under California law.

Retirement Assets: Accounts such as pensions, 401(k)s, 403(b)s, IRAs, and similar plans that may contain both community and separate property interests.

Separate Property: Property that belongs to one spouse individually, such as assets owned before marriage, acquired after the date of separation, or received during marriage by gift, inheritance, or other means recognized as separate property under California law.

Separate Property Tracing: The process of documenting and analyzing financial records to determine whether an asset or portion of an asset qualifies as separate property.

Smith-Ostler: A method used to determine how future bonuses, commissions, RSUs, or other variable compensation may be shared for child or spousal support.

Stock Options: The right to purchase company stock at a specified price. Depending on when they were earned and vested, they may have both community and separate property components.

Support: Financial payments that may include child support and/or spousal support, depending on the circumstances of the case.

Tax Basis: The amount used to determine taxable gain or loss when an asset is sold. Two assets with the same market value may have very different tax consequences depending on their basis.

Tax Gross-Up: An adjustment used to account for future taxes when comparing or dividing assets with different tax treatments, such as cash versus a traditional retirement account.

Tracing: The process of following the source and movement of funds to determine whether property is community, separate, or a combination of both.

Unvested Equity Compensation: Restricted stock units (RSUs), stock options, or similar compensation that has been granted but has not yet vested. These awards may have both community and separate property interests depending on when they were earned.

Vested Equity Compensation: Stock awards or options that have met the employer's vesting requirements and are available to the employee. Depending on the circumstances, vested awards may be treated as income, property, or both.

Watts Charges: A potential reimbursement claim when one spouse has the exclusive use of a community asset after separation, such as living alone in the family residence.