



Forensic & Valuation Services, PLC

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Fo-ren-sic adj \fə-'ren(t)-sik, -'ren-zik\ Accounting & Economics Note Card

The Numbers, Studies and Statistics Behind a Personal Injury or Wrongful Death Economic Damages Analysis

Note Card # 2

In Note Card #1, we listed the Essential Elements of a WD/PI Economic Damages Analysis:

- 1) Loss of Earning Capacity that would have been earned from jobs or occupations, less mitigating earnings, if any
- 2) Loss of Fringe Benefits that are part of the jobs or occupational income streams
- 3) Loss of Household Services that would have been performed, less services still able to perform
- 4) Medical & Rehabilitation Bills incurred in the past plus estimates of future bills from a Life Care Plan
- 5) Discount all loss elements to present value, usually to the Trial or Mediation Date

General steps to figure: 1) Loss of Earning Capacity.

a) Establish the Earnings Base / Earning Capacity (what was earned or could have been earned).

Sources:

1. W-2s, 1040s, paystubs, depositions of family.
2. Bureau of Labor Statistics, Department of Labor, "*Occupational Employment Statistics (OES) Survey*" <http://stat.bls.gov/oes/home.htm>.
3. A vocational rehabilitation expert.

b) Project the lost earnings from the date of injury through the Worklife Expectancy.

A source:

"The Markov Process Model of Labor Force Activity: Extended Tables of Central Tendency, Shape, Percentile Points, and Bootstrap Standard Errors," *Journal of Forensic Economics* 22 (2), 2011, pp. 165-229, © 2011 by the National Assoc. of Forensic Economics, Gary R. Skoog, James E. Ciecka and Kurt V. Krueger.

c) Deduct the Mitigating Earnings the party is still able to earn.

A source:

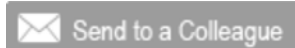
Vocational Rehabilitation expert.

d) Generally deduct a % for Personal Consumption or Personal Maintenance in a wrongful death case only.

A source:

"Patton-Nelson Personal Consumption Tables 2005-06," *Journal of Forensic Economics* 20(3), 2007, pp. 217-225, ©2009 by the National Assoc. of Forensic Economics, Michael R. Ruble, Robert T. Patton, and David M. Nelson.

More on each one of these elements in future Forensic Accounting & Economics Note Cards



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