



## Forensic & Valuation Services, PLC

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[www.forensicval.com](http://www.forensicval.com)

### 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 # 3

If you missed a previous Note Card, email us and we  
will be happy to forward you a copy  
[rvance@forensicval.com](mailto:rvance@forensicval.com)

*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

*In Note Card #2, we covered the general steps to figure Essential Element 1, Loss of Earning Capacity.*

***This Note Card covers Essential Element 2, Loss of Fringe Benefits***

- a. ***Fringe Benefits*** are part of the job or occupation

- b. The economic loss is expressed as a % of gross loss of earning capacity as derived from government or private surveys and statistics
- c. Examples of typical, actual %s from the Bureau of Labor Statistics for all workers in private industry; see d.2.i. below for reference

11.7%	"Legally-required" benefits such as employer-paid FICA,
	and unemployment and worker's comp. insurance; most all employees will have this category at a minimum
11.6%	Health and other insurance
3.0%	Retirement plans such as a 401(k)
<u>9.8%</u>	Employer paid holidays and vacations
<u>36.1%</u>	Pct. of Loss of Fringe Benefits

Application for an occupation with "full" benefits:

\$100,000	Annual Loss of Earning Capacity
<u>36.1%</u>	Pct. of Fringe Benefit Loss
<u>\$ 36,100</u>	Annual Loss of Fringe Benefits

Application for an occupation with "no" benefits:

\$30,000	Annual Loss of Earning Capacity
<u>11.7%</u>	Pct. of Legally-required Fringe Benefit Loss
<u>\$ 3,510</u>	Annual Loss of Fringe Benefits

- d. A few sources of fringe benefit data


1. Interview or deposition of employer or family
2. Government and private surveys and statistics
  - i. U.S. Department of Labor, the Bureau of Labor Statistics, in a study titled "Employer Costs for Employee Compensation" June 7, 2012 Release
  - ii. U.S. Research and Analysis Center, U.S. Chamber of Commerce , "The 2008 Employee Benefits Study"

- e. Don't forget unvested or unconventional benefits that may require diving into employee contracts and company plan documents

1. Lucrative defined benefit pension plans
2. Stock options
3. Stock performance awards
4. Unfunded retirement plans
5. Deferred compensation plans
6. Use of company vehicle or rental property

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

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