

# How to treat bonuses (compare those which were part of the family income/future bonuses and those not applied to family outgoing)

By Edward Boydell

The first issue in a case involving bonuses is always to identify what the bonus is paid for. It is particularly important to discern whether the bonus is really part of expected remuneration or a reward for service above and beyond.

The first type of bonus – typically paid to a banker in the past– is usually regarded as being a commission-style form of income and not really a bonus at all. It is expected to be paid every year although its quantity may change. Within the financial remedy application, the court will then be able to decide whether the needs of the other party can be met by relying upon the expected income, which would include the bonus if appropriate.

If the bonus does not represent a significant part of the remuneration and is rewarded for service above and beyond, and the needs of the other party can be met by recourse to the basic salary, then the bonus should be retained by the person who earned it. Given *NS V SS* and the current trend for periodical payments being strictly for needs and the desire for clean breaks even if a little hardship is caused, the time for sharing future bonuses in reducing percentages to wean the other party off the payroll is probably over. Sharing such bonuses is now only justified to meet needs including discretionary needs.

As to bonuses that have already been paid or are deferred then broadly *Rossi* and/or *Lawrence V Gallagher* are likely to apply: that is if earned during the relationship they are likely to be shared equally when received net of tax unless some appropriate deduction is needed to reflect a continuing obligation or contribution by the employee between the grant and the deferred payment.