

## A Bonus for Bankers

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**CATEGORY:**

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For bankers the ruling in the recent divorce case of *P v P* is a real bonus. The High Court directed that when ordering maintenance payments on marriage breakdown the proper approach to division of income that included a bonus was to fix a monthly amount to meet the Claimant's basic need from the paying party's salary and to award an annual top up from the bonus as a percentage of the net bonus, but subject to a cap (in this case, relatively modest) on the total. A percentage award must be right to reflect the inherent uncertainty of bonuses. Equally, a cap is a sensible solution. It avoids unintended windfalls resulting from the paying party's performance rather than a Claimant's needs. In this case the Claimant sought the cash element only of the bonus. But, the Court ruled the same percentage should apply to all elements of the bonus so that both parties shared in risk and reward. The Law Commission is due to make recommendations on treatment of needs on divorce in the early part of this year. Our expectation is that it will propose similar limits on Claimants' maintenance awards, not only as to quantum, but also as to duration.

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