



Richard J. Lurito, Ph.D.  
President

May 5, 2006

Barry L. Leibowitz, Esq.  
Leibowitz, Band & Jezic  
2730 University Blvd.  
Suite 910  
Wheaton, MD 20902-1975

Re: Judith L. Greenbaum Case

Dear Mr. Leibowitz:

The purpose of this study is to set out the economic loss suffered by the husband of Mrs. Judith L. Greenbaum due to her death on August 9, 2001 in a suicide bombing in Jerusalem. At the time of her death Mrs. Greenbaum was some ten days past her 31<sup>st</sup> birthday, having been born on July 30, 1970. According to the 2002 Life Tables, published by the U.S. Department of Health and Human Services, a white female, age 31, has 50.3 years of remaining life expectancy. In my opinion, it is reasonable to expect that absent death Mrs. Greenbaum would have worked at least until age 62, or 30 years beyond the time of her death.

Mrs. Greenbaum was in Israel doing graduate studies related to obtaining a Master's degree from Yeshiva University in Elementary Jewish Education. Her husband advised that she would likely have completed this degree by the 2002-2003 academic year. Mrs. Greenbaum had taught during the 2000-2001 academic year at the Hebrew Academy of Long Beach (New York) and, I am advised, was paid at an annual rate of \$40,000 and worked three-quarters time. I am also advised that Mrs. Greenbaum had a contract with Yeshiva of North Jersey for the 2001-2002 academic year to teach half-time for \$25,000, which is at a \$50,000 annual rate.

According to information provided to me, Mrs. Greenbaum had been married some 15 months and was three months pregnant when she was killed. I am also told that Mrs.

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Greensbaum intended to continue to teach after the birth of her child. For purposes of this study, it is assumed that Mrs. Greensbaum would have taught half time until her child started elementary school, which would have been in the 2008-2009 academic year. After that, she would likely have taught full time.

It will be recalled that Mrs. Greensbaum had a contract to teach at Yeshiva of North Jersey for the 2001-2002 academic year at an annual rate of \$50,000. According to the National Education Association, the average salary for elementary school teachers in New Jersey was \$51,700 in 2002 and it was \$54,100 for secondary school teachers that year. Therefore, Mrs. Greensbaum's salary of \$50,000 at an annual rate was in line with the average teacher salary in New Jersey.

As far as salary escalation is concerned, it should be noted that over the period 1980-2002, teacher salaries in the United States increased at 4.78% per year,<sup>1</sup> while inflation over the same time period advanced at 3.61% per year. Hence, teachers' pay rose 1.17% faster than inflation. If inflation proceeds at 3.0% per year in the future, and this is the current expectation, then Mrs. Greensbaum could have expected her pay would have risen at 4.2% per year.

Based on the foregoing, Table 1, Column 2, shows that absent death Mrs. Greensbaum could have expected to earn \$2,701,120 in total dollars over her working life. The present value of this earnings stream is \$1,520,275, as the adjusted total of Column 3 of Table 1 shows. (A 4.5% after-tax interest (discount) rate is used to compute present value).

Had Mrs. Greensbaum earned the income set out in Column 2 of Table 1 she would have had to pay federal and New Jersey income taxes on it. The first step in the process of determining her total tax liability is to establish her average future yearly income in 2006 dollars. Had Mrs. Greensbaum been able to enjoy the earnings set out on Table 1, Column 2, her average yearly income over her working life in 2006 dollars would have been \$60,396.<sup>2</sup> A married person, filing separately, taking a 22% itemized deduction and earning \$60,396 per year would pay \$7,642 in federal income taxes.<sup>3</sup> A New Jersey resident would pay \$855 in taxes on such an income.<sup>4</sup> Thus, had Mrs. Greensbaum had the earnings of a typical school teacher, her total tax liability would likely have been 14.1% of her gross income [(\$7,642 + \$855)/\$60,396].

It will be recalled that absent death Mrs. Greensbaum would likely have earned \$1,520,275 in present value terms over her working life as a teacher. Had she spent 14.1% of this amount for income taxes, \$1,305,916 would have remained after taxes (\$1,520,275 x (1 - .141)).

Had Mrs. Greensbaum lived, she would also have spent a portion of her income for her own personal maintenance. To determine the amount she would likely have spent, it is necessary to determine her average yearly gross income over her working life in 2006 dollars. This was already seen to be \$60,396. In 2002-2003 dollars, this income figure is \$55,409.<sup>5</sup> Families of one person who earned \$43,751 and \$57,395 respectively, in 2002-2003, spent \$14,004 and

<sup>1</sup> U.S. Department of Commerce, Bureau of the Census, "Statistical Abstract of the United States: 2003", Table 250.

<sup>2</sup> The figures in Column 2 of Table 1 are deescalated by 3.0% per year and summed. This is \$1,811,874. This figure is then divided by 30 working years.

<sup>3</sup> (\$60,396)(1 - .22) - \$3,200 is a taxable income of \$43,909. The federal tax on such a taxable income is \$7,642.

<sup>4</sup> Based on a \$43,909 taxable income; tax is \$543 + 3.5% over \$35,000.

<sup>5</sup> The \$60,396 figure is divided by 1.09 which is the increase in the Consumer Price Index between 2002-2003 and today.

\$15,825 respectively, on all items of personal maintenance, excluding housing and one-half of transportation.<sup>1</sup>

An interpolation analysis revealed that a person earning \$55,409 in 2002-2003 would have spent \$15,560 for his/her own personal maintenance. This consumption level represents 28.08% of gross income.<sup>2</sup>

It will be recalled that the present value of Mrs. Greenbaum's gross income is \$1,520,275. Had she spent 28.08% of this income for her own personal maintenance, she would have spent \$426,893.

It will also be recalled that the present value of Mrs. Greenbaum's after-tax income is \$1,305,916. By subtracting \$426,893 from this present value to account for personal maintenance expenses, we arrive at \$879,023. Hence, in my opinion, Mrs. Greenbaum's husband has lost \$879,023 in present value terms due to his wife's death.

In addition to suffering an income loss, Mrs. Greenbaum's husband has also lost the household services his wife would likely have provided to him had she not died. I am advised that Mrs. Greenbaum spent some 32 hours a week providing a host of household services to her husband prior to her death. These services included cooking, shopping, cleaning, laundry, errands, etc. At an \$11.00 per hour current replacement cost, the replacement cost is \$17,600 per year (\$11.00 x 32 x 50). Based on the use of a 4.0% annual cost escalation factor, Table 2, Column 2 shows that it will cost Mr. Greenbaum \$1,360,251 in total dollars over the 39 years from the time his wife was killed to the end of his expected life to replace the services she would have provided had she not died.<sup>3</sup> The present value of this cost is \$668,512, at the 4.50% after-tax discount rate already found appropriate for this purpose, as Column 3 of Table 2 shows.

In sum, Mr. Greenbaum has suffered at least two types of economic loss due to his wife's death. They are as follows:

	<u>Aspect Of Loss</u>	<u>Pecuniary Loss</u>
1.	Lost Net Income	\$ 879,023
2.	Lost Household Services	<u>668,512</u>
3.	Total	\$1,547,535

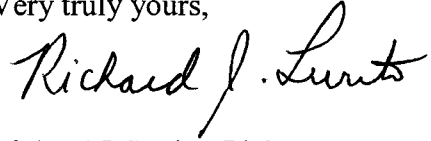
<sup>1</sup> "Consumer Expenditure Interview Survey, 2002-2003", U.S. Department of Labor, Bureau of Labor Statistics, Table 35. Housing and one-half of transportation are excluded because Mr. Greenbaum needs the regardless of whether his wife is alive or not.

<sup>2</sup> \$15,560/\$55,409 = 28.08%.

<sup>3</sup> Mrs. Greenbaum's husband, Steven, was 38 years old when she died. Steven was born on April 15, 1963. According to the 2002 Life Tables referred to earlier in this report, the life expectancy of a typical white male, age 38, is 39.1 more years.

Hence, in my opinion, a lump-sum payment of at least \$1,547,535 needs to be made to Mr. Greembaum today to compensate him for the pecuniary loss he has suffered due to his wife's allegedly wrongful death on August 9, 2001.

Very truly yours,

A handwritten signature in black ink that reads "Richard J. Lurito". The signature is written in a cursive style with a large, prominent initial "R".

Richard J. Lurito, Ph.D.

TABLE 1

Lost Future Earnings Of Mrs. Judith L. Greenbaum  
Over Her Working Life  
And The Present Value Of That Loss

<u>Year Of Remaining Work Life Expectancy a/ (1)</u>	<u>Lost Future Earnings (2)</u>	<u>Present Value Of Lost Future Earnings d/ (3)</u>
1	\$ 25,000 <u>b/</u>	\$ 31,155
2	26,050	31,065
3	27,144	30,976
4	28,284	30,887
5	29,472	30,798
6	30,710	30,710
7	32,000	30,622
8	66,687 <u>c/</u>	61,067
9	69,488	60,892
10	72,406	60,717
11	75,447	60,543
12	78,616	60,369
13	81,918	60,196
14	85,359	60,023
15	88,944	59,851
16	92,679	59,679
17	96,572	59,507
18	100,628	59,337
19	104,854	59,166
20	109,258	58,996
21	113,847	58,827
22	118,629	58,658
23	123,611	58,490
24	128,803	58,322
25	134,212	58,154
26	139,849	57,987
27	145,723	57,821
28	151,843	57,655
29	158,221	57,490
30	164,866	57,324
Total:	\$ 2,701,120	\$ 1,577,285
Adjusted Total:		\$ 1,520,275 <u>e/</u>

a/ At the time her economic loss began, Mrs. Greenbaum had an expected working life of 30 more years.

b/ In the 2001-2002 academic year Mrs. Greenbaum would likely have earned \$25,000 (per text). This \$25,000 figure is escalated at 4.2% per year for 6 years.

c/ In the 2008-2009 academic year she would likely have earned \$66,687 ( $\$25,000 \times 2 \times 1.042^7$ ). This \$66,687 figure is escalated at 4.2% per year into the future.

d/ The figures in Column 2 discounted at 4.5% per year.

e/  $\$1,577,285/1.0375$ .

TABLE 2

Lost Household Services Of Mrs. Judith L. Greenbaum  
Over Her Husband's Expected Life  
And The Present Value Of That Loss

<u>Year Of Remaining Life Expectancy a/ (1)</u>	<u>Lost Household Services (2)</u>	<u>Present Value Of Lost Services c/ (3)</u>
1	\$ 15,046	\$ 18,749
2	15,647	18,660
3	16,273	18,570
4	16,924	18,482
5	17,600 b/	18,393
6	18,305	18,305
7	19,037	18,218
8	19,799	18,130
9	20,591	18,044
10	21,414	17,957
11	22,271	17,871
12	23,162	17,786
13	24,088	17,701
14	25,052	17,616
15	26,054	17,532
16	27,096	17,448
17	28,180	17,364
18	29,307	17,281
19	30,479	17,199
20	31,699	17,116
21	32,967	17,034
22	34,285	16,953
23	35,657	16,872
24	37,083	16,791
25	38,566	16,711
26	40,109	16,631
27	41,713	16,551
28	43,382	16,472
29	45,117	16,393
30	46,922	16,315
31	48,799	16,237
32	50,750	16,159
33	52,780	16,082
34	54,892	16,005
35	57,087	15,928
36	59,371	15,852
37	61,746	15,776
38	64,216	15,701
39	66,784	15,626
Total:	\$ 1,360,251	\$ 668,512

Footnotes appear on next page.

Footnotes - Table 2

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a/ At the time Mr. Greenbaum's loss began, he had an expected life of 39 more years.

b/ From 8/10/2005 to 8/9/2006 Mrs. Greenbaum would likely have provided \$17,600 worth of household services to her husband (per text). This \$17,600 figure is deescalated and escalated at 4% per year.

c/ The figures in Column 2 discounted at 4.5% per year.