

What on earth is a Duxbury calculation?

A Duxbury calculation is an assessment of what level of lump sum a person will need in order to spend the rest of their life at a certain amount of expenditure each year. The calculation presupposes that the lump sum will be invested on receipt, at a specific rate of return (currently usually 3.75 per cent) for the remainder of the recipient's actuarial projected lifespan, and that the entire amount should have been spent by the time of the recipient's death.

Duxbury calculations are made to assist a clean break. This means that, where there is enough money to do so, maintenance requirements can be dealt with in one fell swoop with a one-off lump sum payment rather than with monthly payments for an ongoing period.

A Duxbury calculation is not determinative of the lump sum that will finally be ordered by the court in a big money case. It is not a straightjacket, but a guide to the level of a party's financial needs. Where assets are surplus to needs, there is a strong argument in most cases that the surplus should be divided equally, which would mean that the lump sum would exceed pure Duxbury requirements.

There are universal Duxbury tables, which are a useful starting point for deciding entitlement, but in many cases the correct approach will be to tailor the calculation to the client's circumstances. Many accountants, actuaries and independent financial advisers are able to offer this service.

Duxbury calculations can be particularly useful when there is a variation application to capitalise an existing maintenance order. In this case, having already dealt with the capital side of the finances, the courts are more strictly confined (although not exclusively) to Duxbury-based lump sums in order to bring about a clean break.