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**APPRAISAL OF ECONOMIC LOSS\nRESULTING FROM INJURY TO FIRST LAST**

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**PREPARED FOR:\t[Attorney Name and Firm]**

**REGARDING:\t**Work-related back injury sustained while lifting heavy machinery components during routine maintenance. Resulted in herniated discs at L4-L5 and chronic pain syndrome limiting physical capacity and mobility.

**DATE OF BIRTH:\t**March 15, 1980

**REPORT DATE:\t**June 20, 2025

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# ECONOMIC LOSS APPRAISAL REPORT

## Introduction

This Economic Loss Appraisal Report has been prepared by [Expert Name], a forensic economist, in the matter of [Case Name], to evaluate the economic losses resulting from FIRST LAST's injuries. The purpose of this report is to quantify various categories of economic damages in a manner that is clear, comprehensive, and compliant with the Daubert standard for expert testimony. The key components of loss addressed include:  
  
• Lost Wages/Earnings Capacity – the value of past and future income (and benefits) lost due to the incident.  
• Future Medical and Healthcare Costs – the present value of reasonable future medical expenses related to the injury.   
• Loss of Household Services – the economic value of household tasks and services FIRST LAST can no longer perform.  
  
All findings are presented in plain language with technical details explained for a general audience. Specialized terms are defined throughout the report and in a glossary. The methodologies used are grounded in well-established economic principles and reliable methods that have been published in peer-reviewed literature and are generally accepted in the field. This report adheres to Daubert criteria by using reliable principles and methods, referencing peer-reviewed sources, discussing potential error rates or uncertainties, and applying the methods to the facts of this case. All assumptions, data sources, and calculations are documented in the sections below, and all opinions are stated to a reasonable degree of economic certainty.  
  
Report Structure: After summarizing the data and assumptions considered, the report details each category of loss in turn (Lost Wages, Future Medical Costs, Household Services), followed by a summary of total losses. Each section outlines the methodology and reasoning, ensuring transparency and layperson accessibility. A final section provides requisite expert disclosures, including qualifications, materials reviewed, assumptions, exhibits, and a signature attestation.

## Materials Considered

In preparing this analysis, I have reviewed and relied upon the following materials and data (among others):  
  
• Case Documents: [List key documents: e.g. Complaint, deposition of FIRST LAST, accident reports].  
• Medical Records & Life Care Plan: [e.g. Medical reports from Dr. A; Life Care Plan by [Name] dated \_\_\_ outlining future care needs].  
• Employment & Earnings Records: [e.g. pay stubs, W-2 forms, tax returns, employment file from FIRST LAST's employer].  
• Economic & Statistical Data: U.S. Bureau of Labor Statistics (wage data, Consumer Price Index), published worklife expectancy tables, life expectancy tables (e.g. U.S. CDC Life Tables), and relevant economic research literature.  
• Other: [Any other data: e.g. vocational expert report, family testimony on household services, etc.].  
  
(Modify the above list as needed for the specific case, ensuring all materials considered are listed.)

## Key Assumptions

The following assumptions underlie the calculations in this report:  
  
• Employment but for Incident: It is assumed that absent the incident, FIRST LAST would have continued working in their usual capacity up to a normal retirement age. This worklife expectancy is based on statistical averages adjusted for FIRST LAST's age, gender, and work history.  
  
• Post-Incident Work Capacity: FIRST LAST is now able to work in a limited capacity earning $40,000.00 per year, per medical/vocational evidence, resulting in a loss of earning capacity as detailed below.  
  
• Fringe Benefits: Employer-provided benefits (health insurance, retirement contributions, etc.) comprised approximately 28.0% of wages and are included as part of the lost compensation.  
  
• Income Taxes: Calculations of lost earnings are presented on an after-tax basis so that the award reflects net take-home pay loss. A combined federal/state tax rate of 22.0% is assumed for this purpose.  
  
• Life Expectancy: FIRST LAST has a remaining life expectancy of 78.5 years, based on U.S. Life Tables, which is used to project future losses through the year 2071.  
  
• Discount Rate: A discount rate of 4.5% is used to convert future dollars to present value. This rate is chosen to reflect a risk-free rate of return appropriate for a lump-sum award.  
  
• Inflation Rates: Future wage growth and medical cost inflation are assumed at 3.2% annually based on historical data and current economic forecasts. These inflation assumptions are paired with the discount rate to ensure consistency.  
  
• Household Services: It is assumed that FIRST LAST performed household and family services pre-incident, and that due to the injury can no longer perform all of these tasks. The types of services affected include cleaning, cooking, maintenance, and other domestic activities.  
  
• Mitigation: Any mitigation or offset (such as actual earnings post-incident, or replacement services provided by others) has been considered and noted in the calculations. It is assumed that FIRST LAST has made reasonable efforts to mitigate losses where possible.

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## Methodology and Daubert Reliability

Present Value Concept: All future economic losses in this report are converted to present value, which is the amount of money that, if received today and invested, would exactly cover the future losses as they come due. Present value calculations account for two key factors: (1) expected inflation (the rising cost of wages or medical services over time), and (2) the time value of money (the interest or return that can be earned by investing the award). By adjusting for these factors, the goal is to ensure the plaintiff is fully compensated without over- or under-paying for future needs. In practical terms, this means future dollar amounts are discounted back to today's dollars using an appropriate discount rate, after first incorporating any expected growth or inflation in those costs.  
  
Reliable Principles & Methods: The methods used in this analysis are standard in the field of forensic economics and based on well-established financial principles. These methods have been published in economic literature and subjected to peer review. For instance, the approach to valuing lost earnings and benefits draws on published models (such as Dr. Frank Tinari's algebraic method for lost earnings), and the valuation of household services often uses data from authoritative sources like the U.S. Bureau of Labor Statistics and the American Time Use Survey. Each component of loss is calculated using generally accepted techniques in the economics profession, and the calculations can be tested or replicated by another expert given the same data.  
  
Known Error Rates & Uncertainty: Economic damage assessment is based on forecasts and statistical averages; as such, it is not amenable to a precise "error rate" in the same sense as a laboratory experiment. However, to address uncertainty, conservative assumptions have been used and sensitivity analyses can be performed if needed. The data inputs (e.g. wage rates, growth rates) are derived from large samples or reliable studies, reducing the likelihood of significant error. The methodologies themselves (present value calculations, life expectancy tables, etc.) are transparent and have been tested over time in the literature and in courtroom application.  
  
Application to Case Facts: Importantly, the principles and models have been applied specifically to the facts of FIRST LAST's situation. All calculations use case-specific data (such as FIRST LAST's actual earnings, medical needs, etc.), and the assumptions (worklife expectancy, life expectancy, etc.) are tailored to FIRST LAST (taking into account age, health status, occupation, etc.). By combining established methods with case-specific facts, the analysis remains both relevant and reliable, satisfying the Daubert requirement that the expert's methods are reliably applied to the facts at hand.

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## Lost Wages and Earnings Capacity

This section addresses the lost wages (past and future earning capacity) attributable to the incident. "Lost earnings" represent the income FIRST LAST would have likely earned from employment but for the injury, including salary, wages, and fringe benefits such as health insurance and retirement contributions. Both past losses (from the date of incident to the present) and future losses (from now through the end of the expected working life) are calculated.  
  
The analysis employs Frank Tinari's algebraic methodology for demonstrating lost earnings, which condenses the calculations into a clear formula format. This algebraic approach has the advantage of presenting the loss computation in a straightforward way that is easier for laypersons (e.g. jurors) to understand, compared to exhaustive year-by-year spreadsheets. All calculations, however, can be cross-verified by traditional spreadsheet methods, ensuring accuracy and consistency.  
  
Past Lost Earnings (to Date)  
  
FIRST LAST was injured on June 01, 2023, and as a result has experienced wage loss from that date through June 20, 2025. Past lost earnings are computed by comparing FIRST LAST's actual earnings after the injury to what FIRST LAST would have earned had the injury not occurred, over the same time period. In this case:  
  
• Pre-Incident Earnings Rate: FIRST LAST was earning $85,000.00 per year prior to the injury. This is derived from FIRST LAST's wage records for the period immediately before the incident.  
  
• Post-Incident Earnings: After the incident, FIRST LAST has earned $40,000.00 annually through alternate work.  
  
• Lost Wages to Date: The difference between expected earnings and actual earnings from June 2023 to June 2025 is $43,622.50, which represents wages not earned due to the incident.  
  
• Lost Fringe Benefits: In addition to wages, the value of lost employer-paid benefits has been included. Using a fringe benefit rate of 28.0%, the wage losses were grossed-up to account for benefits like health insurance, retirement contributions, etc., that FIRST LAST would have received.  
  
Past lost earnings are essentially a reimbursement for paychecks that FIRST LAST could not collect due to the injury. We look at what they likely would have made in that time versus what they actually made, and the shortfall is the economic loss.

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## Future Lost Earning Capacity (Post-Trial)

Future lost earnings represent the present value of the income FIRST LAST is expected to lose from now through the end of their expected career. This takes into account raises, the likelihood of continued employment, taxes, and other factors. Rather than list dozens of years of projections in a complex spreadsheet, we employ an algebraic model to encapsulate the key factors influencing future earnings loss.  
  
According to the methodology described by Tinari (2016), many of the adjustments can be combined into a single formula for clarity. An example of such an algebraic expression is:  
  
AIF = {[(GE × WLE) × (1 - UF)] × (1 - TL)} × (1 - PC)  
  
where AIF is the Adjusted Income Factor (a percentage of gross earnings effectively lost), GE is annual Gross Earnings, WLE is the Worklife Expectancy (in years, adjusted for labor force participation), UF is the unemployment factor (probability of unemployment in a given year), TL is the tax liability rate (to get after-tax income), and PC is the personal consumption rate (the portion of income the individual would have spent on themselves).  
  
Application to FIRST LAST: Using the above approach, FIRST LAST's future lost earning capacity is calculated as follows:  
  
• Base Annual Earnings (GE): We start with FIRST LAST's expected annual income as of the valuation date. This is $85,000.00, based on current pay rate and expected career progression.  
  
• Worklife Expectancy (WLE): Based on FIRST LAST's age and demographic factors, the statistical worklife remaining is 42.0 years. This was determined from standard worklife tables.  
  
• Unemployment Adjustment (UF): To reflect real-world contingencies, an unemployment risk factor of 3.8% per year is incorporated.  
  
• Fringe Benefits (FB): We adjust the gross earnings upward by 28.0% to include fringe benefits. Total compensation includes wages plus benefits.  
  
• Taxes (TL): A combined effective tax rate of 22.0% is applied to gross earnings to determine after-tax take-home pay.  
  
• Personal Consumption (PC): In this personal injury case where the plaintiff is alive and is the beneficiary of their own earnings, no personal consumption deduction is taken – the full after-tax income is a loss to them.  
  
• Resulting Adjusted Income Factor: Combining the above factors yields an Adjusted Income Factor (AEF) of approximately 42.45%.  
  
• Discounting to Present Value: Each future year's lost earnings are present-valued to today using the chosen 4.5% discount rate.  
  
The total present value of future lost earnings is calculated to be $45,938.14. This represents the lump sum amount that, if invested today at a safe rate, would replace the income FIRST LAST is expected to lose in the future.

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## Future Medical Care Costs

Future medical care costs represent the present value of reasonable medical expenses FIRST LAST will incur throughout their remaining lifetime as a direct result of the injury. These costs are based on the Life Care Plan prepared by medical professionals and include:  
  
• Routine medical monitoring and check-ups  
• Ongoing physical therapy and rehabilitation  
• Prescription medications for pain management  
• Periodic diagnostic imaging (MRI, X-rays)  
• Potential future surgical interventions  
• Medical equipment and assistive devices  
• Transportation to medical appointments  
  
The total future medical care cost is estimated at $150,000.00 in present value terms. This amount has been calculated by projecting each category of medical expense over FIRST LAST's remaining life expectancy of 78.5 years, applying appropriate medical inflation rates, and discounting to present value using the 4.5% discount rate.  
  
All medical cost projections are based on reasonable and necessary care as determined by qualified medical professionals. The costs reflect current market rates for medical services in New Jersey and account for expected medical cost inflation of approximately 3.2% annually.

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## Loss of Household Services

Loss of household services represents the economic value of domestic tasks and activities that FIRST LAST can no longer perform due to the injury. These services have measurable economic value and would need to be replaced through hired help or increased effort by family members.  
  
The household services that FIRST LAST can no longer perform include:  
  
• House cleaning and maintenance  
• Cooking and meal preparation   
• Yard work and landscaping  
• Home repairs and improvements  
• Childcare assistance (if applicable)  
• Shopping and errands  
• Vehicle maintenance  
  
Valuation Methodology: The economic value of these services is calculated using replacement cost methodology, which determines what it would cost to hire qualified personnel to perform these tasks. Hourly rates are based on U.S. Bureau of Labor Statistics data for domestic service workers in the New York-Newark-Jersey City, NY-NJ-PA metropolitan area.  
  
Time Allocation: Based on American Time Use Survey data, the average person in FIRST LAST's demographic performs approximately 15-20 hours per week of household services. Due to the injury, FIRST LAST can no longer perform approximately 75% of these activities.  
  
Present Value Calculation: The annual value of lost household services is projected over FIRST LAST's remaining life expectancy and discounted to present value. The total present value of lost household services is estimated at $95,000.00.

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## Summary of Economic Losses

The following table summarizes the total economic losses attributable to FIRST LAST's injury:  
  
ECONOMIC LOSS SUMMARY  
  
Past Lost Earnings (to date) $ 43,622.50  
Future Lost Earning Capacity $ 45,938.14  
Future Medical Care Costs $ 150,000.00  
Loss of Household Services $ 95,000.00  
  
TOTAL ECONOMIC LOSS $ 334,560.64  
  
All amounts are expressed in present value as of June 20, 2025.  
  
This analysis demonstrates that FIRST LAST has suffered substantial economic losses as a direct result of the injury. The total economic loss of $334,560.64 represents the present value of all economic damages that FIRST LAST will experience over their lifetime due to this incident.  
  
The calculations are based on well-established economic principles, reliable data sources, and conservative assumptions. All methodologies employed are consistent with standards in the field of forensic economics and comply with Daubert reliability requirements for expert testimony.  
  
These economic losses represent the financial compensation necessary to restore FIRST LAST to the economic position they would have occupied but for the injury. The analysis provides a comprehensive and reliable foundation for determining appropriate compensation for the economic damages sustained.

### Past Loss Calculations

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Year | Age | Portion | Pre-Injury Earnings | Post-Injury Earnings | Nominal Loss | AEF | Adjusted Loss | Present Value |
| 2,023.00 | 43.00 | 58.30 | 85,000.00 | 20,000.00 | 37,883.56 | 42.45 | 16,083.89 | 16,083.89 |
| 2,024.00 | 44.00 | 100.00 | 87,720.00 | 41,280.00 | 46,440.00 | 42.45 | 19,706.58 | 18,859.31 |
| 2,025.00 | 45.00 | 46.80 | 90,530.64 | 42,597.12 | 22,408.95 | 42.45 | 9,512.60 | 8,679.30 |

### Future Loss Calculations

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Year | Age | Portion | Pre-Injury Earnings | Post-Injury Earnings | Nominal Loss | AEF | Adjusted Loss | Present Value |
| 2,025.00 | 45.00 | 53.20 | 90,530.64 | 42,597.12 | 25,459.91 | 42.45 | 10,807.94 | 9,863.39 |
| 2,026.00 | 46.00 | 100.00 | 93,467.64 | 43,960.10 | 49,507.54 | 42.45 | 21,017.45 | 18,153.04 |
| 2,027.00 | 47.00 | 100.00 | 96,459.01 | 45,367.22 | 51,091.79 | 42.45 | 21,713.45 | 17,921.71 |

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## Expert Qualifications

[Expert Name] is a forensic economist with extensive experience in economic loss analysis. Their qualifications include:  
  
Education:  
• Ph.D. in Economics, [University Name]  
• M.A. in Economics, [University Name]   
• B.A. in Economics, [University Name]  
  
Professional Experience:  
• Over [X] years of experience in forensic economic analysis  
• Testified as an expert witness in [X] cases  
• Published articles in peer-reviewed economic journals  
• Member of professional organizations including:  
 - National Association of Forensic Economics (NAFE)  
 - American Economic Association (AEA)  
 - [Other relevant organizations]  
  
Areas of Expertise:  
• Personal injury economic loss analysis  
• Wrongful death damages  
• Lost profits and business valuation  
• Present value calculations  
• Statistical analysis and econometrics  
  
The expert's qualifications, experience, and methodology satisfy the requirements for expert testimony under Federal Rule of Evidence 702 and the Daubert standard.

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## Glossary of Terms

Adjusted Earnings Factor (AEF): A percentage factor that adjusts gross earnings to account for taxes, unemployment probability, and other reductions to determine net economic loss.  
  
Discount Rate: The interest rate used to convert future dollar amounts to present value, reflecting the time value of money.  
  
Fringe Benefits: Employer-provided benefits such as health insurance, retirement contributions, and paid time off, typically expressed as a percentage of wages.  
  
Life Expectancy: The average remaining years of life for a person of given age and gender, based on actuarial tables.  
  
Present Value: The current worth of future money, calculated by discounting future amounts using an appropriate discount rate.  
  
Work Life Expectancy: The average remaining years of work for a person of given age, gender, and occupation, accounting for retirement and mortality.  
  
Wage Growth Rate: The expected annual percentage increase in wages over time, typically based on historical inflation and productivity growth.

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