IN THE SUPREME COURT OF NOVA SCOTIA

(Pettigrew v. Pettigrew, 2005 NSSC 219)

Docket No.: S.K. No. 030272

Date: 20050808 Registry: Kentville

BETWEEN:

MARIANNE PETTIGREW

Petitioner

-and -

KENNETH ARTHUR PETTIGREW

Respondent

DECISION

Judge: The Honourable Justice Margaret J. Stewart

Heard: at Kentville, N.S. on April 11 & 12, 2005.

Decision Date: August 8, 2005.

Counsel: Heidi Fosh-Kimball, for the Petitioner

David Grant, for the Respondent

The petitioner, Marianne Pettigrew seeks from the Respondent, Kenneth Arthur Pettigrew a divorce, spousal support inclusive of retroactive, division of matrimonial assets and costs. The grounds for the divorce were established at the hearing, given that the parties have resided apart for in excess of a one year period. There are two children of the marriage who are both now adults and independent. Ms. Pettigrew is 50 years of age and Mr. Pettigrew will be 50 in September.

The parties, at age 18 married on June 1, 1974 and separated 29 years later on September 7, 2003. After 20 years with the Department of National Defence, Mr. Pettigrew, a vehicle mechanical maintenance officer retired early from the services in September 1994 and by 1996/97 commenced a 7 year employment period in Saudi Arabia working for General Motors and later General Dymamics, as supervisor of vehicle maintenance. By the end of August 2004, he left his employment, as attacks on civilians had escalated. Contact was made with his present Australian employer some two months earlier in June. After vacationing in September and October and being interviewed in November, he commenced work for LeBlanc Communications in January 2005 upon receipt of necessary

documentation.

During Mr. Pettigrew's military employment, the family moved some six times. After the children attended school, Ms. Pettigrew who had babysat and sold crafts, held various clerical positions for periods lasting three months to three years. By the time they separated in September 2003, she had not been employed in the workforce outside the home, since their move in 1995 to Nova Scotia, having lived with Mr. Pettigrew in Saudi Arabia for three years from 1999-2002, having been extremely involved in the construction and landscaping of the garage/workshop with upstairs living accommodations for their yet to be built matrimonial home and having been a care giver/overseer of her ill mother for a year before her death in 2003. Over a 10 month period from March 2003 to December 2003, she managed to complete a 24 month correspondence occupational therapist assistant course. With no response to her resumes, in March 2004 she obtained employment at a new business called Art Can Gallery, working a 30 hour week in sales and now, also as manager.

Equalization of the Net Family Assets

The parties reached agreement on the value and classification of most of the matrimonial assets.

Matrimonial Residence

There is only one assessment of the matrimonial residence. MacKay Real Estate Appraisal Division, on September 9, 2003 valued the residence at \$157,000. As of May 2004, Mr. Pettigrew accepted this value and noted same in his Matrimonial Property statement. During cross examination, Kim Pate, the appraiser indicated that there has been an increase in values in Kings County over the past 18 months but it was not substantial and that the suggestion of 15% was closer than the one of 30% but still high. Left without a specific response, I assign a 2% factor to acknowledge the evidence and place the value at \$160,140.00 with compulsory deductions to include Real Estate fees of 6% plus HST at \$11,049.66 (\$9,608 + \$1,441.26), legal fees of \$500.00 and migration costs of \$1,000.00 resulting in a value of \$147,590. The equity after deducting a \$39,000.00 property loan is \$108.590. If possible, Ms. Pettigrew wishes to retain the residence.

Vehicles

The agreed value of the Toyota Runner is \$9,000.00, being the value Ms.

Pettigrew sold it for. The agreed value of the two Dune Buggies located in Saudi

Arabia is \$5,634.00.

RRSP

The Matrimonial Property Act, S.N.S., 1980, c.9 (the "Act") does not specify a date for valuation. It is left to the discretion of the trial judge so as to provide a fair and equitable result. RRSP accounts are one of the assets normally valued as of division date. (Simmons v. Simmons 2001NSSF 35 @ pars 9-11 & 32).

There were RRSP's in both names. In September 2004 and January 2005, Mr. Pettigrew withdrew, without the parties agreement \$64,000.00, resulting in an undocumented after tax amount of \$53,000.00, a portion of which was calculated at 25%. The current value of the RRSP held in Ms. Pettigrew's name is \$12,630.00 and Mr. Pettigrew requests the court to use this value. Ms. Pettigrew

requests her RRSP be considered as of the separation date valuation (\$11,255.00). Evidence of her account value closes to Mr. Pettigrew deciding unilaterally to cash in his account is in Mr. Pettigrew's property statement of May 2004, when he noted it to be \$8,250.00. In the circumstance, I choose the separation date value of \$11,255.00. Ms. Pettigrew's request to use the gross value of the RRSP for equalization purposes is denied. Absent a tax free rollover of RRSP, taxes are an unavoidable cost of disposition. The amount of the payment/division should take into account the tax consequences of the RRSP disposition (**Myott v. Myott** 2005 N.S.C.A. 72). I estimate that the cost of disposition to be 25% of the balance, thus leaving an amount for division of \$8,441.00.

Accounts

- 1. T.D. Joint Account: As agreed, the account had a value of \$21,674.00 at separation and when Ms. Pettigrew transferred \$15,000.00 into a separate account in her name.
- 2. Marken Enterprises Account: There is an agreement that the monies in this account are now in a Scotia Bank US money account with a balance of \$7,329.00 Cd.

- 3. Royal Bank Jersey Branch Account: Although requested, no current bank statement beyond April 2004 was provided to confirm the \$1,221.48 Cd amount given by Mr. Pettigrew at trial. The September 12, 2003 statement reflects \$1,084.95 US. Given the documented history of the account from 2002 to April 2004, I concluded \$1,221.48 reflects an appropriate Canadian value.
- 4. Generali International Account: Pending an updated statement from the August 18th 2004 statement, which was not provided, the value of \$33,555.34 was agreed. Confirmation of same should still be provided. I shall use the figure noted above.

Other Assets

Jewelry -

Mr. Pettigrew never advised Ms. Pettigrew that the gifts of gold jewelry he gave her were to be considered an investment. No formal valuation or appraisal was provided to the court. On the evidence, I consider the jewelry to fall within the exception set out in s.4(1)(d) of the Act and will not attribute any value for division.

Blue Persian Rug -

The parties agree to a value of \$5,634.00. It has been retained by Mr. Pettigrew.

Safe (Riyadh) -

On the evidence, although I have my suspicions, I am unable to conclude that the safe was purchased before separation or if purchased after housed matrimonial funds. I accept there was an exchange about having emergency funds available in order to leave the country quickly; but, as to when and the amount, I have no evidence.

Uncashed Cheques -

At the May 2004 hearing, Mr. Pettigrew had three uncashed per diem cheques totaling \$4,655.00. I conclude any bonuses received pre September 2003 are addressed in calculation of his income from the year 2003 and on the evidence, these cheques are not matrimonial assets. There is no evidence of 2003 bonus cheques covering the period pre separation existing and being cashed after separation so as to be considered such an asset.

Summary

ASSETS	Ms. Pettigrew	Mr. Pettigrew
Home	\$108,590	
RRSP	\$ 8,441	\$ 53,000
Truck	\$ 9,000	
Dune Buggies		\$ 5,634
Accounts:		
TD	\$ 15,000	\$ 6,674
Marken		\$ 7,329
Jersey		\$ 1,221.48
Generalia		\$ 33,555.44
Persian Rug		\$ 2,888.00
	\$141,031.00	\$110,701.92
DEBTS		
Credit line		\$ 3,000.
	\$141,031.00	\$107,301.92
Equalization	- 16,865.00	+ 16,865.00
	\$124,166.00	\$124,166.92

Spousal Support: Entitlement, Amount and Retroactivity

It is Mr. Pettigrew's position that no spousal support should be paid to Ms.Pettigrew, as she is quite capable of seeking full time employment, applying herself and being sufficient. His offers to assist with retraining and university education have received no response. He references the interim order.

The May 2004 interim spousal support order does not prefigure what I may find. It addressed the short term, that is without taking into account any potential entitlement to long range expenditures such as vacations, savings or indeed basics such as motor vehicle expenses, medical, life insurance. As noted by our Appeal Court in **Beaver v Beaver** [2002]N.S.J. No. 301 par. 3:

As this is an interim order, it is not binding on the parties at trial. At the trial of the divorce, the court will examine the current income, expenses and debts of the parties. If appropriate, an adjustment of the spousal support order or the arrears can be made at that time.(see also **MacMinn vMacMinn** 17 R.F.L.(4th) 88 A.C.A.)

Spousal support is governed by s.15.2 of the **Divorce Act** 1985,SC.,D-3.4. The Supreme Court of Canada has established the starting point in determining

support is to review the objectives set out in s.15.2(6) including, first the recognition of the economic advantages and disadvantages arising from the marriage or its breakdown, second, recognition of the economic impact of caring for any children of the marriage, third, relieving any economic hardship arising from the breakdown of the marriage, and fourth, promoting reasonable economic self-sufficiency and then to consider the factors set out in s.15.2(4) including the length of cohabitation, the function performed by each spouse and any agreement between the parties. The Court stresses no single objective referred to in s. 15.2(6) is paramount. They must all be taken into account.(Moge v Moge [1992] 3 C.C.R.813: Bracklow v Bracklow [1999] 1 S.C.R. 420). An award of spousal support is discretionary and dependant on the circumstances of each case. The Alberta Court of Appeal in Corbeil v Corbeil [2001] A.J.No. 1144(C.A.) at para. 47 stated:

The right to support and its quantum will vary with each circumstance and with the abilities of the spouses to support themselves. Support includes consideration of such matters as need and standard of living, always keeping in mind the objective that, where practical, each spouse should become independent. Accordingly, quantum and duration of support will vary with the circumstances. For instance, in a long-term marriage, the payor spouse may have a better ability to pay and the payee spouse a less realistic chance of self-sufficiency, leading to a greater chance of long-term or indefinite maintenance in larger

amounts, always subject to review if there is a further change of circumstances. Self-support is also a relative term. A long-term spouse who has enjoyed a high standard of living because of a high earning spouse need not work and live at minimum age. There is no magic formula. Rather, maintenance is a matter of judicial discretion, taking into consideration those matters set out in the Divorce Act.

Ms. Pettigrew is entitled to spousal support both on compensatory and non compensatory bases. Over 29 years of marriage, she, now age 50, has developed an economic dependency on Mr. Pettigrew arising out of the way of life and the allocation of responsibilities accepted by the couple during a long marriage. Ms. Pettigrew followed the military career of her husband for 20 years before his retirement in 1994, which entailed numerous moves both inside and outside the country, raised two children, abided by company policy not to reside with her husband when required, spent three years from 1999-2002 of his 7 years employment stint in Saudi Arabia with him, worked diligently at overseeing and constructing the beginnings of their family retirement property and basically focused her life on and around his careers and the children to her economic detriment. They enjoyed a very high standard of living for the last six years preceding separation, vacationing extensively. Ms. Pettigrew did not worry about making ends meet. She has experienced financial hardship as a result of the

marriage breakdown. The marriage has had a negative effect on Ms. Pettigrew's ability to earn income. One needs only compare her situation with that of her husband. It is unrealistic to expect that Ms. Pettigrew could now obtain employment that would provide her with remuneration at the level her husband enjoyed both in Saudi Arabia and now in Australia so that she could maintain the lifestyle the couple had while they lived together. She is entitled to support ideally at a level that will maintain the standard of living the parties established during the course of the long marriage. The Supreme Court of Canada in Moge established as a general principle, that marriage should be regarded as a joint endeavour, the longer the relationship endures, the closer the economic union, the greater will be the presumptive claim to equal standards of living upon its desolation. She is entitled to share equally with her husband in the income stream which represents his development during the marriage.

Ms. Pettigrew asks for spousal support reflective of the 2005 Spousal Support Advisory Guidelines (SSAG) or in direct examination requested an amount of \$2,100.00 per month plus gross up for tax, which is approximately \$800.00 per month.

With the business closing for a month in January, she is earning income and employment insurance of \$11,772.00 per year. In 2004 commencing work in March, she earned \$8400.00. Upon divorce, she will commence receiving her portion of Mr. Pettigrew's pension, leaving him with approximately half or \$8,369.00 per year and her with an annual income of \$20,141.00 plus any small interest return on her investment from the sale of the shore property (\$29,536.00). She reviewed her financial circumstances as itemized in a financial statement dated January 25,2005. In this document, she shows her proposed total monthly expenses at \$3,414.00 per month with provision for \$100.00 per month savings and \$200.00 per month holiday and a miscellaneous or loan payment of \$230.00 per month. She continues to reside in the building constructed on the matrimonial property. Both her home upkeep and entertainment expenses are conservative, especially in regards to the latter, given their past and Mr. Pettigrew's present stated choices. He continues to participate in international hokey tournaments costing \$2,000 to \$3,000 a trip and "always plans on going somewhere". His last trip was this February.

By the time Mr. Pettigrew left Saudi Arabia in 2004, he was earning tax free income between \$93,444.00 and \$112,665.00 per year or \$9,388.00 per month

plus \$16,738.00 taxable National Defence pension income for a total after tax income of approximately \$125,254.00 at a 16% tax rate on the pension. His only expenses were for phone, food and entertainment, as all residence expenses were covered. In earlier years his tax free income had been as high as \$130,000 to \$150,000.

In May 2004, the court ordered interim support of \$1,000.00 per month retroactive to Ms. Pettigrew's March 2004 application date. Since separation, Mr. Pettigrew has paid the \$720.00 per month on the property loan and \$235.00-\$260.00 per month on the line of credit, either by the deposit of his \$1,130.00 per month service pension into the joint account till approximately July 2004 or subsequently, by specific direct deposit of \$720.00 per month into Ms. Pettigrew's account and a direct payment on the line of credit, as directed but not ordered by the court in May 2004. Besides the \$170.00 or so difference between the pension and loan payments which was available for use a few times in the joint account and \$150.00 U.S. being his half of the monies not transferred into the U.S. account, monies paid voluntarily before compliance with the May 2004 interim order were reflected in monthly deposits of \$500.00 or \$750.00 into the joint account totaling \$2,750.00 between October 27 and February 23, 2004. Prior to the interim support

application, he ignored responding to her requests for more support. Earlier, he directed her to use the \$15,000.00 savings she had transferred from the joint account into her own account. By August 2004, this account was down to \$2,450.00 with \$6,500.00 being used for lawyer fees and some \$1,776.00 towards a car purchase on trade in as well as for such things as Christmas presents and contribution to the wine for their son's wedding. By trial it had a balance of \$300.00. Over a 12 month period of separation when he was still employed in Saudi Arabia, from October 2003 to August 2004 Mr. Pettigrew paid spousal support of approximately \$9,240.00 by way of \$3,240.00 in various deposits and \$6,000.00 under the interim order from his disposable income of \$8,000 -\$9,000 per month as well as regularly paying approximately \$960.00 per month property and line of credit payments from his service pension for a total support payment of \$20,760.00 or \$1,730.00 per month.

A regular player in International Hockey tournaments while in Saudi Arabia, in the eight month period before leaving, Mr. Pettigrew spent \$6,000.00-\$8,000.00 attending various tournaments. Despite making a decision in June to leave the country, he proportedly made no effort to economize prior to August 31st and in September while vacationing, and in January 2005, after obtaining a job, he

unilaterally cashed in \$64,000.00 in RRSP's.

Throughout the history of this litigation, inclusive of various pre trial directions, Mr. Pettigrew has either not fulfilled or waited till the last moment to respond, sometimes only in part, to requests for financial particulars. For example, a new credit card acquisition and particulars of same was not disclosed. Recent Jersey account statements, Generali International statements and RRSP cash in particulars were not provided for trial. More importantly, pay stubs were not accompanied by a letter from his employer confirming circumstances that require an explanation. On direct examination, he was guite content to allow the court to believe that his first income from any source after Saudi Arabia was as an employee with Leblanc Communications, commencing in mid January 2005. Only on cross examination, in an effort to explain the year to date total reflected on his February and March 2005 pay stubs, did he elaborate on proportedly being an independent contractor in December and that the company was apparently prepared to let him work and to wait till sometime in January to pay him, even though, on his own evidence, he did not receive his work visa till December 24th and tax file number till January 14th, 2005. Despite repeated requests though his counsel, other than four pay stubs covering February 11 & 25 2005 and March 1

and 25, 2005, no particulars of the specific terms of his contract with Leblanc Communications, such as salary, overtime, bonuses, benefits, independent contractor policy were provided for trial or permission given to his employer for Ms. Pettigrew's counsel to contact it directly, given the lateness of providing any particulars. The pay subs reflect that his 2005 income will either be \$62,744.80 (\$49,744.80 for 47 weeks at \$1,058.40 per week and \$12,700.00 being year to date for 5 weeks) or \$106,537/\$106,972 if the year to date income of \$14,341.32/\$16,458.12 reflected on the February 25th and March 1st pay stubs is averaged out over the 7-8 weeks at \$2,048/\$2,057 per week. He will also have monthly pension income of \$1,394.86 for 9 months or so in 2005 and according to Mr. Pettigrew, approximately half that amount for the remaining 2-3 months, so that his total 2005 income will, on his documentation, be approximately \$77,373.05 (\$62,744.80 + \$12,555.92 + \$2092.32) or \$121,183.65/\$121,620.25(\$106,535/\$106,972 +\$12,555.92+\$2092.32). In keeping with Supreme Court of Canada's directive in **Boston v Boston** 2001 SCC 43 to avoid double recovery, I have focused on Mr. Pettigrew's income exclusive of his pension income and considered Ms. Pettigrew will be able to generate income from her portion of the divided pension when calculating current spousal support. When the approximate amount of \$145,656 is invested, she anticipates income of \$530.00 per month or

I have strong concerns that Mr. Pettigrew is not being forthright about investment income sources, given the fact that he received \$53,000.00 from cashing in RRSP funds, some \$29,536.00 from the sale of the shore property and for five months he had disposable monthly income of approximately \$7,500.00-\$8,500.00, as pre interim hearing he was only depositing \$500.00 or \$750.00 into the account and at the same time, was attending to \$960.00 or so loan payments by continuing to deposit his then monthly pension income of \$1,130.00 into their joint account. For the remaining six months, he paid \$1,000.00 per month spousal support and continued with the loan payments. Certainly at the May hearing, only a month away from his decision to leave, he had \$18,000.00 in a Kentville account and some \$4,600.00 in uncashed cheques.

At present Mr. Pettigrew is renting and notes his expenses to be \$4,050.00 per month exclusive of spousal support and property loan payments and inclusive of \$1,050.00 income tax. He has already over spent his entertainment budget of \$1,680.00 per year by some \$1,400.00, with his February hockey tournament; but, notes no other debt payments. On the evidence, I am not convinced that Mr.

Pettigrew did not originally intend to attended another hockey tournament during the trial and thus requested the trial date be postponed. He is presently involved in a relationship but they do not reside together.

I find Mr. Pettigrew's financial information relating to his present employment to be incomplete and unsatisfactory. For purpose of determining spousal support, I find Mr. Pettigrew's current income to be \$110,000.00 imputing \$3,000.00 to his employment income which I fix at \$106,972.00 so as to reflect the history of his work earnings and some investment income.

Application of the 2005 SSAG is a useful method of cross checking against proposals by the parties and against the court's own assessment made from the existing case law.

Were one to apply the SSAG, at an income differential of \$89,859.00 (\$110,000-\$20,141 being inclusive of Ms. Pettigrew's \$11,772.00 employment income and her \$8,369.00 pension income and exclusive of Mr. Pettigrew's pension) while using a percentage of either 43.5% or .50% in keeping with their 29 year marriage, the suggested award would be a low of \$3,257.00 per month or a

high of \$3,744.00 per month. In 2005, Ms. Pettigrew will earn \$11,772.00 and in all likelihood, will not receive her income portion of the military pension till late September or early October. With an income differential of \$114,966.00 (\$110,000 +\$16,738-\$11,772) an application of SSAG results in the suggested range of support being between \$4,167.00 and \$4,790.00 at the same percentages for the period commencing in January 2005 till hearing.

The guidelines denote the Supreme Court of Canada's thoughts on the longer the relationship, the stronger is the claim for an equal division of the income stream. It is clear that the marriage here is what the case law characterizes as a long relationship. Any discussion of \$21,000 plus tax gross up is not inappropriate and just below what resorting to the Guidelines would establish at the low end with income from all sources. It is not unreasonable to assume that Ms. Pettigrew will work a 40 hour week.

Therefore on the bases of the evidence before me and having considered the relevant factors under the **Divorce Act**, along with cross checking for bench mark purposes with SSAG, I find spousal support of \$2,900.00 per month all inclusive, commencing May 1, 2005 to be reasonable amount of support.

Ms. Pettigrew responded to her financial circumstances by depleting capital and commencing her application for support within six months of separation. As Mr. Pettigrew resided and worked in Saudi Arabia, he was not required to file income tax returns for seven years. Her email requests for financial information were meet with silence. A Notice to File Financial Statements dated February 9, 2004 was served on him. Although the notice was acknowledged through counsel, no statement of earnings or Financial Statements were filed in response; thus, the March 2004 application for spousal support retroactive to September 2003. Mr. Pettigrew did not contest that Ms. Pettigrew made requests for additional financial help; but, rather than responding waited till trial to elaborate and advise that had she used the over draft on the line of credit, he would have paid it and as he advised at the interim hearing, he was always monitoring the balance, making sure it had a credit balance so she could pay her expenses. He determined her needs were being meet. I am satisfied Ms. Pettigrew, given her exchanges with Mr. Pettigrew was left with more than a very distinct impression that there was no such flexibility and that an amount had been determined by Mr. Pettigrew and that savings were to be used with no suggestion it would be adjusted at a later date. A review of the credit statements prior to the March application reveals a pattern of

\$500.00 and \$750.00 deposits being the amount Ms. Pettigrew would have come to rely upon without hearing otherwise or chancing being left with no funds, if a decision to spend more from the account was acted upon. On a positive side, Mr. Pettigrew did follow the directions of the court in May without being ordered to continue paying the loan payments and has continued to do so.

Considering Mr. Pettigrew's ability to pay, the pattern of account deposits both pre and post separation, her economic dependency on same, her immediate efforts to address the issue of insufficient funds through written and oral requests, his reluctance to provide full financial particulars when requested and when he retained counsel, his failure to recognize any need for support beyond basics, her requirement to encroach on capital, the interim order only addressing the short term, I am satisfied these are appropriate circumstances to make an award of retroactive support.

For reference purposes only, an equal sharing of Mr. Pettigrew's \$125,254.00 after tax income would have provided Ms. Pettigrew with \$5,219.00 per month for the six months before she commenced work in March 2004, under an application of the SSAG or \$4,540.00 at 43.5%. She earned no income in 2003.

For the six month period between March 2004 and August 2004 when Mr. Pettigrew left his employment in Saudi Arabia, given the difference between Mr. Pettigrew's tax free income and Ms. Pettigrew's gross income of \$11,772.00 a support calculation at 50% would result in an award of \$4,728.00 per month or \$4,113.00 per month at 43.5% calculation. From September to December 2004, Mr. Pettigrew vacationed, traveled, and interviewed successfully for his present position. As noted for the first 12 months, Mr. Pettigrew paid approximately \$20,760.00 support. As of the trial date in April, Mr. Pettigrew paid \$14,000.00 in spousal support, pursuant to the interim order commencing payments in March, some \$3,240.00 in deposits in the joint account pre the interim order and some 20 months of loan payments totaling approximately \$19,200.00 for a total of approximately \$36,440.00.

A pure SSAG calculation at 50% from the time of separation with no income provision for the period of September-December 2004 less what was paid results in a suggested Guideline support differential of approximately \$42,000, as of hearing. I am not prepared to exercise my discretion to that degree, as the SSAG are only a tool. As noted by Dunn J in **Bishop v Bishop** [2004] N.J.No. 261, to date the methodology to be adopted with respect to retroactive spousal support is not

simply to multiply the number of months by the amount of monthly periodic support. At the same time equalization of income, although not noted in the **Divorce Act**, supra has been raised by the Supreme Court of Canada as a consideration. I am satisfied \$30,000.00 is a fair lump sum retroactive support payment. It is payable to Ms. Pettigrew by way of setting off the \$16,865.00, she owes to him in equalization payment and retaining the \$7,329.00 old Marken, now Scotia U.S. account, thus leaving \$5,806.00 owing to Ms. Pettigrew. This is payable forthwith.

Given that Mr. Pettigrew resides in Australia, Mr. Pettigrew's entire monthly military pension is ordered to be made payable to Ms. Pettigrew as payment towards her monthly support, insofar as the jurisdiction of the court allows or alternatively it shall be garnished to the extent allowed.

Having heard counsel on costs, Ms. Pettigrew shall have her costs in the amount of \$3,000.00 plus disbursements.