

Dr. Caroline Teske & Associates - Optometrists

# Eyes Focused on You



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## CELEBRATE WORLD WATERCOLOUR DAY WITH LOCAL ARTIST AT THE WILLIAMS MILL



Kathryn Boyle/Metroland

The public is invited to celebrate World Watercolour Day with Marlene Madole at her gallery open house at the Williams Mill this upcoming Friday and Saturday. The event will be taking place Nov. 24 and 25 from 11 a.m. to 6 p.m. Madole is celebrating 20 years as a member of the Canadian Society of Painters in Water Colour.

## legal matters | LITIGATION



### ASK THE PROFESSIONAL

**Q**

I am separated from my spouse of 20 years. I have a company. The company has retained earnings. My spouse is looking to add my company's retained earnings to my income for support purposes. Is this possible?

**A**

We have a lot of experience with this. Yes, it is possible. Retained earnings are essentially an accumulation of undistributed profits generated by a company. If you are going through a separation, and you are a shareholder in a company with retained earnings, then it might be questioned whether there is a legitimate reason for the earnings to be retained by the company, and not paid out to the shareholder/payor as income for determining support obligations. There can be perfectly legitimate reasons for a company to have retained earnings. For instance: 1) if the company has to save for capital purchases related to the conduct of its business periodically, or 2) if the company needs to have a certain liquidity on its "books" in order to meet covenants with its bank, or 3) there is more than one shareholder, and the shareholder/payor does not have absolute discretion to distribute the retained earnings, or 4) the company has a consistent history of maintaining retained earnings, and it is not a situation that arose only after separation. However, if it can be shown that the company merely has retained earnings as a tax savings shelter for its shareholder who is the perceived support payor in a family law matter, then some or all of those retained earnings may be added to the income of the shareholder/payor for the purposes of determining support obligations. These are issues that generally require the assistance of an expert business valuator. We are a full service firm that does a lot of family law. We are happy to meet you for a free consultation about your matter at one of our three offices, including 8 Guelph Street, Georgetown, in the Lounsbury Life & Group Insurance Benefits building. Have a great weekend.



Todd C. Hein  
Litigation Lawyer

#### OFFICE LOCATIONS

##### GEORGETOWN

8 Guelph Street  
905 452 7400

##### BRAMPTON OFFICE (Main)

350 Rutherford Road S., Suite 320  
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##### CALEDON EAST

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