

# 'Grey divorce': Growing trend leads to financial stress

[FLAVIO NIENOW](#) March 7, 2019



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As the number of seniors getting divorced or separated, also known as "grey divorce," increases, experts warn the separation often leads to financial stress.

In 2011, 12 per cent of the population aged 65 and over was divorced or separated - three times the proportion in 1981, according to Statistics Canada. In 2016, the latest year for which statistics are available, that number increased to 13.9 per cent.

With Canadians between the ages of 55 and 64, that number is even higher. Almost one in five, or 19.8 per cent, were divorced or separated in 2011, compared with six per cent in 1981, according to StatCan. In 2016, that number increased slightly to 20.1 per cent.

Larry Crandall, a licensed insolvency trustee at Grant Thornton Limited in Saint John, said he has seen an increasing number of seniors coming into his office suffering from debt problems due to divorcing at a later age.

Crandall said this is exacerbated by the fact that seniors in general are experiencing high levels of debt.

A recent report by TransUnion, one of Canada's major credit reporting agencies, found that the average Canadian carries \$30,257 in debt, not including their mortgage, and baby boomers continue to make up the largest proportion of borrowers at just over 30 per cent of all credit-active consumers.

According to the Office of the Superintendent of Bankruptcy, the number of Canadians aged 65 and over that filed a bankruptcy or proposal to their creditors increased by 26.7 per cent between 2012 and 2017.

"We have a lot of misconceptions about seniors, that somehow they are better with their money than other generations," Crandall said. "What we're seeing is the groups that are most at risk [of carrying debt] are people who are aged 65 or over."

Crandall said not saving enough money for retirement is one of the main reasons for financial stress later in life.

"That is a very large contributor to financial difficulty. We have a lot of seniors approaching retirement that have mortgages on their houses. Maybe they can't afford that with their post-retirement income, and many seniors have high medical bills that take up any of their spare income.

"Therefore, seniors going through a divorce may turn to credit to pay for their high legal bills."

Other signs of financial difficulty with seniors include not paying credit on time, delaying retirement due to debt payments and skipping medications, said Crandall.

In her 25 years practicing family law, Sheila Cameron with Tandem Family Law in Moncton said the biggest challenge for seniors separating or divorcing is money.

"If they're married, their assets are going to be divided in half, but now they have half of the retirement savings they thought they had.

"Money is an issue at any age when people part ways, but the older they are, the challenges grow, especially if one spouse has not been in the workforce. How is that person going to be supported and how are they going to retire?

"In their 30s, people have their whole life ahead of them. They are not worried about that."

Cameron said she's noticed a "big upswing" in divorces and separations with people over 50.

She said several factors have contributed to this, including a change in

family dynamics.

"Even 25 years ago, the financial dynamics of a couple were a lot different. [Today] we have more and more two-income households, so it's financially viable for them to live in two separate homes. People just feel more independent on every level."

Cameron said the fact that couples over 50 usually have children that are already independent makes it easier for them to part ways.

"People raised kids for all those years, and the focus was on the kids, and as their kids become independent, the couple goes, 'We're not connected anymore.'

"That used to happen when people were in their early 40s. It was a very popular time to separate, but because people are having kids later, now people are separating in their 50s."

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### **Options for insolvent seniors:**

- Review budget to see if any expenses can be reduced;
- Is there any way to earn additional income?
- Is the person able to refinance?
- Negotiate with creditors. Be sure to pay off the most expensive debts first. This is not based on the balance, but rather the interest rate. Once you have paid off the most expensive debt, snowball that

payment into the next most expensive debt;

- Does the person wish to downsize their house? If so, can some of the proceeds be used to pay debts?
- Seek professional advice as to how to proceed. A good financial professional will help you review all of your options.