

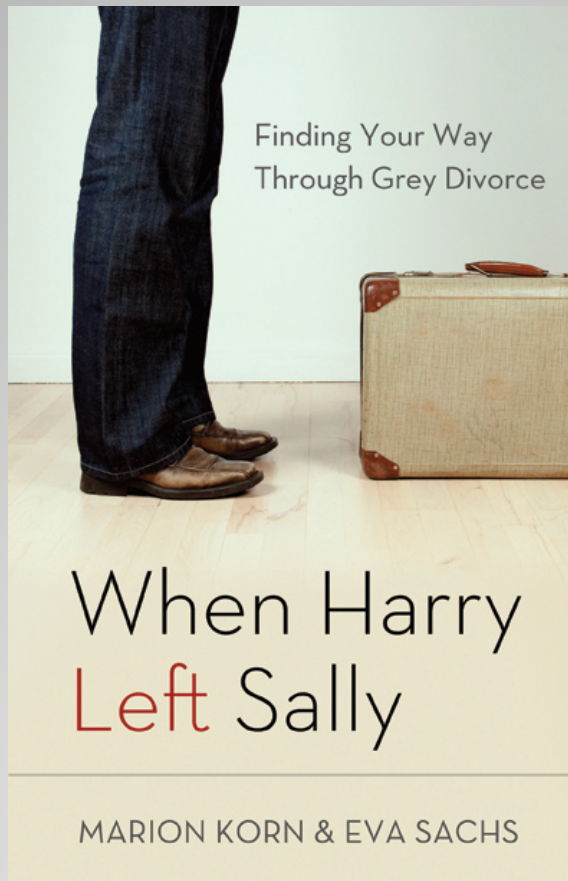
# Grey Divorce



*... it's that kind of different*

Presented by :  
Eva Sachs CFP® CDFATM  
Certified Divorce Financial Analyst

# Grey Divorce



# Today's presentation

- Grey divorce growth trends
- What's different with "greys"
- Practical examples/solutions

# Divorce Trends for over 50s

Divorced or separated in their late fifties\*

- **1981 - 7%**  
6.9% of women  
6.2% of men
- **2011 - 20%**  
21.6% of women  
18.9% of men

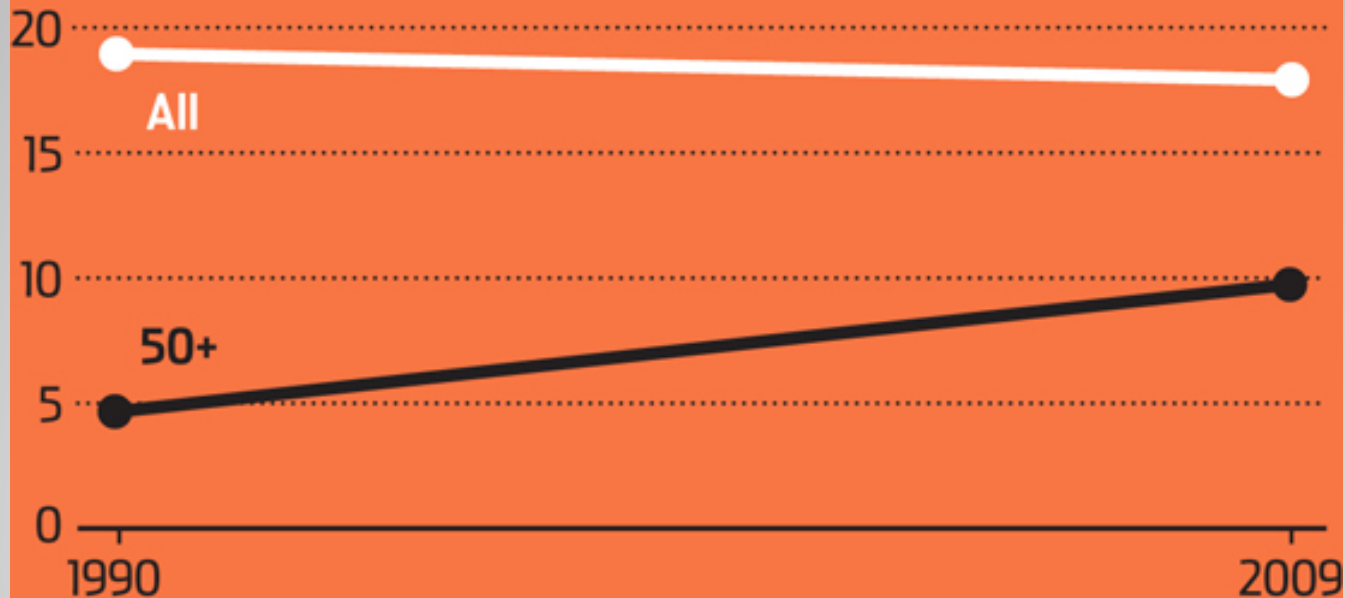
\*stats Canada

# "Grey" Divorce

## Bucking the Trend

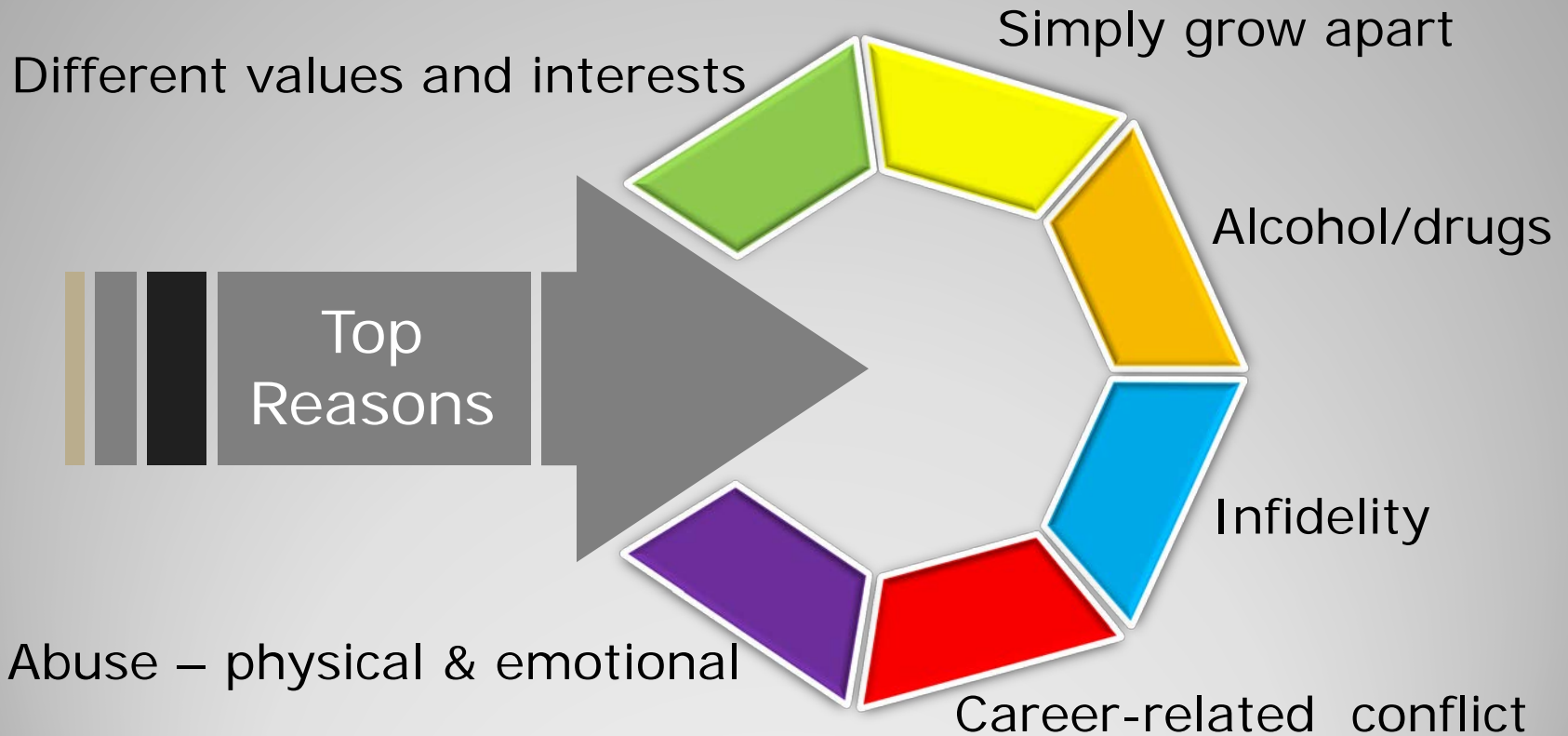
Increase in the U.S. divorce rate among those ages 50+ vs. a decline in the U.S. divorce rate overall

Divorces per 1,000 married people



Source: 'The Gray Divorce Revolution,' Susan Brown and I-Fen Lin, Bowling Green State University

# Why couples separate or divorce



# Financial Life Stages of Older Canadians\*

## Overall findings

- 6 out of 10 experienced major life events that challenged their prior financial plans
- Planning to deal with unexpected needs to be a bigger part of financial planning
- Having enough to live on and direct threats of inflation
- Fear of outliving their savings

*\* Report prepared for the Ontario Securities Commission Investor Education Spring 2015*

# What's different about Grey Divorce?

- the legal model solutions are based on **the present** ie division of assets
- couples separating in their later decades are focussed on managing **their futures**



# What does this mean ?



Finding a balance  
between  
legally driven solutions  
and  
outcomes in real time

# Meet Harry & Sally



1980



2015

# Harry & Sally Divorce Issues



After 10 years

- 2 kids
- House
- No open investments
- RRSP savings
- Pre Nup agreement?

# Harry & Sally's Grey Divorce



## Major Concerns..

- Selling their house
- Working longer
- Adjusting lifestyle
- Sharing pensions
- Giving up medical benefits

# DIVIDING ASSETS in GREY DIVORCE

- Homes
- Pensions
- RRSPS
- Businesses



# Home



- Sell?
- Buy out other spouse
- Co- own

# Pensions



- Asset vs Income
- Pension as source for EP
- LIRA vs own pension
- Registered vs Supplemental
- Undivided portion for support purposes

# RRSPs



- In or out of NFP?
- Source of equalization
- Accurate Notional Tax Rates
- Future contributions
- Timing of withdrawals
- Affect on support



# Inheritances

- Included or excluded
- Comingled or segregated
- Future inheritances
- Decisions on joint legacies



# SUPPORT PAYMENTS in GREY DIVORCE

- Before Retirement
- After Retirement



# Spousal Support

- Indefinite duration
- Material change review
- Before retirement
- After retirement
- Pension division



# Grey Divorcees Lifestyle



- Lifestyle has fewer unknowns
- Sources of revenue stable
- Spending is key factor in understanding when assets run out

# Financial Forecasting

- Helps set priorities for life after divorce
- No surprises after the settlement agreement is signed
- Shows 'after tax' cash flow including lifestyle driven results
- Helps understand the financial implications of decisions made today affect the individual financial futures of each spouse

# Grey Divorce Forecasting

- Financial Forecasting is critical
- Pensions are complex
- Refined tax calculations matter
- Realistic agreed to assumptions



# Can't do it alone anymore

- Complexities of these cases demands more reliance on other experts – pension, tax, financial planners, etc.
- Coordinating information gathering amongst other experts
- Challenges around managing the costs

# Grey Divorce is !?!?!





# What Grey Divorcees are looking for



- Work out their divorce without fighting & without court
- Want to avoid high legal bills
- Keep the respect of their children
- End their marriage understanding that each will be okay

## Grey Divorce.. *It's that kind of different*

Grey Divorcing couples ...

do not have a *legal* problem rather,  
they have a *practical* problem that has  
legal implications

Thank you



Any Questions?