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Today's families:
Divorce over 50

Case study



Divorce over 50:

Addressing the financial strain
and reimagining retirement



Although overall divorce rates in the U.S. have been on the decline for the past 25 years, **couples 50 and older are calling it quits in record numbers.** Unfortunately, this is happening at a time in people's lives when they may be most financially vulnerable. Not only can two people live as cheaply as one, but for many of these individuals, their earning years are coming to a close. It may be no surprise that **about half of divorced individuals say their marital status impacted their financial planning and more say it had a negative impact.**¹

We'll highlight three scenarios for a closer look at how some people are navigating the challenge.

¹ Nationwide Today's Families Consumer Survey, conducted online by Edelman Intelligence (December 2019).



Divorce with adult children

Brian and Maureen, 75 and 74 Caregiving and family inheritance

Brian and Maureen met and got married later in life. They both had adult children from their previous marriages, and their children worried about how the new marriage might impact their inheritance.

Later, Brian and Maureen moved to assisted living. When Brian was diagnosed with dementia, his children wanted to step in to help with decisions about care and finances. They also feared that Maureen, now having control over Brian's assets, would not spend wisely or that she would significantly reduce what remained for their father or his estate.



Key takeaways

When previously divorced couples marry later in life, it poses additional challenges for the entire family, especially when grown children are involved. Adult children may be concerned about why their parent is marrying so late in life, and how that marriage will impact their parent's remaining assets. When remarrying later in life, the couple may want to discuss a premarital agreement with an attorney to keep their assets separate.

At the time of divorce:

- Ask your financial professional for tools to broach the conversation with adult children about your plan for retirement assets and any remaining inheritance for them
- Revise your living will, last will and power of attorney
- Revisit the discussion if you remarry in an effort to inform all parties about the financial implications of the new relationship
- Update your beneficiaries and estate plans

Divorce later in life can be even more complicated when you have grown children. Although child custody is not an issue, there may be concerns about caregiving and family inheritances.

How divorce impacts women

Kevin and Kate, 55

Empty nesters

Kate never dreamed she would one day be divorced, and especially not after 30 years of marriage. But that's exactly what happened when Kevin informed her that he wanted out of the marriage. In addition to the heartache, she worried about approaching her retirement years without the dual income. Even though she had worked outside the home for many years, her salary was no match for what Kevin earned.

Kate worried about things such as:

- Keeping up with the discrepancy in income
- The fact that her earning years were limited
- Paying for the maintenance and taxes on her house
- The reality that living alone would be more costly than sharing household expenses with someone

In addition to working with her attorney, Kate consulted with a financial professional during the divorce process to understand the impact of settlement decisions on her planned retirement income.

Over the past 25 years, the rate of divorce among adults 50 and older has increased 109%.²



Key takeaways

A divorce that takes place later in life can have severe negative consequences for retirement planning. This may be particularly true for women because they:

- **Often earn less than their male counterpart**
- May have fewer employment options
- **Have a longer life expectancy**, which means they could be living longer with less money

Talk with your financial professional about options for stabilizing your intended retirement income and increasing sources of income you can't outlive, such as income from Social Security benefits or an annuity. For example, you're entitled to half of your ex-spouse's Social Security benefits or all of your own — whichever is greater — if you:

- Were married for more than 10 years
- Are at least 62 years old
- Have not remarried

Individuals born before January 2, 1954, have the option to receive the spousal benefit as well as their own benefit at a later date. Be sure to consider any necessary updates to your beneficiaries and estate plans.

After a divorce, the average household income drops by more than 40% for women and 25% for men.³

40%

25%

² "Gray Divorce: How Divorcing Later in Life Can Affect Your Retirement Plans," forbes.com (Feb. 25, 2019).

³ "The Nation's Retirement System," U.S. Government Accountability Office (Oct. 18, 2017).



Choosing happiness

Jeff and Nancy, 65

Divorced after 35 years

Jeff and Nancy met in college, married and started a family. After their three children grew up and left the home, the relationship changed and they ultimately decided to divorce. The financial risks were evident, including:

- Their **peak earning years were coming to an end**
- It would **cost more to live separately**
- Selling the house and splitting the assets would be challenging
- They needed new places to live

For both Jeff and Nancy, happiness won out over lifestyle. They each met with a financial professional to plan for retirement and discuss how they might convert a portion of the divorce settlement proceeds into a guaranteed stream of income. At the same time, they were both committed to making sure their children received an inheritance — a decision that would become increasingly important if either of them decided to eventually remarry.

The cost of living when you're single is 40% to 50% higher than for couples on a per-person basis.⁴

⁴ "10 Mistakes to Avoid When Divorcing Over 50," Investopedia.com (March 30, 2020).



Key takeaways

The motivation for these individuals may be the need to enjoy the remaining years of their life instead of staying in the marriage. Here are some questions to consider as they plan for retirement:

- *With this new hope for the future, how can they reimagine retirement, and what will it cost?*
- *How can they stabilize income after the divorce by creating a guaranteed income stream in retirement?*
- *How will the beneficiary designations and estate documents need to change after the divorce?*



A financial professional can help with the distinct challenges you may be facing and help you learn ways to more confidently prepare for retirement.

For additional resources, please visit
[Nationwide.com/AnnuityInfo](https://www.nationwide.com/AnnuityInfo).



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