

## 'Grey divorce'

Understanding the financial impacts of divorce over 50

Divorce later in life can be a complex and emotionally taxing process, particularly for couples over the age of 50. Wealth derived from property often takes centre stage in these discussions, as it typically represents the most significant financial asset that couples possess<sup>[1]</sup>. According to recent research, 11% of couples experiencing a 'grey divorce' utilise funds from their property, whether by selling it or accessing equity release, to cover the costs of separation. This statistic highlights the crucial role that property plays, not merely as a home, but as an essential financial resource.

With individuals over 55 collectively owning more than £3.5 trillion in property wealth, it is no surprise that this asset becomes a key focus for many over-50s during separation<sup>[2]</sup>. More than half of all divorcing couples in this age group (60%) deliberate over the value of their jointly owned home as they plan to part ways. For some, this entails selling their property, while others may seek alternative solutions to retain their cherished home.

### EXPLORING PROPERTY WEALTH DURING DIVORCE

For many individuals over the age of 50, property represents far more than just a financial investment; it holds significant sentimental value and often serves as the cornerstone of their financial security. For this reason, dividing this asset can be overwhelming. Some couples tackle this issue by having one party purchase the

other's share using personal savings, a strategy reportedly employed by 18% of divorcing couples. Nevertheless, not everyone has access to such liquid capital.

Equity release can provide an alternative solution, enabling homeowners to access funds tied up in their property without the need to sell outright. Approximately 1 in 20 couples choose this route to maintain their connection to their family home. Statistics indicate that homeowners in England and Wales could unlock an average of £69,600 through equity release – a figure that has risen by 20% over the past five years<sup>[3]</sup>.

### FINANCIAL OVERSIGHTS AND MISSED OPPORTUNITIES

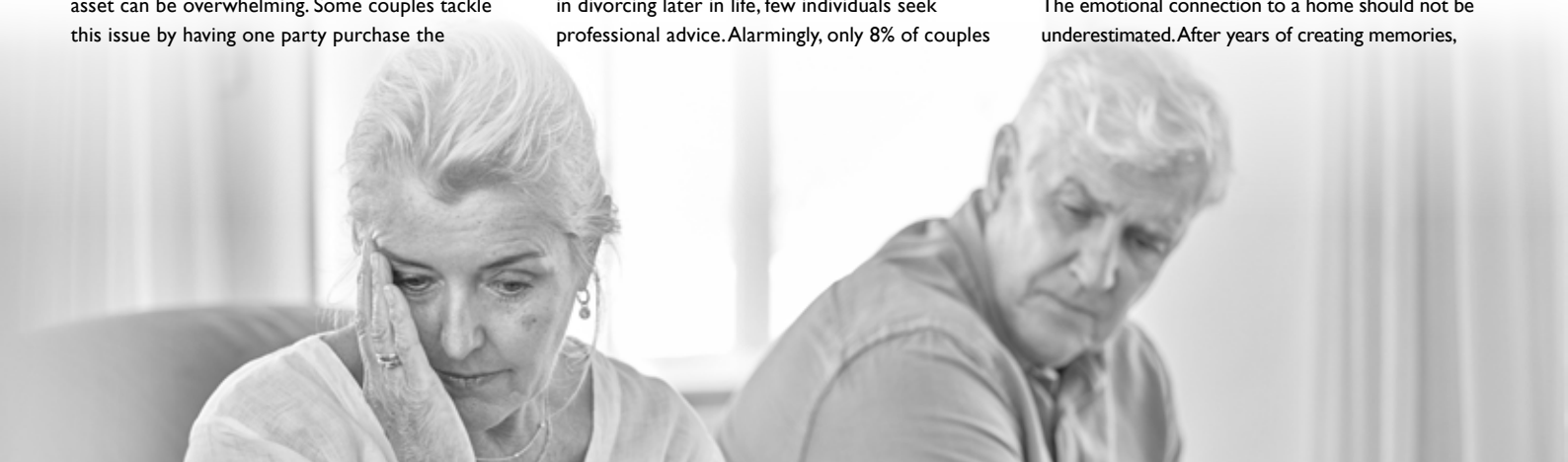
Despite the financial complexities involved in divorcing later in life, few individuals seek professional advice. Alarming, only 8% of couples

over 50 consult a financial adviser during their separation. This statistic is concerning, especially considering that property and pensions – often the two largest financial assets for this age group – are subject to negotiation.

Without expert guidance, couples may overlook critical considerations that could dramatically reshape their futures. Divorce at this stage of life often coincides with retirement planning, meaning that decisions made during this period could dictate financial security in later years. It is essential to assess all available options and customise solutions to unique circumstances rather than rush into costly mistakes.

### CONSIDERING SENTIMENTALITY AND PRACTICALITY

The emotional connection to a home should not be underestimated. After years of creating memories,



parting with a property may feel heart-wrenching for some. Balancing sentimentality with practicality becomes essential as homeowners assess whether remaining in their home is feasible and aligns with their financial future.

It is often during these discussions that difficult truths come to light. For example, while releasing equity may allow one person to remain in the home, this decision could restrict their future retirement income or reduce their financial flexibility. Conversely, selling the home might enable both parties to embark on a new chapter with a more stable financial foundation.

## MAKING DECISIONS THAT SHAPE THE FUTURE

Divorce after 50 is not just about dividing assets; it involves shaping the next chapter of life. Ensuring a smooth and equitable transition requires careful decision-making, especially regarding property. A thorough understanding of housing markets, available financial resources and the emotional connections involved must all be considered.

During such transitions, it is essential to seek expert financial advice. We can provide clarity on intricate topics, such as how to divide pensions, assess the fairness of financial splits and ensure that both parties are prepared for their future needs.

## MAXIMISING LONG-TERM STABILITY

Separation is never easy, and for couples over the age of 50, it presents a unique set of challenges that

require careful consideration and forward-thinking planning. At this stage of life, couples are often approaching retirement, a time when their financial stability and future income are critically important. Unlike younger couples, who may have more time to rebuild their financial foundations, those over 50 must meticulously assess their decisions to avoid jeopardising their long-term security.

Property-related decisions, particularly, carry considerable importance. The family home can serve as both a financial asset and a cornerstone of emotional ties. Choosing whether to sell, divide or keep the property can have profound consequences that extend well into retirement years. ■

### LOOKING FOR GUIDANCE?

If you require further information, have any questions or seek personalised advice regarding divorce and financial decision-making, please do not hesitate to contact us to discuss the best way forward for your circumstances. You need not face this alone – support is available to help you make confident and informed choices.

### Source data:

[1] Opinium Research conducted 2,945 online interviews of UK adults who are divorced. The research was conducted between 25 October and 12 November 2024.

[2] Office for National Statistics, Household net property wealth by household representative person (HRP) age band: Great Britain, April 2016 to March 2020, January 2022 (most recently available).

[3] Legal & General analysis of Office for National Statistics, Median house prices for administrative geographies, September 2024.

THIS ARTICLE DOES NOT CONSTITUTE TAX, LEGAL OR FINANCIAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

