A near-retirement breakup calls for financial advice: MacroMonitor

By Editorial Staff *Thu, Dec 17, 2015*

There are significantly more divorced women age 50+ (7.1 million) than men age 50+ (4.5 million), according to the demographics research newsletter from Strategic Business Insights.

For older couples, marital stability may be the best predictor of financial security in retirement. That's especially true for women. If two can live as cheap as one, going solo can cost double.

In short, divorce is highly disruptive of the finances of adults nearing retirement. And these autumnal, change-of-life, empty-nest-transition, loss-of-vitality divorces are occurring more often.

That spells opportunity for financial services providers, according to a new report in the MacroMonitor, a publication of the Princeton, NJ-based Consumer Financial Decisions Group of Strategic Business Insights, an international business consulting firm.

"In 1992, the number of divorced households with heads age 50 and older was lower than for younger heads (younger than age 50)," the report said. "In 2014, the number of divorced heads age 50 and older is three times that for households with younger divorced heads (12 million versus 4 million households)," the report said.

"Also notable is the significantly higher number of divorced women age 50 and older (7.1 million) than men of the same age (4.5 million)."

Men are more likely than women to remarry, according to MacroMonitor. Although incidences are small, men age 50 and older are twice as likely as women age 50 and older to expect to remarry in the next year.

There are about 20 million divorced or separated households in the U.S; about 15.5 million are divorced and 4.4 million are separated. Between 1992 and 2014, the overall proportion of US divorced households has remained at about 12%.

"The effects of divorce and separation on finances are immediate and often long lasting," the report said. "Financial relationships, financial product and service ownership, and assets suffer effects, and changes in cash flow are immediate. The results of divorce may be more profound for mature households than for younger households because of impending retirement."

Divorce affects older women differently from men because women tend to live longer, have lower lifetime earnings, and serve as caregivers throughout their lives, the MacroMonitor said. Large numbers of women didn't enter the work force until the 1970s, so many older women didn't learn to manage finances on their own. As a result many lack experience and confidence.

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