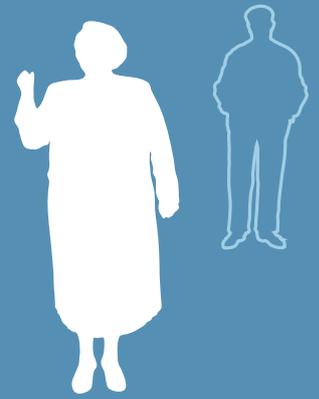




POPULATION PATTERNS

Seminar Series



The rise of the silver separators

Divorce and demographics in later life

Over the past decade the divorce rate for the over-60s has grown dramatically, creating challenges around finances and how to ensure mental and physical well-being among the 'silver separators'.

As part of a broader demographic series by the International Longevity Centre-UK (ILC-UK), supported by Partnership Assurance Group entitled Population Patterns, this paper looks at the challenges of the growing number of people divorcing and remarrying in later life.

Population Patterns aims to identify the influences on and changes in demographics in the UK, particularly the impact of and on an ageing population. By engaging in high quality debate about future demographics in Britain and how we respond to changing needs and challenges, ILC-UK and Partnership aim to influence better decisions in the way government, individuals and financial services companies plan for older age and help support consumers throughout the changing landscape of their lives.

What the figures show

Divorce

According to the Office for National Statistics (ONS) the number of men and women aged 60-plus divorcing has increased a staggering 85% between 1990 and 2012 despite a general trend for falling divorce rates across all age groups.

The large jumps in the rates means the over-60s are now the fastest growing divorce rate of all age groups, although it must be noted that the increases are from the lowest base of all age groups.

The increase in the number of divorces can be partly attributed to the increasing number of married people in the UK aged over 60. The divorce rate among men aged 60-plus has increased 40% between 2002 and 2012, with half of the increase due to a general rise in the divorce rate and half due to the rising number of married people aged 60-plus. Over the same time period the number of women aged 60-plus divorcing has increased 54% with the increase again split equally between rising divorce rates and an increased number of married people aged 60-plus.

Marriage

The flip side of the divorce figures are the marriage figures for the over-60s. Between 2002 and 2012 the number of single men aged 60-plus marrying has increased 43% while the figure for women has increased 57%.

However, the drivers behind the increased marriage rates for the genders are very different. The majority of the increase in males aged over 60 getting married is the increase in the number of men in this age bracket. However, for women the increase has been driven mostly by the rise in the marriage rate.

Trends in the age of the new spouse men and women partner with also differ. Marriage figures for 2011 from the ONS where the husband or wife is aged 65-plus show 36% of the couples were both over 65, 53% of the couples had a husband aged 65 compared to just 11% where the wife is aged over 65. This shows men are more likely to marry women younger than them, and further analysis of the statistics show 23% of men who marry at age 65 or above have a wife aged under-55, compared to 3.5% of women who marry men aged under-55.

'[Older people] are enjoying life in a way they felt they could not do when they were younger'

Baroness Sally Greengross,
chief executive, ILC-UK

Why has divorce increased?

There are a number of factors that have affected the demographic shift in later life divorce.

Marrying later

Increases in life expectancy have had an impact on the pattern and make-up of people's lives, meaning many are marrying and remarrying far later in life. The threat of divorce is more pronounced in the early years – with statistics showing the first 10 years of marriage are the most exposed to divorce; for those that married in 1990, 25% had split by the time they reached the 10 year anniversary.

Therefore marrying later means marriages may still be relatively new when a person is into their 60s and at greater risk of a split.

Financial independence

Greater financial independence for women that has been gained over recent decades is one reason for divorce rates increasing.

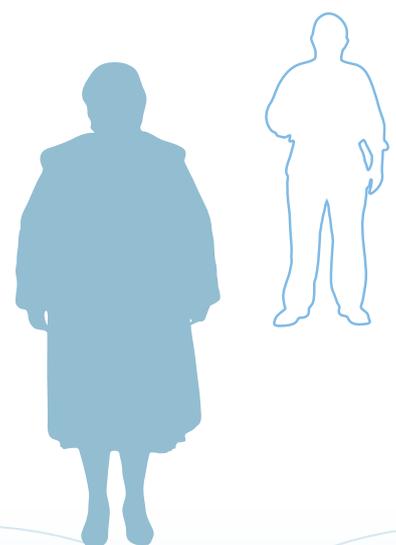
As more women joined the workforce and returned to work after the birth of their children to forge careers this decreased their reliance on their husbands, meaning many are financially well-off in their own right.

This trend is set to continue as state pension reform means women are awarded contributions for time taken out to care for children and in the workplace, auto-enrolment means more people are saving independently into a defined contribution pension.

Less stigma

The decrease in the stigma around divorce was reduced in the early 1970s with a change in legislation that made it easier to end a marriage. This correlated with a large spike in the number of divorces.

Since then divorce has attracted far less stigma and this has coincided with another social and attitudinal shift as the babyboomers reached later life. The generation that break many of the traditional rules around societal norms are now unwilling to live in an unhappy marriage and no longer feel obliged to stay together as their parents may have done.



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What are the implications?

There are implications for increasing divorce and marriage in later life, with finances and well-being both being affected.

Finances

Divorce can mean both a split in assets and a drop in income which can place a heavy burden on an individual. This is particularly true in later life with pensions as one spouse may not have sufficient time to build up their own savings or pension fund and will consequently struggle to fund a decent retirement, even being forced to return to work.

For those already in retirement when divorce takes place it can be a significant upheaval to split pension assets. If an annuity is already in payment a court-order pension sharing arrangement must be put in place before a transfer out value is awarded to a spouse. The difficulty in doing this means there are very few cases each year.

For companies focused on serving the at-retirement population, the rate of divorce and remarriage is crucial in working out just how long defined benefit (DB) pension schemes will be paid out and to whom. DB pension schemes pay out to the person who is defined as the spouse on the death of the member but calculations around the payment of the scheme change if a person gets divorced or remarried, particularly if they remarry a younger spouse.

Changes needed

The increase in later life divorce means it is crucial to identify ways to make splitting pension assets easier. The need to create a court order to do so could be prohibitively costly for some and an added stress at an already highly-emotional time.

Loneliness

Those who divorce and do not remarry in later life are at increased risk of loneliness. One in 10 over-60s say they feel lonely some, if not all of the time. The impact of this loneliness is felt on public services, such as the NHS and social services, as well as individual's families.

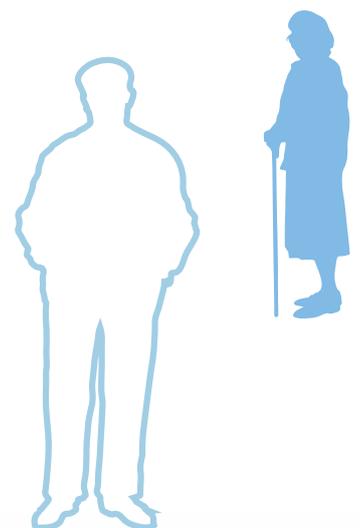
The subject of loneliness is still taboo in the UK and the stigma around admitting loneliness needs to be addressed.

Changes needed

A minister for ageing has long been called for as has a commissioner for older people who would be tasked with addressing issues specific to later life. A minister for ageing would also address issues before the later-life stage in order to help communities and government policy adapt to the needs of an older population and champion specific later life causes.

'Divorce can be a shock and a potential financial difficulty for those who are not expecting it'

Ben Franklin,
senior research fellow, ILC-UK



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Mental and physical health

Divorce doesn't just affect the finances of individuals who leave a marriage, often mental well-being is impacted in the short-term which can in turn lead to a physical deterioration over the longer term.

The cost of mental and physical problems will, like loneliness, be borne by social services and the NHS, as well as care facilities. Men are particularly at risk after divorce as they are more likely to turn to institutional care than women who are more likely to rely on their families for support.

Relationships are a key pillar in retaining emotional, mental and physical health and social isolation from divorce needs to be tackled head through prevention and ensuring older people do not become isolated from their families and communities.

Changes needed

While it is not beneficial to legislate around relationships, the Care Act has created a duty to shape care and support around well-being. Local authorities need to work more closely with charities that focus on relationships in order for well-being to incorporate understanding of an individual's relationship status and needs.

'Relationships can see us through a good later life. Poor quality relationships can be as harmful as smoking 15 cigarettes a day'
Chris Sherwood, director of policy and external affairs, Relate

Further rises

The divorce rate for older age groups has been increasing steadily over the past three decades and if the trend continues one in every 10 people experiencing divorce will be aged over 60 by 2037.

Based on current marriage and divorce rates by age, the total number of people over the age of 60 divorcing will increase from 15,700 in 2012 to over 22,000 in 2037 – a 41% increase.

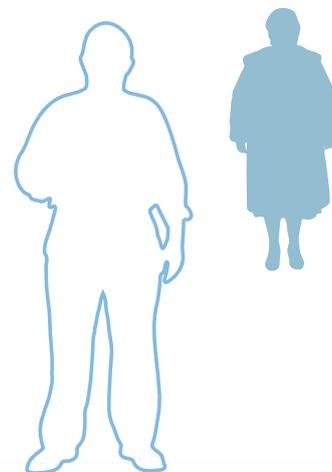
These further increases highlight the need for financial services, the government, care organisations and charities to focus on this shifting demographic and the impact it will have on the finances and health of people in later life.

'We need to look at [divorce in later life] from a public health perspective and look at the consequences to understand where social and personal relationships are disrupted by divorce'

The Rt Hon Mr Paul Burstow MP,
former Minister of State for Care Services

'Financial products should reflect the reality that people are separating and divorcing more at older ages'

Richard Willets, director of longevity, Partnership



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Points to consider

- The impact of rising divorce rates in later life need to be more fully understood and factored into government planning
- Financial products, particularly pensions, and the rules surrounding them need to better cater to the situation of those divorcing in later life
- Societal attitudes to divorce, remarriage and the impact it has on individuals need to change to be more sympathetic to the needs of individuals on their own
- Care needs should incorporate the impact divorce has on mental and physical well-being
- Prevention of loneliness and social isolation after divorce, or the breakdown of other relationships including long-term partners and other family relationships, should be key for communities, local authorities and charities



Final thoughts

While divorce is difficult at every age it throws up particular challenges for those in later life who may find themselves struggling financially and without a salary. They could be forced back to work or into protracted legal battles to gain access to asset – especially pensions.

Older people may also find themselves socially isolated following divorce, which can have a significant impact on their mental and physical well-being, a cost borne by society in providing care, social and health services.

When it comes to financial battles and well-being, prevention is better than cure and steps can be taken to make it easier to divide retirement assets and to ensure older people are not alone when they split from their spouse.

Population patterns

Over the rest of the year ILC-UK, supported by specialist insurer Partnership Assurance Group, will undertake a series of events exploring the impact of demographic change on public policy. The Population Patterns series, #populationpatterns, will look at the long-term challenges demographic change will have for government, especially age-related expenditure.



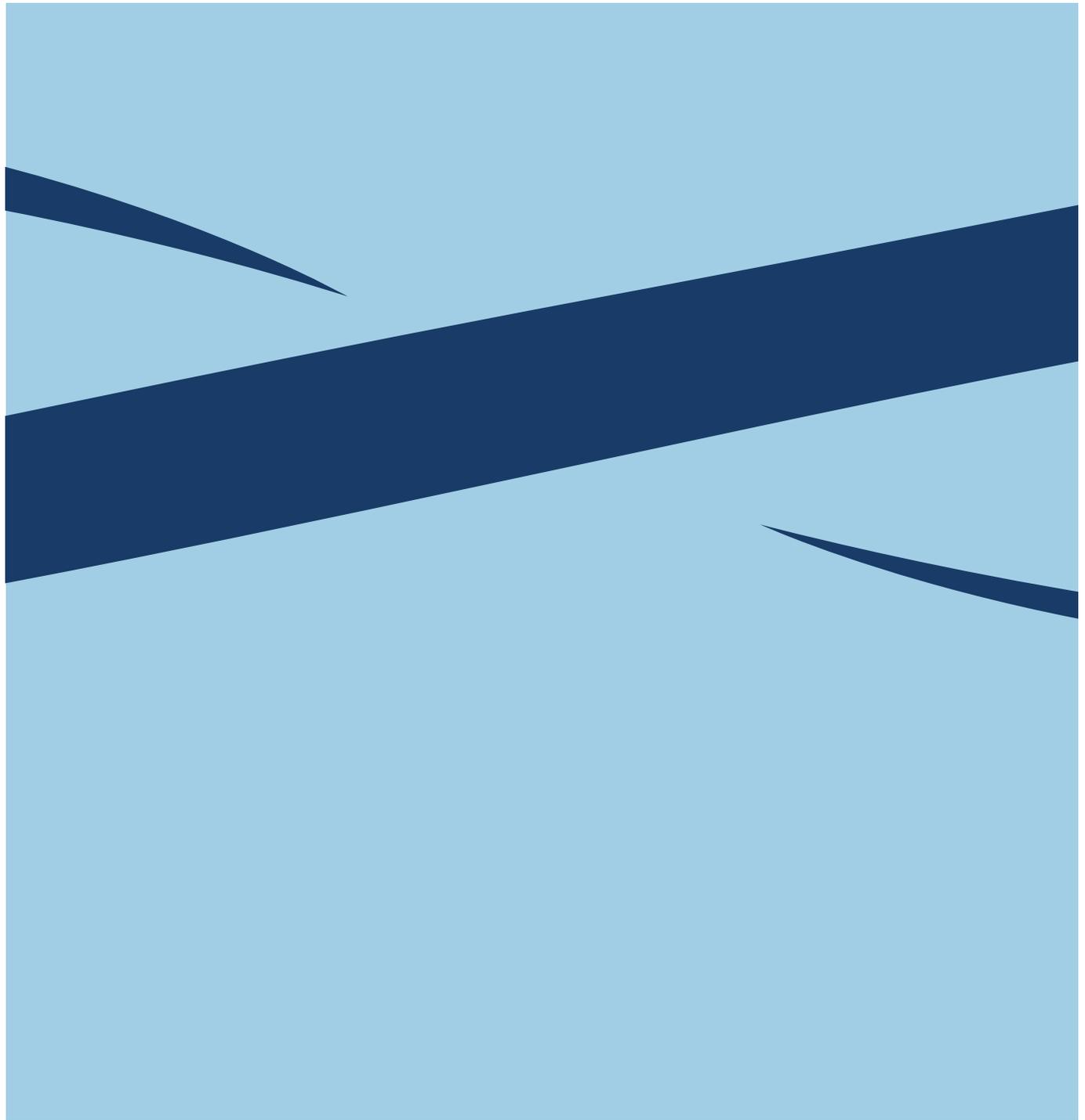
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Published in January 2015 © ILC-UK 2015
Registered Charity Number: 1080496.

