



# SOLUTIONS

## FOR ESTABLISHING EQUITABLE HOUSING IN SILVER DIVORCE

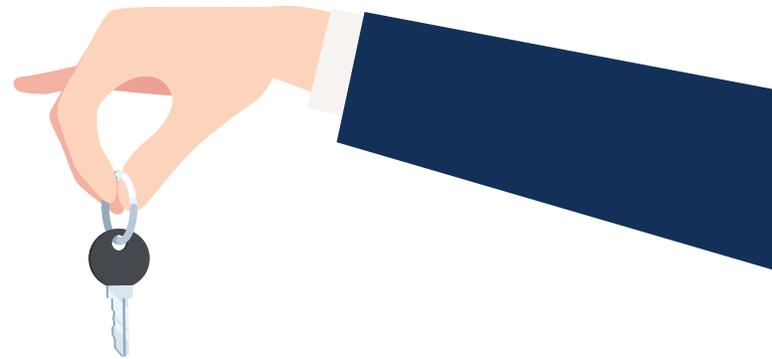
### WHAT IS SILVER DIVORCE?

“Silver” divorce, also referred to as “gray” divorce, is another way to characterize a divorce that occurs late in someone’s life. Advisors should be aware that while divorce rates have plateaued or dropped among other age groups, they are on the rise for older Americans. In 2014 people age 50 and above were twice as likely to go through a divorce than they were in 1990. The divorce rate is even higher for people in the 65-and-older age group.

PEOPLE IN THEIR 50s AND OLDER ARE AT LEAST



more likely to get divorced now than three decades ago



MEDIAN HOME VALUE IN U.S.

\$198K

as of April 2017



### WHAT HAPPENS TO THE HOME IN DIVORCE?

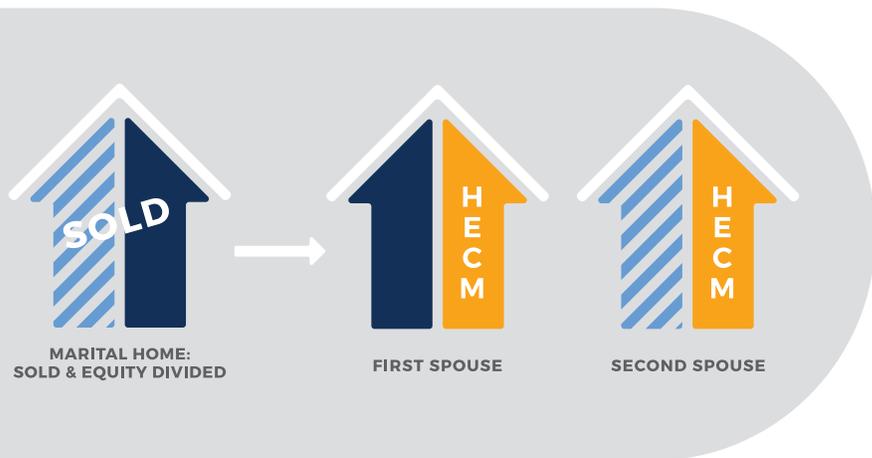
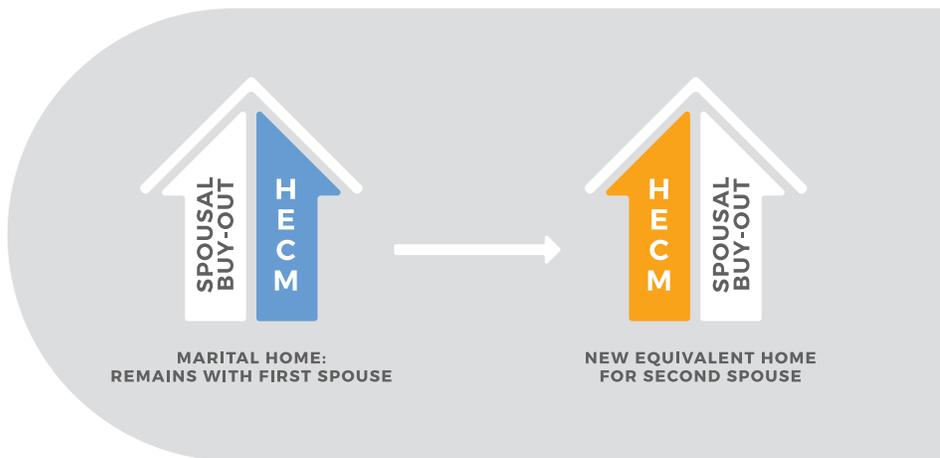
Traditionally, the home would either be sold and the equity divided or one spouse would “buy out” the other. Often this arrangement necessitated reliance on mortgages or cash distributions from the portfolio. Diminished resources caused one or both spouses to scramble for housing equal to their marital home.

# Using a HECM in Silver Divorce

For clients who qualify, a home equity conversion mortgage, or HECM reverse mortgage, provides two options that may restore desirable housing to both spouses. By providing financing without a monthly debt obligation, each can enjoy equal housing without necessarily requiring portfolio distributions. Retirement income security is enhanced without downgrading the living situation for either.

## SOLUTION #1

A HECM on the marital home provides funds for the departing spouse's down payment on a new home. A Home-Purchase HECM pays the rest of the purchase price. NO debt-service obligation for either spouse. And NO forced sale of the marital home. In addition, the chances that both spouses retain homes of comparable value are enhanced.



## SOLUTION #2

Marital home is sold and proceeds divided. Each spouse uses their share to cover down payment on new home they desire, using a Home-Purchase HECM to pay the rest. No debt-service obligation for either spouse. Additionally, this solution may reduce or eliminate the need to take money from either spouse's portfolio while acquiring desirable housing for both.

SOURCE:

*The New York Times* (<https://www.nytimes.com/2015/10/31/your-money/after-full-lives-together-more-older-couples-are-divorcing.html>)

*Zillow* (<https://www.zillow.com/home-values/>)



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