

Case study: The Rise of Grey Divorce and the use of Reverse Mortgages



Did you know?

Canadian grey divorces saw a one-quarter increase between 1991 and 2006, according to Statistics Canada.* A Reverse mortgage could be a good strategy to help seniors plan their retirement.

Scenario

Aaron, 70, and Sam, 65, are a married couple who, after a lifetime together, have made the decision to divorce. They live in Ottawa, close to their children's homes and Sam's work. Their home is currently worth approximately \$900,000.

Aaron receives the maximum CPP pension of \$758.32 and approximately \$713.334 in OAS pension. Sam, however, is still employed and would like to stay in the matrimonial home. As a result, she will need to transfer other savings to Aaron, and buy his share of the home equity. This has placed a significant strain on her financial well-being.

Sam is hesitant to sell their home and relocate as she wants to stay close to their children and help with raising their newborn grandchild. Unfortunately, the alternative would be applying for another mortgage, but qualifying for a conventional mortgage could be more difficult on one income, especially for someone approaching retirement age.

Solution

After researching other options, Sam and Aaron learned a reverse mortgage is an alternative financial option that could benefit those 55+ going through a divorce - where one spouse wants to stay in their home.

With a reverse mortgage, Sam could borrow up to \$324,000. This amount could help her to buy-out her husband and allow her to stay in the matrimonial home, be close to her children, and keep a short commute to work until she retires. Additionally, Sam won't have to make payments with a reverse mortgage, reducing the stress on her single income. Now, she can take the time to determine what comes next!

Divorce may happen quickly, forcing swift decisions on the sale of a home. A reverse mortgage could be a good strategy, so that Canadian's 55+ can plan their retirement and not make a rash decision about their home and where to live next.

Get in touch to learn more!

If you'd like to learn more about how a reverse mortgage may similarly suit your needs, I'd be happy to help answer any questions you may have.

Name:



[Our solutions & rates](#)

Phone Number:



[FAQ](#)

Email:



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For more information, visit www.equitablebank.ca/residential/reverse-mortgage

All borrowers must meet Equitable Bank's lending criteria to be eligible for an Equitable Bank reverse mortgage.

*<https://www150.statcan.gc.ca/n1/daily-quotidien/220309/dq220309a-eng.htm>