Divorce in later life: the expert's handbook

How you can guide your clients to better, fairer outcomes

Best viewed on desktop. For adviser use only.

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Over-50s have often built significant assets throughout their lives in property, savings and pensions. So you might expect them to take extra care of their finances when they separate. In fact, according to our latest research into later-life divorce, only 12% of divorcees over 50 consulted a financial adviser[1].

By not fully addressing and dividing this wealth, divorce can have a huge impact on your clients' financial wellbeing, particularly in retirement.

Better divorce outcomes start with financial advice

Property, pensions and a fairer divorce

Property and pensions are likely to be your clients' two biggest assets, yet as you'll see, pensions are often overlooked by divorcing couples and can leave one party worse off. For 41% of those polled, they felt the process was financially unfair and in favour of one party.

By getting involved early, you can ensure that all your client's assets are scrutinised and help them emerge with financial equality and security. That means getting acquainted with both the property and pension expert insights in this guide and embracing the power of professional networks, so you can offer your clients the holistic advice that's so important during divorce.

Who is this handbook for?

This handbook is a must-read for independent financial advisers, mortgage brokers, pension experts and more – essentially, anyone who offers financial advice to later life divorcees. It aims to bring financial disciplines together to create a broader understanding of the crucial part each one of you can play in the process.

Divorce can be a challenging time but, with your help, the way ahead can feel clearer, fairer and more hopeful. This guide is the first step in that journey.

[1]Opinium Research conducted 2,750 online interviews of UK adults who are divorced. The research was conducted between 20 and 30 November 2023.

“Empathy first and foremost. It’s our job to find a way forward which suits all parties”

– Financial Adviser

Our research: the over-50s divorce landscape

We're always striving to know more about the changing world of financial advice, and one area we think deserves more attention is later-life divorce. Is there an opportunity for advisers like you to support separating couples? What are the consequences for people who don't get good advice at this critical time?

The result is a snapshot that shows financial hardship, confusion and, at the same time, real opportunities for financial advisers.

With your support and advice, your clients can navigate a difficult road and emerge into a much brighter place.

45%

delayed their divorce for a significant period of time

32% waited for children to be older
17% waited to avoid problems for one or both parties
10% couldn't afford the divorce process

41%

felt that the outcome wasn't financially fair

17%

did not consider any detail of their finances in the process

29%

waived their right to their partner's pension

21%

went to no one for advice or guidance, not even family and friends

30% of all divorces take place when someone is over 50

14%

now struggle to meet the cost of essential bills

26%

are financially worse off following their divorce

28%

are now saving less towards retirement

10%

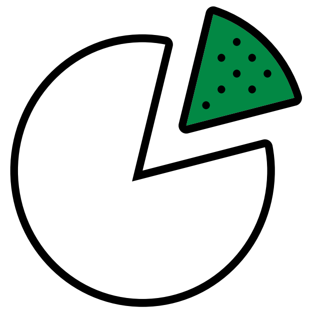
take out or amend their life insurance, income protection or critical illness cover as part of their divorce

24%

of women face financial struggles post-divorce, compared to **18%** of men

Source: Legal & General and Opinium Research conducted 2,750 online interviews of UK adults who are divorced. The research was conducted between 20 and 30 November 2023.

When your advice can make all the difference



Only

12%

of people who divorced over 50 consulted a financial adviser.

Having a good relationship with your clients so that they feel comfortable getting in touch with you any time is every adviser's goal. But there are specific points during the divorce journey where your support can have extra impact – whether that's through your own advice or referral to other trusted professionals in your network.

The truth is that there's a strong need for advice at all stages: before formalities begin, during the process and then in terms of retirement planning once the divorce has been finalised. Have a look at the road map on the next page showing the official process where good advice can make a big difference.

Open each point on the journey to see how you can help

“The key is to understand the whole financial picture and how different divorce outcomes could affect your client’s retirement plans”

David G Jones,
Distribution Director
Legal & General Home Finance

The value of property and good advice

David G Jones
Distribution Director
Legal & General Home Finance

Divorce can have a huge impact on a person's life, costing them personally and financially. For divorcees aged 50 or over, the impact of divorce can be even more drastic, affecting their lifestyle and retirement plans.

More than half (53%) will consult a solicitor, but only 12% will get professional financial advice. The long-term wellbeing and security of your client could depend on getting the right guidance earlier in the process. There's a significant need for advisers to guide people through later-life divorce and its consequences.

Planning for the future

We know that divorce could severely affect your client's retirement plans. Our research reveals that 21% of people who divorced over 50 see their retirement lifestyle negatively impacted because of their divorce, and 33% consciously downsized to control costs. When this life-changing event happens at an older age, there is less opportunity to mitigate the impact.

Your role is to help your clients understand the bigger picture at what will be a stressful time for them. Decisions they make during a separation could affect their retirement plans or quality of life in the future, and your advice could make all the difference.

8%

Only one in 13 over 50 divorcees used equity release to allow one person to buy the other out.

The value of advice

In practice, this means helping your clients consider often overlooked areas. As a mortgage adviser or broker, this could involve working alongside a financial adviser to look at the client's finances in greater depth. That includes both parties' pensions, savings and investments – not just the family home.

Decisions about the home also benefit from advice at the outset. You may quickly find you can give your clients options they may not have thought of. The emotional and practical upheaval of selling a family home could feel like the inevitable solution to your client. However, a later life mortgage could allow one partner to buy the other out so that the family home doesn't have to be sold. Or the value of a pension asset could be offset against the value of the home.

Your over 50s clients may have paid off their mortgage or built-up substantial equity, so their property assets can be a major source of financial security. It's important for you to explain all their options. Or to direct them to someone in your network who has appropriate expertise.

Products to support you

Whether you're a later life lending specialist or considering getting qualified in equity release, the evolution of the later life lending space can present more options for your clients. We have a range of products designed to meet more of your client's needs. From our Retirement Interest Only (RIO) mortgages, to our growing range of later life mortgages, they can offer real flexibility to the over 50s. As an adviser, you can give your clients the confidence to move on with peace and optimism following a separation.

We're here to support you on your advice journey, to help you navigate difficult conversations so your clients feel well supported at this critical stage in their lives.

Long-term considerations

- View the current and future value of the property in the context of your divorcing client's other assets.
- Consider the affordability and availability of alternative housing. The usual options – buying a new property, renting, downsizing or releasing equity from the main home – all come with their own pros and cons and affordability can vary greatly.
- Don't forget the children and grandchildren. Could your clients benefit from speaking with a tax expert?
- Some lenders have stricter borrowing requirements for older borrowers. Get to know the later life lending space or refer your clients with confidence to qualified advisers who can share their expertise.


"As a financial adviser, you can bring pensions into the picture and show clients their value as a long-term asset."
Cecilia Furner, DipPFS
Distribution Director of Retail Annuities Legal & General

Checking the pension blind spot

Cecilia Furner, DipPFS
Distribution Director
of Retail Annuities
Legal & General

Financial fairness in divorce is a topic close to my heart. It can create vulnerability for an individual for a period of time.

When dealing with the intricacies of a divorce settlement, pensions are one of the most overlooked assets. That's despite them being one of the most valuable assets couples have.

Our latest research into over 50s divorcees found that 21% saw their retirement lifestyle negatively impacted because of their divorce. As a financial adviser, you are integral to a divorcing couples' settlement; you can bring pensions into the picture early and show clients their value as a long-term asset.

12%

Only 12% of people who divorced sought financial advice, but 31% said the experience would make them think about it in future

Bring pensions to the table

1. Help clients understand the value of financial advice

We found that only 12% of people who divorced sought financial advice, but 31% said the experience would make them think about it in future. Financial advice shouldn't start once the settlement is reached. Instead, highlight up-front what value you can bring during negotiations and how you can help clients achieve their goals in the most tax-efficient way.

Your knowledge and experience can create clear financial goals. Using tools like cash flow analysis can help them negotiate from a position of what they need versus what they're offered in the divorce settlement. This can help you guide the conversation.

2. Take a holistic view

Consider that the family home is still seen as the most valuable asset during divorce, with 58% discussing the value. But just 20% discussed their pensions. With a quarter of people financially worse-off after their divorce, you can help ensure every asset option is explored and create a positive and secure financial future for your client.

3. Analyse the options for dividing pensions

Women are significantly more likely to waive their rights to their ex-partner's pension (30% compared to 17% of men). Pensions are a powerful way of providing sustainable retirement income and shouldn't be overlooked as an asset during financial disclosures.

You might not want to specialise in this area, but it is essential to have a broad understanding. Talk to your clients about options like offsetting, attachment orders and pension sharing. Having a recent pension sharing report from a solicitor will familiarise you with its content and put you in a position to spot anything that needs to be flagged with your client.

An annuity could be a part of the answer

One option for dividing a pension pot is an annuity. It pays a regular income for life or a fixed period in exchange for a lump sum.

Annuities can help with:

- **Security**
  It guarantees an income for life or for a fixed term that won't run out or fluctuate with market conditions. Clients with qualifying medical or lifestyle conditions could receive an enhanced level of income for our pension annuity.
- **Bridge the income gap**
  Clients can use this guaranteed income to bridge the gap perhaps to State Pension at age 66 so they won't need to rely on savings or other income.
- **Stability**
  Clients can choose between an income that will always pay the same amount or one that increases every year. The escalation option can help inflation-proof their income.
- **Tax efficiencies**
  Up to **25%** of the pot can be taken as tax-free cash before buying an annuity. They'll pay less income tax than they would have paid on their pension withdrawals, as only the income above their personal allowance is taxable.
- **Sustainable income**
  They can ensure their income lasts, and protect their loved ones by choosing a guaranteed period and nominating beneficiaries.

Take a look at our annuities product page for more information

Their brighter future starts with you

With divorcees over 50 seeing their monthly income fall by an average of **20%**, and **26%** cutting back to control costs, your expert advice can help them mitigate a harsh financial impact. If pensions aren't your area of expertise, consider connecting with pension professionals such as a Pension on Divorce Expert (PODE), equity release specialists and solicitors to unlock the potential of all your client's assets.

“Budgeting is key, not only now, but also in the future when their situations will have changed”

—Manjit Kaur, The Mortgage Mum

Knowledge and networks: finding the right solution

We spoke to Manjit Kaur of The Mortgage Mum about her career, her approach and her top tips for helping clients get to the best possible outcomes from divorce.

Tell us about your background

I've been working in financial services for 20 years, starting out at the Lloyds Banking Group. Lloyds didn't offer advice on lifetime mortgages so I got myself qualified in equity release. I spotted a gap where high street banks couldn't help over-50s with this kind of product, so I became a mortgage broker. The Mortgage Mum didn't have a specialist area for later-life lending so we launched this together in January 2022.

What are your goals in your role?

Instead of rejecting a client for a mortgage, we look at later-life lending and see if we can offer a service there. We think it's important to talk about later-life lending mortgages and make them available to our team and the wider community of mortgage brokers. So we provide holistic advice, guidance and support about the divorce process to the industry, and my background in financial services and as a bank manager has led me to becoming a coach and mentor in this area.

We want everyone to understand the journey of giving the clients the right advice and the right solution so we meet regularly to discuss the lenders and deals that are available. Brokers who aren't qualified for equity release won't have access to that information so this is our way of getting the word out.

Have you noticed any themes when it comes to divorce?

We tend to see more enquiries in December and January as people explore their options and try to understand where they stand financially. Our website gives some information but each circumstance is different, so we always recommend the individual speaks with an adviser and other experts to consider things like the value of pensions or the marital home.

A holistic approach will make sure the client protects their retirement as much as possible.

How does professional advice improve divorce for clients?

When people choose to divorce, they may not think of contacting a mortgage broker first. They'll probably go to a solicitor. But it's useful to have a team of expert professionals – solicitor, financial adviser, mortgage broker – who can work together to handle the complexities. Divorcing people are all vulnerable, so it's important that the professionals involved share knowledge.

Solicitor, financial adviser and mortgage broker can work together

Do all clients come to you directly or will some be referred to you from their solicitor or financial adviser?

Family-law solicitors often get in touch with us for a mortgage-capacity report. This assesses the client's current situation, their assets, debts, income and expenses.

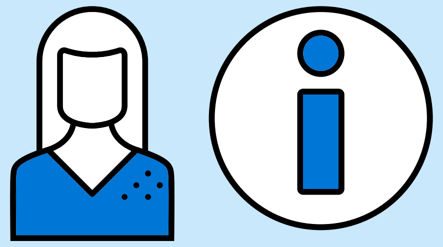
Equally, if a client tells me they're working with a solicitor or a family lawyer, I'm happy to get in touch with that professional and work together to make sure the client knows the steps they need to take.

We may also help the client make a financial plan and set realistic goals based on what they can afford and what they'll need. We look at their financial requirements now as well as their retirement plans so they know what they'll need to pay any mortgage. We connect to pensions advisers as well for help with affordability in the later-life sector. We try to think of things the client might not have considered, for example, whether they can keep their home or should sell it and buy something smaller.

Are there any challenges women experience more than men?

Yes. Unfortunately, some women might not have had as much financial education as their husbands and they may have left the finances to them during their marriage. They might not be aware of the assets that have built up over the marriage or their rights and options.

Women are also more likely to have had a career break to care for the children, which means they might have saved less in a pension. They might not understand the consequences of all this until it's too late.



Some women may not be aware of their rights and options

How could a lifetime mortgage help with a divorce?

A lifetime mortgage is a type of loan that allows people to access the equity in their home. It's common for people to use one for supplementing income but we're seeing more older clients using these to help loved ones. The rising costs of living and high costs of divorce mean more families are having to step in.

It's a way for people to help their children at crucial times – whether that's to avoid going to court and being able to reach a settlement sooner, or to buy one person out so they can stay in the family home. The impact on the whole family can be huge.

What advice would you give advisers who are new to divorce?

Tailor your approach to your client's needs. They're going through a tough time and adjusting to a new phase of life.

Show empathy and emotional support and try to understand the challenges they face, especially in later life. Take the conversation at their pace. Divorce situations can drag on for up to a year, so be patient and supportive.

Finally, examine the clients' finances in depth – their assets, pension plans and budget. How will the divorce affect their retirement plans? Budgeting is key, not only now, but also in the future when their situations will have changed. It could be they'll be the sole carer of children. Considering their budget is crucial to making sure they know they must adjust their lifestyle.

"Pensions have power. Handled correctly, they can balance the gender inequality that follows later-life divorce."

– Debora Price, Professor of Social Gerontology, University of Manchester

Are pensions the key to a fair divorce?

Debora Price
Professor of Social Gerontology, University of Manchester

Sound professional advice is essential during divorce. Many people will turn to a solicitor to guide them through the process until the divorce is finalised. But a financial adviser is the one who'll walk the rest of the path, offering ongoing support that shapes their new lives.

This is important because new research from Legal & General shows huge financial disparities between men and women post-divorce, with 24% of women more likely to face financial struggles compared to 18% of men[1]. One of the origins of this inequality is a failure to properly understand the power of pensions in the divorce process, and a lack of advice during the process.

Inequality's impact on later life divorce

The reasons why women are often at a financial disadvantage are rooted in the social inequalities women face throughout their life and career – most acutely seen once couples choose to have children.

Research for the Nuffield Foundation found that while women are just as likely to have a pension as men, their ability to contribute to it isn't equal[2]. This is largely because women take career breaks to be the main carer for children, which means they can't contribute as much to their pension or for as long when compared to men.

Women are also more likely to work part-time during their marriage and earn less than their husbands or partners. For instance, the research found that 28% of women took home less than £1,000 per month (compared to 10% of men). This further impacts the amount they can contribute to their pot.

As a result, older women, and particularly mothers, are typically financially worse off than men in the short, medium and longer terms. They're more likely to be working part-time, and for those with dependent children, there is a greater probability they will be in receipt of Universal Credit and Child Tax Credit.

Understanding the power of pensions

The first hurdle to overcome is lack of knowledge. Nuffield's research revealed a lack of awareness of family finances among many divorcees. Over a third didn't know the value of their own pension pot (let alone their ex-spouse's), and nearly a quarter didn't know what kind of employer pension scheme they were enrolled in.

The second obstacle is attitude. Many people see a pension as being outside of other 'shared' assets, and see it as belonging entirely to the spouse who's contributed to it. Again, this impacts the share that women feel they should or can gain in a settlement, particularly as men have substantially more private pension wealth than women. For instance, the median pension wealth for men aged 65-69 was just over £212,000 compared to just £35,000 for women in the same age bracket[3].

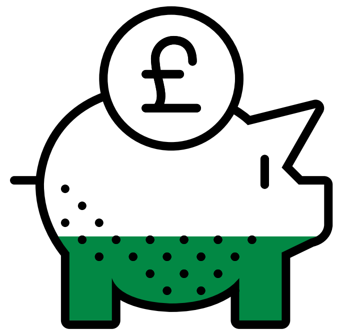
As a result, women can become financially vulnerable post-divorce, with 17% saying they feel their retirement will be negatively impacted, and 21% struggling to meet the cost of essential bills, versus 13% of men[1]. Many may not even be aware of how their retirements will be affected as their focus is often on the immediate challenges of securing a home, looking after children – often as a single parent – and getting by. Research has consistently shown that divorced women have the highest levels of poverty in later life.

Outsourcing for better outcomes

Pensions can be incredibly complex, especially in the context of divorce. If it isn't your area of expertise, there are professional connections who can help you achieve better outcomes for your clients.

One specialist who can play a particularly important role in your client's divorce is a Pensions on Divorce Expert (PODE). They focus on the impact of divorce on pension assets and can help ensure that assets are divided fairly. They aim to help both parties feel satisfied that they've received an equitable settlement

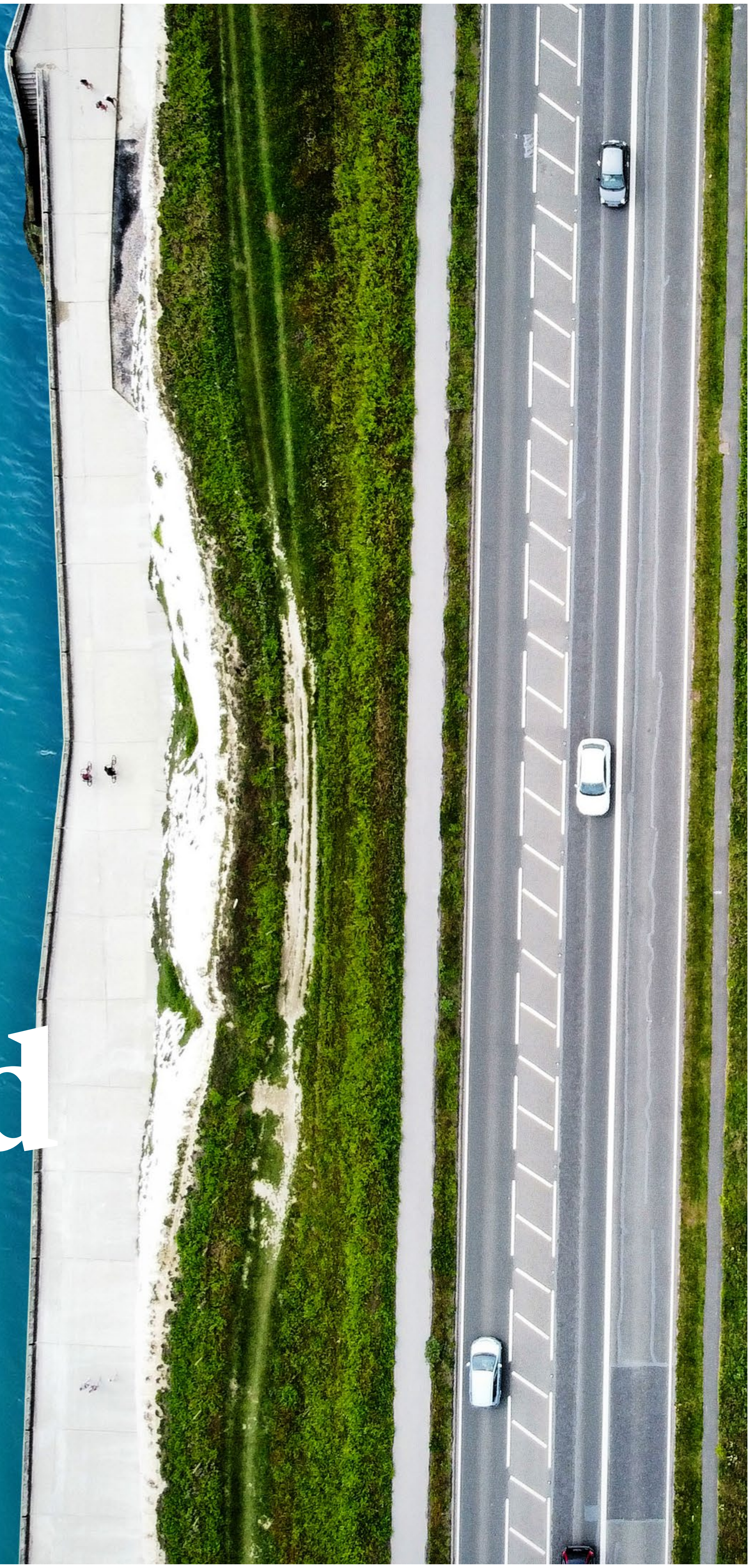
Pensions have power. Handled correctly, they can balance the gender inequality that follows divorce. This is your opportunity to step in and bring more fairness to the narrative. Give your client sound advice at this critical moment and you can lay the foundation for supporting them for the rest of their life.



30%

of women waive their rights to a partner's pension as part of a divorce.

[1]Opinium Research conducted 2,750 online interviews of UK adults who are divorced. The research was conducted between 20 and 30 November 2023.
[2] Fair Shares? Sorting out money and property on divorce', Nuffield Foundation, 2023, https://www.nuffieldfoundation.org/wp-content/uploads/2021/03/Fair-Shares-report-final.pdf
[3] House of Commons Work and Pensions Committee: Protecting pension savers – five years on from the pension freedoms: Saving for later Life, 2022, committees.parliament.uk/writtenevidence/109766/pdf/



"There's an opportunity to educate and help other professional connections. Sharing your knowledge and helping them underst and how these products help could lead to future referrals."

– Financial adviser

Growing your professional network

Working collaboratively with a range of professional connections can help achieve the best settlement for your clients.

Achieving the best outcome for clients is central to a financial adviser's role. But that advice shouldn't exist in a vacuum. Getting the best for your clients during and after their divorce relies on collaborating with your professional network. You should aim to surround your clients with expertise at this difficult and complex time.

Focusing on growing your network means you can bring the right people in when you're faced with a client who's divorcing. And by building trusted contacts, your business has the potential to grow through referrals into you too.

Consider connecting with the following professionals to ensure you have the right collaborative community ready to help your clients.

'It is really good to build up connections and know that you have people that you can go and talk to and that you can rely on going forwards'

– Fiona Tait
Financial planner and pensions expert

Solicitor

A solicitor can help clients from the very start of divorce proceedings and will play a key role in explaining the divorce process to them. They'll talk to clients about their options and help form resolutions so that a couple can reach an agreement without having to go to court.

A solicitor can also support with filling in documents, keep clients updated throughout the process and manage post-divorce decisions such as where children will live.

Barrister

A barrister needs to be involved in your client's divorce if their case goes to court or if your client needs complex legal advice. They specialise in negotiating with judges and reaching settlements and act as an advocate for the client in court.

Pensions on Divorce Expert (PODE)

A PODE is instructed by either or both parties in a divorce, usually for their technical expertise. Their role will involve offering support around pensions. They can produce a report for clients with details on how to fairly settle the pension division both in value and structure.

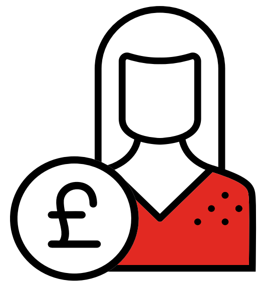
There's no formal qualification or regulation for PODE's; they can come from a range of professional backgrounds including actuaries, practicing or former independent financial advisers, or as members of the Academy of Experts or the Expert Witness Institute.

"Some clients could be thinking about divorce but haven't taken any action yet. It's important not to mislead them, but support them in what the financial outcomes could be."

– Financial adviser

Solutions that support: Over 50's mortgages

Get to know more about our lifetime mortgage and annuities products, and how your recommendations could bring financial stability to your divorcing clients.



20%

of people who divorced over 50 have faced financial struggles as a result.

Releasing the value of the home: four strong options

Many couples divorcing later in life have a lot of money locked up in their family home. Releasing some of this with a lifetime mortgage could help them finance a fair settlement and take some of the stress out of the situation.

A lifetime mortgage is a loan secured against your client's home, and there may be cheaper ways for them to borrow. Here are four products they might find useful.

Interest Roll Up Lifetime Mortgage

Allows customers aged 55+ to release some of the money tied up in their home:

- To provide a lump sum or smaller amounts as and when they need
- No need to make monthly payments
- Can repay up to 10% of the initial loan amount each year with no Early Repayment Charge.

Optional Payment Lifetime Mortgage

Allows customers aged 55+ to release money tied up in their home:

- To provide a lump sum or smaller amounts as and when they need
- Choose to pay some, or all the monthly interest by Direct Debit, which will reduce the overall cost of the loan
- Can convert to IRLM at any point at no additional cost – at which point clients can repay up to 10% of the initial loan amount each year with no Early Repayment Charge.

Payment Term Lifetime Mortgage

Allows customers aged 50+ to release money tied up in their home:

- To provide a lump sum
- Customers make contractual monthly interest payments for an agreed payment term, ending no later than their planned retirement date or age 75, whichever is sooner
- At the end of the payment term, contractual monthly interest only payments cease and the mortgage is converted to interest roll up. Customers can then manage the debt by repaying up to 10% of the initial loan amount each year with no Early Repayment Charge.

As a last resort, their home may be repossessed if they do not keep up repayments.

Retirement Interest-Only Mortgage

Allows customers aged 55+ to release money tied up in their home:

- To provide a lump sum
- Customers make contractual monthly interest payments for the whole term by Direct Debit
- In addition, customers can repay up to 10% of the outstanding balance each year with no Early Repayment Charge.

As a last resort, your client's home may be repossessed if they don't keep up repayments.

"There's an opportunity to educate and help other professional advisors like us understand how lifetime mortgages can support clients going through or thinking about a divorce. Sharing your knowledge and helping them to understand how these products help could lead to future referrals."

– Financial adviser

Take a look at our products

Solutions that support: Guaranteed Income

Annuities: three ways to underpin better outcomes

An annuity could be a good option for clients who are looking for more financial certainty following their divorce. That could either be as a fixed income for life or for a set term to help them settle and get back on their feet.

All plans come with death benefit options to protect the income for any beneficiaries. Here's three products that may work for your clients.

Pension Annuity

A Pension Annuity guarantees your client an income for life, without any investment risk. Clients who have qualifying lifestyle or health conditions could get an enhanced income. They'll need a minimum of £5,000 in their pension pot for this annuity.

A Pension Annuity has no cash-in value and the total income could be less than what your client paid to buy it. Income varies and is based on our rates at the time. Inflation can reduce the real value of income which could mean their income doesn't go as far in future. Once the annuity is being paid, your client can't change their payment options, even if their circumstances change.

Cash-Out Retirement Plan

This gives your client a regular income over a set term, between three and 40 years. They'll need a minimum of £10,000 after tax free cash has been paid for the investment, which will see their pension transferred to us to pay their tax-free cash and their regular income. The plan can be used to bridge your client through to another income source, like their State Pension, or to top-up their income in semi-retirement.

After the payment term ends, your client won't receive any more payments from us. There's no maturity value, and won't pay an income for life. Income payments will stop if the client dies during the term and they didn't select a death benefit option.

Fixed Term Retirement Plan

This offers your client the certainty of returns with a fixed regular income and a guaranteed maturity value, between a term of three and 40 years. The plan offers a partial withdrawal feature if the guaranteed minimum payment period matches the full term, and gives your clients three opportunities to access the maturity value in advance. This gives them flexibility, security and certainty for their future retirement planning.

The plan doesn't pay an income for life, so once it comes to an end and we've paid your client's maturity value, they won't receive any more income from us. The maturity value could be used for further income but it may not provide the same level as they had during the plan term. Income payments will stop if the client dies during the term and didn't select a death benefit option.

21%

of divorcees over 50 will see their retirement lifestyle negatively impacted because of their divorce

Take a look at our products

“Explain everything in an easy to understand and empathetic way.”

– Financial adviser

Product myths and misconceptions

When you're talking with your clients, they could raise some concerns about the options you discuss. Here's some of the most common client challenges, and the best defences to help you recommend the right products for a financially fair divorce.

Later life mortgage myths

"My property won't be mine anymore"

Having a lifetime mortgage doesn't mean your client is selling their home to the lender. It's a loan secured against their home that'll be repaid when the last remaining borrower dies, or moves into long-term care.

"A lifetime mortgage is a home reversion scheme"

Unlike a lifetime mortgage, a home reversion scheme is where your client sells a portion of their home to a provider, essentially making them a tenant in their own home – with a lifetime mortgage, the client remains the owner. The two products are different, however, both come under equity release.

"A lifetime mortgage is expensive and will leave me in debt"

As with regular mortgages, there are some initial costs your client might need to pay such as product application and solicitors fees. But unlike traditional mortgages, the interest rates are fixed and stay the same over the duration of the loan. Some lifetime mortgages allow your client to pay off some or all of the interest, but not all products require it. If they choose not to pay the interest, it's added to the loan and paid off once they die or move into long-term care. Whatever they choose, there's a wide range of products to suit their needs.

"My children will lose their inheritance"

Lifetime mortgages are protected by the Equity Release Council's no negative equity guarantee, so your client, or their estate, will never owe more than the value of their home. This means they'll never have to pay back more than the amount their property is sold for.

Inheritance Protection can help your clients secure a proportion of the net sale proceeds of their home for the beneficiaries of the estate.

Annuities myths

"I won't be able to leave a legacy for my family"

With a Pension Annuity your client can choose for a beneficiary to be paid an income in the event of their death, which will be paid for the rest of the beneficiary's life. Your client can protect all or part of the amount they used to buy their annuity. When your client dies, a lump sum will be paid for the amount they protected, minus any income payments already made. Or, your client can choose to guarantee their income payments for a period of time, from one year, up to 30. If your client dies, we'll make payments to their beneficiary until the end of the payment period.

"Annuities aren't flexible and can't be adapted if my income needs change"

The income can escalate in payment with the option for it to increase yearly, either by a fixed percentage or in line with the Retail Prices Index (RPI) to help protect it from the effect of inflation.

"My health isn't so good, so I can't get an annuity"

We offer standard annuity rates and enhanced annuity rates. Accurate underwriting is essential to giving your clients the maximum income we can offer. Enhanced rates are available for common lifestyle health risks, like smoking or high blood pressure, as well as more serious medical conditions.

"Annuities won't give me value for money"

Annuity rates have been at a long-term high due to increased interest rates. In fact, at the end of 2022 Lifetime Annuity rates were the highest they've been since 2008. And between March 2022 and March 2024 they rose 34%.*

Visit our over 50's mortgages and Guaranteed Income pages to find out more.

*Based on our average annuity rates at March 2024 for ages 65-80 with a £40K pension pot, 5 year guarantee period and 50% dependant's benefit.

Case study: this example is for illustration purposes only.

Using a lifetime mortgage to support a later life divorce

After 40 years of marriage, Barry, 65, and Julia, 63, have decided to go their separate ways. Here's how a lifetime mortgage helped Julia stay in the family home, pay for the cost of divorce and help Barry move out and find a new home.

Barry and Julia are both retired, and after 40 years of marriage they've decided to divorce. Now they're looking for the best way to move forward.

Their current situation

Barry and Julia own their house outright, which is worth £365,000. They've agreed that Julia will carry on living there after they separate.

Barry's pension gives him enough to live comfortably day-to-day, but he needs some extra money to help cover the costs of divorce and move out.

Julia's pension is moderate and she doesn't have any savings or investments. She's worried she won't have enough income until she gets her share of their divorce settlement.

Plan of action

Their adviser recommends Barry and Julia use an Interest Roll-Up Lifetime Mortgage to release a lump sum of money from their home. They take the maximum loan available as an initial advance, accessing up to £120,450.

How Barry and Julia will benefit

- The lifetime mortgage unlocks equity without them having to sell the family home.
- The mortgage is a quick solution; it takes eight to 12 weeks to complete, while selling while selling could take months.
- They can use the lump sum to pay for the upfront divorce costs like legal fees.
- Julia can carry on looking after her grandchildren in the family home. If she ever wants to move, she can take the mortgage with her (subject to terms and conditions).
- Barry can use the money to put down a deposit on his new home, or use the income to pay rent.

Risks they need to consider

- The lifetime mortgage is a loan secured against their home.
- Interest is charged on a compounding basis, so interest is charged on the loan plus any interest already added.
- The lifetime mortgage will reduce any inheritance.
- There could be cheaper ways for them to borrow.

Visit our adviser academy to find out more.

“As you would with any vulnerable client, it’s important to be empathetic to clients going through a divorce.”

– Financial adviser

Working with vulnerable clients

Offering financial advice during your client's divorce means you're likely to be dealing with vulnerable people. The following points should help inform how you position and offer your advice to them.

1.
Vulnerability isn't something that describes someone as a person; it's about the circumstances they find themselves in.

2.
Anyone can be vulnerable at any age; it doesn't just apply to those in later life.

3.
Vulnerability can be intermittent, short-term or something that will affect a person for their whole life.

4.
It's possible that some people aren't aware they're facing a vulnerable situation, while some might prefer not to talk about their vulnerability at all.

5.
A lack of knowledge about the financial advice they're receiving can make someone vulnerable. This can be down to the complex ideas involved, the language that's being used or a general lack of familiarity with the topic.

6.
Advising vulnerable clients means recognising what extra or alternative needs they might have, and taking action to make sure those needs are met.

Source: Adapted from Advising and supporting clients through divorce (In England and Wales) A practitioners guide, Financial Vulnerability Taskforce (2022)

"Ensure your client receives professional advice and support throughout, leaning on friends and family for their emotional support needs."

– Financial adviser

Resources and reading

We hope our expert's handbook has given you a thorough overview of the over-50s divorce landscape, how you can help and the value you can bring to your client's financial wellbeing.

We've compiled a list of useful resources and guides for you to take your knowledge further and help you secure those better client outcomes.

Industry guidance and reports

A guide to the treatment of pensions on divorce
Nuffield Foundation and Pension Advisory Group (2024)

Pension sharing on divorce guidance
Pension and Lifetime Savings Association (2024)

Fair Shares? Sorting out money and property on divorce
Bristol University and The Nuffield Foundation (2023)

The pensions primer – A guide to the UK pensions system
Pensions Policy Institute (2023)

Advising and supporting clients going through divorce (in England and Wales) – A practitioner's guide
Legal & General and Consumer Duty Alliance, (2022)

Guidance on financial needs on divorce
Family Justice Council (2018)

Webinars

Bright Talk – Legal & General Retirement

A dedicated channel for financial advisers in the UK's retirement sector

General resources

Age UK
Free information on health and wellbeing, care support and financial and legal advice.

Citizens Advice
A national charity and network of local charities offering free, confidential advice.

MoneyHelper
Free guidance from the Money and Pensions Service.

Resolution
A community of family justice professionals working with families and individuals to resolve issues.

Further reading

Why pension equality's a big challenge when couples divorce
Legal & General

Finding financial fairness: supporting women in later-life divorce
Legal & General

Supporting your clients through divorce in later life
Legal & General

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