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# 5 Ways to Update Your Estate Plan After a "Gray" Divorce

Deciding to end a marriage as an older adult is increasingly common. If your marriage ended later in life, you could be part of the “gray” divorce trend.

AARP reports that Baby Boomers, those born between 1946 and 1964, are the generation with the highest divorce rates. Divorce among older adults in the United States has been on the rise since 1990. By 2019, 36 percent of divorces involved people 50 and older.

The demographic trend of individuals 50 and older ending their marriages is known as gray divorce. Gray divorce reflects societal changes. Today, divorce has less stigma. As women have gained more financial agency, they initiate 70 percent of divorces, per Psychology Today.

Additional factors contribute to divorce among older people. Because Boomers experienced more significant social pressure to marry, they tended to marry younger before becoming financially stable. While divorce rates decline with length of marriage for younger generations, older adults are increasingly choosing to end long marriages. Compared to other generations, they more often leave marriages of 10 years or more.

### Gray Divorce Impacts Finances, Retirement

Gray divorce can affect your finances and plans for retirement and long-term care. Whether you have spent years building a family with someone and have raised children together, or this is your second marriage, divorce can present financial as well as personal challenges. Age-related complications of divorce can include retiring, managing a chronic condition, or supporting an adult child’s education.

According to AARP, the standard of living declines for both men and women who divorce over 50. However, the financial toll is greater for women. Women, on average, experience a 45 percent decline in standard of living compared to 21 percent for men.

Older people have less time to recover from the financial effects of divorce and rebuild their nest eggs. As a result, the dissolution of a marriage can be more costly for older individuals.

### Changing Your Estate Plan After Divorce

The end of a marriage often changes your desires and expectations for retirement, as well as long-term care and estate planning. After a gray divorce, it's a good idea to take steps to update your estate plan.

Here are five ways to modify your estate plan after divorcing later in life.

#### 1. Change Beneficiaries

Most people select their spouse as a beneficiary for accounts and insurance. This can include the following:

- Retirement accounts, such as 401(k) plans and IRAs
- Payable on death (POD) bank accounts
- Life insurance policies
- Annuities with death benefits
- Investment accounts

Sometimes, divorce settlements require keeping a former spouse as a beneficiary. However, most people do not want their former spouse as a beneficiary.

Some states, such as Illinois, have laws that automatically revoke ex-spouses as beneficiaries. In most cases, you'll need to change the beneficiary on your accounts and policies. Otherwise, your former spouse could receive your funds after you pass away.

To remove your ex-spouse as a beneficiary, you'll need to go through each account or plan and update the beneficiary. For instance, you could change the beneficiary of your life insurance policy to your children or another family member, such as a sibling. To be thorough, review and update every account or policy that you hold.

Because payable-on-death accounts and insurance policies transfer outside probate or wills, you'll need to revise your beneficiaries even if you change your will.

#### 2. Create a New Will

When making a will, it is common to name one's spouse as the primary beneficiary. If you already have a will leaving property to your spouse and want to change it, you'll need to create a new will. You can name new beneficiaries, such as children, other family members, and friends.

Most attorneys will recommend creating a new will rather than attempting to revise an old one. Revisions are less likely to hold up in court.

### 3. Execute New Power of Attorney

In addition to your will, another important estate planning document to review is your power of attorney. Power of attorney documents allow you to name someone else as a surrogate decision-maker. This person can act on your behalf if you can no longer make decisions for yourself, such as if you are seriously ill in the hospital.

Two main types of power of attorney (POA) exist. A POA for property concerns financial matters; a POA for health care (or health care proxy) involves medical decisions.

Many divorced people no longer wish for their ex-spouses to be able to make decisions for them. If you have a power of attorney designating your former partner as your agent, you can create a new power of attorney naming a different individual, such as one of your adult children or another family member. Typically, the new power of attorney document states that you have revoked all previous powers of attorney. The revocation renders your old power of attorney invalid.

Consider notifying people of the change. When you change your power of attorney for health care, you should inform your health care providers and give them a copy of the new form. This way, they have the most current document on file. Also, consider informing your bank when you change your power of attorney for property and provide them with a copy of the new document.

### 4. Begin Estate Planning

Many people delay estate planning. According to Caring.com's 2024 Wills and Estate Planning study, two-thirds of people do not have a will or any estate planning document. If you have not yet started estate planning, divorce presents an opportunity to think about what matters to you and create a plan for your future.

When you work with an estate planning attorney, you can develop an estate plan that suits your needs. Strategies such as trusts can help you avoid probate, making the process of wealth transfer easier for your family. A will makes sure your loved ones know what you'd like them to have.

Hospitals often turn to the spouse as a surrogate decision-maker. As mentioned above, divorced people can benefit from creating powers of attorney that name specific individuals to make decisions. Having a power of attorney that designates someone you trust can ensure you retain autonomy if your health declines.

When you work with an estate planning attorney, you can also discuss strategies to afford long-term care, such as purchasing long-term care insurance or applying for public benefits.

### 5. Plan for Long-Term Care

Divorce may have changed your expectations for retirement. Since the end of a union can take a financial toll, you may need to create a new plan to ensure you remain comfortable and can afford care as you age. Reflecting on where you would like to live as you grow older and what kind of care you might need can help you develop a plan.

People plan for long-term care in a variety of ways, such as the following:

- Investing in long-term care insurance
- Buying an annuity, which provides retirement income
- Moving into accessible housing or downsizing
- Choosing an assisted living facility or senior housing option
- Hiring a home health aide or housekeeper
- Creating a Medicaid Asset Protection Trust

## Speak to Your Estate Planning Attorney

Whether you are making changes to an estate plan or creating one for the first time, your attorney can provide support. In addition to drafting a will and power of attorney, they can offer advice on navigating retirement and planning for long-term care.