INSIGHT 360° GUIDE

GREY DIVORCE

A calm decision framework for dividing a life's assets without losing your retirement.

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How to Use This Guide

This guide covers a lot of ground. You do not have to read it all at once, and you do not have to read it in order.

Skim Mode. About 20 minutes.

Read the Reality Check, The Decision at Hand, Part Four (The Trades), Common Mistakes, and the Checklist at the end. That gives you the shape of the problem and the most expensive traps.

Deep Mode. About 90 minutes.

Read front to back. The parts build on each other. Part Two explains how property divides. Part Three explains what each asset is really worth. Part Four puts them together into trades. If you skip ahead to the trades without the valuation part, the trades will not make sense.

One more thing before you start.

This is a hard season. The guide will not pretend otherwise. But it will not rush you, scare you, or sell you anything. It will put the decisions in order. That is its whole job.

Who This Guide Is For / Who It's Not For

This guide is for you if:

- You are 50 or older and your marriage is ending
- Your spouse has told you the marriage is ending, and you did not choose this
- You are in or near a separation and want to understand the financial decisions before you make them
- You want a clear order of operations instead of doing everything at once

This guide is not for you if:

- You are in a high-conflict divorce headed for trial. You need a litigation strategy. That comes from your lawyer.
- You or your spouse own a business that needs to be valued and divided. That layer needs a business valuator and specialized tax advice. This guide flags it but does not cover it.
- You have dependent children at home. Custody and child support change everything. This guide assumes the children are grown.
- You are in a common-law relationship. Your rights vary sharply by province. There is a section for you in this guide, but it is a starting point, not coverage. A family lawyer is not optional.

Where a task belongs to a professional, this guide says so. A family lawyer protects your rights. This guide helps you understand what you are deciding.

Reality Check

Grey divorce is not about splitting what you built.

It is about funding two retirements with money that was planned for one.

That is the real problem, and it is worth sitting with before anything else. A couple divorcing at 35 has thirty working years to recover from a bad settlement. A couple divorcing at 58 does not. The money that exists now, divided however it gets divided, has to carry both of you for the rest of your lives.

This changes what a good outcome looks like. A good outcome is not winning. It is not keeping the most stuff. It is two households that can each pay for the next thirty years.

Almost every expensive mistake in a grey divorce comes from forgetting this. People fight for the wrong assets, trade income for sentiment, and hand money to the tax system that neither spouse had to lose.

The rest of this guide exists to prevent that.

The Decision at Hand

Strip away the paperwork and the process, and a grey divorce comes down to one question:

> **"What do I keep, what do I trade, and can my retirement survive the answer?"**

That question contains four smaller ones:

1. **The home.** Keep it, sell it, or trade it away?
2. **The pensions.** How much are they really worth, and who gets what share?
3. **The accounts.** RRSPs, TFSAs, and investments. How do they move without losing money to tax?
4. **The support.** Will one spouse pay the other, and in what form?

Your lawyer will handle the legal mechanism. These four decisions are yours. This guide takes them one at a time.

PART ONE

Why Divorce After 50 Is Different

The runway is gone

The single biggest difference is time.

A younger couple divides a starter home and modest savings, then goes back to work. Their settlement matters, but their future earnings matter more.

At 55 or 60, that flips. Your future earnings are small compared to what you have already built. The settlement is not one input to your retirement. It largely *is* your retirement. Every dollar lost to a bad trade or an avoidable tax bill stays lost.

The assets are different

Grey divorces do not divide starter homes. They divide the full result of a working life:

- A home that may be paid off, with decades of growth in it
- Workplace pensions, sometimes worth more than the house
- Large RRSP or RRIF balances
- TFSAs and investment accounts
- Sometimes a corporation, a cottage, or a rental property

These are not just valuable. They are complicated. Each one has its own tax treatment, its own division rules, and its own traps. Part Three covers them one by one.

One spouse is usually more exposed

In many long marriages, one spouse earned more and one spouse carried more of the home and family. The spouse who stepped back from paid work usually has a smaller pension, a smaller CPP entitlement, and a smaller RRSP.

Canadian family law knows this. The rules on property division, CPP credit splitting, and spousal support all exist partly to correct it. But the rules only protect you if the assets are properly valued first. An unvalued pension or a mispriced house quietly undoes the fairness the law intends.

If you are the spouse who stepped back, the valuation sections of this guide matter most for you.

This is not widowhood

If you have read our guide The Surviving Spouse, you know its core rule: after a loss, defer every major decision until the fog lifts.

Divorce does not allow that. There is another person across the table. There are disclosure obligations, negotiation timelines, and a settlement that must eventually be signed. Some decisions will be demanded of you before you feel ready.

So the rule changes. It becomes:

> **Decide what the process demands. Defer what it does not.**

The settlement decisions must be made, carefully and with advice. The lifestyle decisions that feel urgent but are not, like where to live for the next twenty years or how to reinvest everything, can and should wait. Part Five puts this into a sequence.

PART TWO

How Property Divides in Canada

The principle is simple

Across Canada, the starting principle is the same: wealth built during the marriage is shared wealth, no matter whose name is on it.

The pension earned by one spouse while the other ran the household belongs, in value, to both. So does the house, the RRSPs, and the investment accounts. Long marriages usually end in something close to an equal division of what was built together.

The mechanism varies by province

How the sharing happens differs, and this is where your lawyer earns their fee.

Some provinces, including Ontario, use an **equalization** system. Each spouse tallies the value they built during the marriage. The spouse who built more pays the other a payment to even things out. Assets do not have to be split item by item. The math gets settled with money.

Other provinces, including British Columbia and most of Western Canada, **divide family property** more directly, with each spouse generally entitled to half of the property and debt acquired during the relationship.

Quebec has its own regime entirely.

The differences sound technical, and they are. What matters for you:

- The *decisions* in this guide apply everywhere. What to keep, what to trade, what things are really worth.
- The *mechanism* is provincial. What counts as shared property, how the family home is treated, and what gets excluded all vary. Some provinces give the family home special status. Some exclude inheritances and gifts if they were kept separate. Some share only the growth on assets you brought into the marriage.

Do not assume your province works like a friend's province, or like an article you read. Ask your lawyer two plain questions: *What is in the pot, and how does the pot divide here?*

What is usually shared, and what sometimes is not

As a rough national picture:

Usually shared: the family home, pensions and retirement savings built during the marriage, investment accounts, and debts taken on during the marriage.

Sometimes excluded or treated differently: assets you owned before the marriage, inheritances and gifts received during the marriage and kept separate, and in some provinces only the *growth* of excluded assets is shared.

Documentation decides these questions. If an inheritance was kept in its own account, it is easy to trace. If it went into the joint account and then into the kitchen renovation, it may be gone as a separate thing. Gather your records early. Part Five tells you which ones.

The CPP credit split

Here is one division most people have never heard of until it applies to them.

The Canada Pension Plan lets separated and divorced spouses split their CPP contributions for the years they lived together. All the credits both of you earned during those years get added together and divided equally between you.

For a long marriage where one spouse earned much more, this meaningfully raises the lower earner's future CPP and lowers the higher earner's. It is federal, it is applied for through Service Canada, and in most of Canada it cannot simply be signed away in your agreement. A few provinces allow couples to opt out in limited circumstances. Ask your lawyer whether yours does.

Two practical steps, whichever side of the split you are on:

1. Both spouses should request a **CPP Statement of Contributions** from Service Canada early.
2. Make sure your post-divorce retirement projections use the *post-split* CPP numbers, not the old ones.

If you are common-law

Read this section twice, then call a lawyer.

Common-law partners do not have the same property rights as married spouses, and the gap varies enormously by province. Some provinces treat long-term partners much like married couples for property division. Others give common-law partners no automatic right to property division at all, no matter how many years you were together.

Support rights and property rights are also different things, with different rules.

Nothing in this guide should be assumed to apply to a common-law separation. The decisions are similar. The rights underneath them are not. Get province-specific legal advice before you agree to anything.

PART THREE

What Each Asset Is Really Worth

This is the most important part of the guide.

Most grey divorce mistakes are not legal mistakes. They are valuation mistakes. Two assets that look equal on a statement are often worth very different amounts once tax, cost, and risk are counted. If you learn one skill from this guide, learn this one: **a dollar is not a dollar.**

The home

The family home is usually the most emotionally loaded asset and the most commonly mispriced one.

On paper: a $900,000 house looks like $900,000.

In reality, the house comes with:

- **Selling costs** whenever it is eventually sold
- **Carrying costs** every single year: property tax, insurance, utilities, maintenance, and any remaining mortgage
- **No income.** A house does not pay you anything. You pay it.
- **Concentration.** If most of your settlement is one house, most of your retirement is riding on one property in one market.

The house does carry one real tax advantage. If it has been your principal residence throughout, its growth is generally sheltered from capital gains tax. And transfers between separating spouses can usually happen without triggering tax at the time. But note the word *usually*, and note that sheltered growth is not the same as income. The house can be tax-friendly and still be the wrong asset to keep.

None of this means selling is always right. It means the house must be priced honestly, as a place to live *and* as a financial asset, before it goes on your side of the ledger.

The pension

If either of you has a workplace pension, especially a defined benefit pension, stop and pay attention. It may be the most valuable asset in the marriage, and it is the easiest one to misprice.

A pension statement that says "$3,800 per month at 65" does not tell you what the pension is worth today. That monthly promise, paid for life, can have a present value of several hundred thousand dollars. Sometimes more than the house.

Getting that number right requires a professional valuation. An actuary or the pension plan itself calculates the present value using interest rates, life expectancy, and the plan's rules. This is not optional and it is not expensive relative to the stakes. Using a guess instead of a valuation can create a six-figure error in the division, and the error is permanent.

Once valued, a pension share generally moves in one of two ways:

- **A transfer out.** The other spouse's share moves into a locked-in retirement account (LIRA) in their name, and grows there until retirement.
- **A division at source.** The pension plan itself pays each former spouse their share when the pension starts.

Which is available, and which is better, depends on the plan's rules, provincial pension law, your ages, and your broader finances. This is exactly the kind of question a financial planner models before you choose.

RRSPs and RRIFs

RRSPs look simple. They are not, for one reason: **the money in them has never been taxed.**

A $400,000 RRSP is not worth $400,000. Every dollar that comes out will be taxed as income. Depending on the owner's future tax rate, that account might really be worth $280,000 or $300,000 in spendable money. A $400,000 TFSA, by contrast, is worth $400,000. Trading one for the other at face value is a large, quiet loss.

Two rules protect you here:

First, RRSPs and RRIFs can move between separating spouses without tax. With a written separation agreement or court order, and the right CRA form filed with the financial institution, funds transfer directly from one spouse's registered plan to the other's. No tax now. The tax obligation moves with the money.

Second, never cash out an RRSP to pay a settlement. Withdrawing $200,000 to hand your spouse cash triggers full income tax on the withdrawal. That can burn $80,000 or more, permanently, when a direct transfer of the same amount would have cost nothing today. If anyone proposes funding the settlement with an RRSP withdrawal, that proposal needs professional review before you agree.

TFSAs

TFSAs are the clean asset. The money went in after tax, it grows tax-free, and it comes out tax-free. A TFSA dollar is a full dollar.

That makes TFSAs the honest yardstick. When you compare assets in your settlement, mentally convert everything to "TFSA dollars": what would this actually be worth as spendable money? The house after costs. The RRSP after tax. The pension after valuation. Suddenly the trade you are being offered looks different, in one direction or the other.

Non-registered investments

Investment accounts outside RRSPs and TFSAs carry their own hidden layer: unrealized gains. Stock bought for $50,000 and now worth $150,000 has $100,000 of gains, and tax will be owed on those gains when it is sold. Two accounts of equal size can carry very different tax bills inside them. Ask what the *cost base* of each account is before treating them as equal.

The business or corporation

If either spouse owns a business or an investment corporation, the settlement inherits a full layer of complexity: valuation of the company, tax trapped inside it, and how to get value out to the other spouse without dismantling the business.

This guide does not cover that layer, on purpose. It requires a business valuator, a tax accountant, and a lawyer experienced with corporate assets, working together. If this is you, build that team early. Do not let the business be valued by guess or by the owner's own estimate.

Spousal support: the fourth asset

Support is not property, but in a grey divorce it functions like an asset, and it has its own tax rules that change its real value.

- **Monthly (periodic) support** is generally tax-deductible for the spouse who pays it and taxable income for the spouse who receives it.
- **A lump-sum payment** is generally neither deductible nor taxable.

That difference is large. $3,000 per month of taxable support is not the same as $3,000 per month of tax-free money, and a lump sum has to be compared against the after-tax value of the monthly stream, not the sticker value. The right structure depends on both spouses' tax brackets, ages, and the reliability of the paying spouse's income. Model it before you pick it.

Support amounts and duration in long marriages are their own legal topic, guided by factors like the length of the marriage, each spouse's means and needs, and by advisory guidelines your lawyer will know well. That part belongs to legal advice. The *tax structure* of support belongs in your financial model.

PART FOUR

The Trades

Now the pieces come together. A settlement is a set of trades. Here are the big ones, each priced honestly.

Trade one: keeping the home

Works well when:

- Your other assets can comfortably cover your retirement income needs without the home's value
- You can carry the ongoing costs on one income without strain
- Staying serves a real, near-term purpose you can name, not just the pain of leaving

Tends to break when:

- Keeping the house means giving up the pension share or the bulk of the registered savings
- The carrying costs quietly eat the income you have left
- You end up "house rich and income poor," forced to sell in five years anyway, on a worse timeline and after years of strain

This is the most common trap in grey divorce, and it deserves plain words. The house is where the memories live. The pension is what pays for groceries for thirty years. When those two end up on opposite sides of the table, the house wins the argument and loses the retirement far too often. If you want the house, want it with the math done.

Trade two: taking the pension share

Works well when:

- The pension is properly valued, not estimated
- You understand what form your share takes, a locked-in transfer or a share paid at retirement, and what each means for your access to the money
- The lifetime income fits the gap in your own retirement plan

Tends to break when:

- The share is traded away against an unvalued or overvalued asset, usually the house
- The receiving spouse expects flexible cash and gets locked-in money instead, then makes expensive withdrawals to force it open

Trade three: lump sum versus monthly support

A lump sum works well when: you want finality, the paying spouse's future income is uncertain, or you would rather manage capital than depend on monthly payments arriving.

A lump sum tends to break when: it is compared against the sticker value of monthly support instead of the after-tax value, or when the receiving spouse underestimates how long the money must last.

Monthly support works well when: the payer's income is stable, the tax deduction genuinely helps the payer afford a higher amount, and both sides can tolerate an ongoing tie.

Monthly support tends to break when: the payer retires or their income drops and the amount gets renegotiated in year six, or when the receiving spouse builds a budget on a payment stream that turns out to be fragile.

Trade four: registered money versus everything else

Works well when: every asset in the trade has been converted to after-tax value first, so RRSP dollars, TFSA dollars, home equity, and pension value are being compared honestly.

Tends to break when: face values are traded as if equal. The spouse who takes the $400,000 RRSP while the other takes the $400,000 TFSA did not get an equal deal. The spouse who takes the house at market value while the other takes the pension at the statement's monthly figure did not get a priced deal at all.

The pattern across all four trades is the same. **Value first, then trade.** Every settlement that goes wrong skips the first step.

PART FIVE

The Sequence

You cannot defer everything, but you can put everything in order. Three phases.

Phase one: before anything is negotiated

Objective: see clearly.

- **Gather the records.** Statements for every account, both names. Pension statements. Property documents and mortgage statements. Recent tax returns and notices of assessment. Insurance policies. A list of debts.
- **Request both CPP Statements of Contributions** from Service Canada.
- **Get full disclosure moving.** Fair division requires both spouses' complete financial pictures. Your lawyer will formalize this. Hiding assets, or tolerating hidden assets, poisons everything downstream.
- **Build the team.** A family lawyer for your rights. A financial planner to model what each settlement means for the next thirty years. An accountant for the tax mechanics. An actuary or plan valuation for any pension. Each has a lane. As Certified Financial Planners, divorce financial analysis is part of the planning work we do; it is the modelling lane, working alongside your lawyer, not instead of one.
- **Stabilize your own footing.** Understand your monthly costs as one person. Make sure you have access to money for the months ahead. Do not make aggressive account moves without advice; mid-separation transfers can create legal problems.

Phase two: during the negotiation

Objective: value first, then trade.

- **Value every major asset before agreeing to anything.** The pension by professional valuation. The house by appraisal, priced after costs. Every registered account converted to after-tax terms.
- **Model at least two settlement shapes** with your planner: for example, "keep the house" versus "take the pension and income." Look at each one at year one, year ten, and year twenty-five.
- **Use the transfer rules.** Registered money moves by direct rollover with the agreement and the CRA form. Nothing gets cashed out to fund a payment without professional review.
- **Mind the settlement-year tax picture.** Large one-time income events in a single year can push you into higher brackets and, if you are 65 or older, can trigger the clawback of Old Age Security, which begins once net income passes a threshold in the low $90,000s. Sometimes spreading events across two tax years preserves real money.
- **Defer what the process does not demand.** You do not have to decide where you will live in ten years, how to reinvest everything, or what to gift the kids. Those decisions belong to phase three, made from clarity instead of from grief.

Phase three: after the agreement

Objective: rebuild for one.

- **Update everything, immediately.** Your will. Both powers of attorney. Beneficiary designations on every RRSP, RRIF, TFSA, pension, and life insurance policy. Do not assume divorce automatically removes your former spouse from anything. In some cases it does not, and the money follows the paperwork, not the intention.
- **Build the one-person retirement plan.** Income sources including post-split CPP, OAS, any pension or LIRA income, and withdrawals. Your tax position as a single filer. A withdrawal order across accounts. An income floor you can trust.
- **Make the housing decision from clarity.** Stay, right-size, or relocate, decided on its own merits once the dust settles. Our Home Right-Sizing Guide covers this decision on its own.
- **Re-establish a planning rhythm.** An annual review, a clear picture, and a plan that belongs to you.

Common Mistakes

1. Fighting for the house instead of the income.

The most expensive sentence in grey divorce is "I'm keeping the house, whatever it takes." Whatever it takes is usually the pension. See Trade One.

2. Using the pension statement instead of a valuation.

A monthly benefit figure is not a value. Skipping the valuation can miss six figures. There is no version of this guide where skipping it is fine.

3. Cashing out an RRSP to fund the settlement.

A direct transfer costs nothing in tax today. A withdrawal can burn a third of the money. Same dollars, wildly different outcome, purely a paperwork decision.

4. Trading face values instead of after-tax values.

An RRSP dollar, a TFSA dollar, a home-equity dollar, and a pension dollar are four different dollars. Convert first. Then trade.

5. Leaving the old beneficiaries in place.

The settlement is signed, and the RRSP still names the former spouse. If something happens before the paperwork catches up, the money follows the designation. Update everything the week the agreement is done.

6. Trading structure for speed.

"I just want this over" is a completely understandable feeling and a terrible negotiating position. The discount you accept to end the pain is permanent. Let your team carry the process so the timeline stops feeling unbearable.

7. Ignoring the settlement-year tax spike.

One big income event in one year can cost extra tax and clawed-back OAS that a two-year plan would have kept.

Trade-Offs & Tensions

No option in a grey divorce is free. These tensions do not resolve. They get chosen between, with open eyes.

Fairness versus finality. Chasing the perfectly fair settlement costs time, fees, and peace. Taking the fast deal costs money, sometimes a lot of it. Most good outcomes live in the middle: properly valued, professionally reviewed, then closed.

The home versus income. Already covered, but it belongs here because it is the central tension of most grey divorces. Sentiment and security pull in opposite directions. Only the math can referee.

Independence versus ongoing ties. A lump sum buys a clean break and puts all the longevity risk on you. Monthly support shares the risk and keeps a tie to a person you are trying to untie from. Neither is wrong. They are different prices for different kinds of peace.

Amicability versus disclosure. Staying friendly is valuable, and it can tempt couples to skip full financial disclosure to keep things smooth. Do not. An agreement built on incomplete disclosure is fragile in law and unfair in fact. The kindest version of this process is honest, not casual.

What Good Looks Like

Not aspirational language. Observable markers. At the end of a well-made grey divorce settlement:

- Both households can fund their retirement. Not comfortably equal, necessarily, but each one survivable and known.
- Every major asset was valued after tax before it was traded. The pension has a valuation report. The house has an appraisal. The registered accounts were compared in after-tax terms.
- The CPP credit split is done, and both retirement projections use the post-split numbers.
- Nothing irreversible was decided in the worst months. The settlement decisions were made with advice. The lifestyle decisions waited for clarity.
- Every document names the right people. Will, powers of attorney, and every beneficiary designation, updated within days of the agreement, not someday.
- Each former spouse has their own plan, their own advisor relationship, and a clear picture of the next twelve months.

Good decisions here rarely feel dramatic. They feel calm.

The Grey Divorce Checklist

Something to act on today. Three phases.

Before anything is negotiated

- [ ] Gather statements for every account, both names
- [ ] Collect pension statements and property documents
- [ ] Pull the last two years of tax returns and notices of assessment
- [ ] Request both CPP Statements of Contributions from Service Canada
- [ ] Retain a family lawyer
- [ ] Engage a financial planner for settlement modelling
- [ ] List your true monthly costs as one person
- [ ] Confirm your access to money for the months ahead

During the negotiation

- [ ] Professional valuation ordered for every pension
- [ ] Home appraised and priced after selling and carrying costs
- [ ] Every account converted to after-tax value before comparing
- [ ] At least two settlement shapes modelled over 25 years
- [ ] All registered transfers structured as direct rollovers, with the CRA form
- [ ] Settlement-year tax picture reviewed, including OAS clawback if 65+
- [ ] Support structure (lump sum versus monthly) compared after tax
- [ ] Full financial disclosure completed, both directions

After the agreement

- ☐ Will rewritten
- ☐ Both powers of attorney replaced
- ☐ Beneficiary updated on every RRSP, RRIF, TFSA, pension, and insurance policy
- ☐ CPP credit split applied for
- ☐ One-person retirement income plan built with post-split numbers
- ☐ Housing decision scheduled for when the dust settles, not before
- ☐ Annual planning rhythm re-established

The Natural Next Step

If this guide raised more questions than it answered, that is normal. It means you are seeing the real size of the decisions before you make them, which is exactly the right order.

Here is the honest division of labour. Your family lawyer protects your rights and builds the agreement. Your financial planner models what each version of that agreement actually means for the next thirty years: the income, the tax, the trade-offs, in numbers you can see. Divorce financial analysis is part of financial planning, and it works alongside your lawyer, never instead of one.

You do not need to have answers to book a conversation. Most people arrive with exactly what you have right now: a situation, a set of assets, and a need to understand what the options really look like.

No pressure. No expectations. Just a conversation to understand what you are trying to solve.

> **Clarity now reduces chaos later.**

What Good Looks Like

At the end of a well-made grey divorce settlement:

Both households can fund their retirement.

Every major asset was valued after tax before it was traded.

Nothing irreversible was decided in the worst months.

Every document names the right people.

The Natural Next Step

No pressure. No expectations.

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