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# The Economic Well-Being of Older Women Who Become Divorced or Separated in Mid and Later Life

**Sharon Davies and Margaret Denton**

**SEDAP Research Paper No. 66**

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# THE ECONOMIC WELL-BEING OF OLDER WOMEN WHO BECOME DIVORCED OR SEPARATED IN MID AND LATER LIFE

by

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## ABSTRACT

This paper examines the economic well-being of women who become divorced or separated in mid and later life using 1994 data from the Statistics Canada Survey of Labour and Income Dynamics. Three measures of economic well-being are considered: adjusted economic family total money income; before-tax low income cutoff; and ownership of dwelling. Women and men aged 65 and older in their first marriages are compared with women and men aged 65 and older divorced or separated women who had become divorced or separated at age 45 and older. Results show that women who become divorced or separated in mid and later life are more likely to be in poverty than married persons and men who divorce or separate in mid and later life. Persons who divorce or separate in mid and later life are less likely than married persons to live in a dwelling which is owned by a member of the household. Regression analyses show that receipt of pension income and earnings are positively associated with income for women who become divorced or separated in mid and later life. Implications for the Canadian legal and retirement income systems are discussed.

As the baby boomers and future cohorts enter old age, the prospects that a woman will experience a divorce in later life are growing (Moore & Rosenberg, 1997; Uhlenberg, Cooney & Boyd, 1990). Rising divorce rates mean that many women will face a future without the benefit of a husband's income in retirement. Evidence shows that unmarried older women are at high risk of poverty (McDonald, 1997; Moore & Rosenberg, 1997; Statistics Canada, 1990) and older divorced and separated women have the highest poverty rates among all older unmarried women (Crown et al., 1993). Literature shows that the poverty of women who divorce or separate in mid and later life is related to gender inequalities in the family, legal system, retirement income system and labour market. Using 1994 data from the Statistics Canada Survey of Labour and Income Dynamics (SLID), this paper examines the economic well-being of women who become divorced or separated in mid and later life and are still divorced or separated at the time of the survey.

Divorce rates have escalated dramatically since the liberalization of divorce laws in the early 1970s (Gee, 1995; Gentleman & Park, 1997; Statistics Canada, 1990). In 1998, it was expected that over one third of marriages will end in divorce (Statistics Canada, 2000). While persons in their 20s have the greatest risk of divorce (Gentleman & Park, 1997), the percentage of older divorced persons has increased dramatically (Gee, 1995) and this is expected to increase further as future cohorts enter old age (Moore & Rosenberg, 1997). In fact, recent statistics indicate that men and women have been divorcing later in life. In 1998, the average age of divorce was 42 or men and 39.4 for women (Statistics Canada, 2000). While divorce rates have stabilized for younger women since 1980, they are increasing for women past mid-life (Moore & Rosenberg, 1997; Uhlenberg, Cooney & Boyd, 1990). Uhlenberg, Cooney & Boyd (1990)

estimate that 11 to 18 percent of women who are still in their first marriage at the age of 40 will obtain a divorce at some point. The probability of remarriage decreases with age and is very low after age 45 (Uhlenberg, Cooney & Boyd, 1990) although men are two times more likely to remarry than women (Gee, 1995).

**Marital Status and Economic Well-Being**

Married women are economically better off in retirement than widowed or divorced persons (DeViney & Solomon, 1995; Holden & Kuo, 1996; Townson, 1995) and older divorced or separated women are in more economic jeopardy than other groups of older unmarried women (Crown et al., 1993; Uhlenberg, Cooney & Boyd, 1990). DeViney & Solomon (1995) found that even after controlling for differences in education, on-the-job experience, and structural factors (i.e. industry or occupation) women still had lower incomes in retirement than men, and their marital history was the strongest factor affecting their retirement income. Burkhauser & Duncan (1989) also found that out of nine life events divorce is the "single most devastating event" in terms of income loss for younger and middle-aged women (Burkhauser & Duncan, 1989, p.15).

Research estimates that, on average, women experience a decline in economic well-being (usually measured by income) of 23% to 73% following divorce or separation (Finnie, 1993; Galarneau & Sturrock, 1997; Hayes & Anderson, 1993; Hoffman & Duncan, 1988; Holden & Kuo, 1996; Holden & Smock, 1991; Peterson, 1996; Stirling, 1989; Uhlenberg, Cooney & Boyd, 1990; Weitzman, 1985). And, while women experience a decline in economic well-being following a divorce, men actually tend to increase their income following a divorce (Galarneau & Sturrock, 1997; Finnie, 1993; Holden & Smock, 1991; Peterson, 1996; Weitzman, 1985).

**Factors Associated with the Economic Well-being of Divorced or Separated Older Women**

Pulkingham (1995) points out that divorce reveals the "the visibility of women's unequal access to independent resources, primarily employment income" (p.7). Gender inequalities in the labour force play a fundamental role in the decline in economic well-being following a divorce (Galarneau & Sturrock, 1997; Holden & Smock, 1991). At present, women earn 81 cents for every dollar earned per hour by men (Statistics Canada, 1998). Today's middle-aged and older women also have significantly shorter work histories than men (Lathe & Giles, 1994) which penalize women in retirement because pensions are usually tied to earnings and length of service (Townson, 1995). Employed older women (aged 45 to 64) are much less likely than employed older men to belong to a registered employer sponsored pension plan (RPP) (Crompton, 1993; Townson, 1995). Women's lower employer pension coverage is also related to their greater likelihood of working in occupations and industries (i.e. clerical occupations and the service industry) where pension coverage is low (Crompton, 1993) and working part-time (pension coverage is estimated at only 28% for part-time employees aged 45 to 64) (Crompton, 1993; Townson, 1995). Women's lower wages and shorter work histories also affect their Canada/Quebec Pension benefits because these benefits are based also on employment income (Townson, 1995).

Many divorced older women have not made financial plans for their retirement (Denton et al., 1998; Hayes & Anderson, 1993). A study of 338 recently divorced females aged 40 to 75 who had been in marriages ranging from 20 to 48 years in length showed that at the time of the divorce: 54% did not understand joint ownership of marital property; 62% did not understand, nor were aware, of marital investments; 60% did not understand, nor were aware, of insurance or

pension coverage; 89% had made few or no long-range financial plans; 67% had no investments; 59% had no pension coverage; 49% had not explored Social Security benefits; and 80% had not considered places for relocation (Hayes & Anderson, 1993).

**Factors Which May Mitigate a Decline in Women's Economic Well-Being Following a Divorce**

Research shows that remarriage mitigates the negative impact of divorce or separation for women (Holden & Smock, 1991; Galarneau & Sturrock,1997). Studies have also shown that education and job training (Mauldin, 1990) increase a woman's income following a divorce. Choi (1992) found that divorcees with substantial work histories and high education levels experience less of a decline in economic well-being than divorcees with less substantial work histories and low levels of education (Choi, 1992). Evidence shows that women's labour force participation rates increase following a divorce (Stirling, 1989; Loew, 1995). The impact of labour force participation for older divorced women is less clear. Some research indicates that participation in the labour force improves a woman's economic well-being following a divorce (Crown et al., 1993) while others show that it does not (Stirling, 1989).

Although spousal and child support are very important sources of income for women with children, they are unlikely to make a significant impact on the economic well-being of most older divorced women because spousal support alone is rarely granted to divorced or separated women without dependent children (Galarneau, 1998; Townson, 1997; Department of Justice, 1990). Galarneau (1998) attributes the low rates of support for divorced women to the 1986 Canadian Divorce Act in which one of the four objectives of support is: "insofar as practicable, to promote the economic self-sufficiency of each spouse within a reasonable period of time" (Department of

Justice, 1990, p. 8). This has greater consequences for women who are more likely than men to be dependent on a spouse's income during marriage. In an evaluation of the Divorce Act, the Department of Justice (1990) concluded that "the courts are sometimes making unrealistic assumptions about the ability of women in their 30's and 40's to become self-sufficient and are making no award or awards of too short a duration" (p.131).

In summary, literature shows that divorce results in a significant decline in economic well-being for women in general as well as women in mid and later life. Most previous research on the impact of divorce on economic well-being has focused on younger women with children. The few studies which examine the economic well-being of older divorced women are based on U.S. data. There are no known Canadian studies of the economic well-being of older women who become divorced or separated in mid and later life. Experiencing a divorce in mid and later life has different consequences for women than experiencing a divorce at a younger age. For example, women who have experienced a divorce at the age of 45 and older may have little work experience because they were dependent upon their husbands for many years prior to the divorce. These women are not easily able to re-enter the labour market (or to enter for the first time!) because they lack work experience and skills. Thus, many may find only low wage, unskilled jobs in the secondary labour market. Such jobs may do little to help women in retirement because they pay little and often have few, if any, benefits including pension plans. Older divorced women are also less likely than younger divorced women to have young children at home. This impedes their chances of being awarded support.

The age of a divorce also has implications for retirement planning. As divorce is, for the most part, not something that one plans for, women may rely on the financial resources of a

spouse for their financial security in later life. Women who divorce in later life are left with little time to work and build their own savings before they turn 65. They are an extremely vulnerable population which is in need of research attention.

The objectives of this research are to answer the following two questions: 1) are there differences in the economic well-being of females and males aged 65 and older who are in their first marriages and those who become divorced or separated at age 45 and older?; and 2) what factors are associated with the economic well-being of females aged 65 and older who become divorced or separated in mid and later life?[1] This analysis is based on data from the 1994 Statistics Canada Survey of Labour and Income Dynamics.

**METHODS**

The Statistics Canada Survey of Labour and Income Dynamics (SLID) is a longitudinal household survey. The population for SLID is all Canadians, with the exception of persons living in the Yukon, Northwest Territories, in institutions, on Reserves and in barracks of the Canadian Armed Forces. Individuals from households are interviewed twice a year (once in January and once in May) for six years. Each six year sample is called a panel. After three years, or halfway through one SLID panel, another panel begins. Thus, the data base always contains overlapping panels. The first panel began for the reference year 1993.

Each panel comprises approximately 15 000 households or 31 000 persons aged 16 and older. These persons are asked questions about the previous year and thus, persons aged 15 and older are included in the data. Although family or household information is gathered, the basic

[1] The age of 45 was chosen as a cut-off for "mid-life" because women at this age generally have older children and would not likely qualify for child support. Also, women without young children at home, are more likely to be in the labour force.

unit of analysis in SLID is the individual. All individuals in a household are followed for six years regardless of whether or not they move out of the household. Persons who move into a household during the panel are also included as "cohabitants", but if they subsequently move out, they are no longer followed.

This survey focuses on income dynamics (i.e. transitions in and out of poverty), labour market dynamics (i.e. transitions in and out of work), and family dynamics such as divorce or separations within families. Although SLID is a longitudinal survey, this analysis focuses on the year 1994, and is, thus, a cross-sectional analysis. A cross-sectional approach is chosen due to limitations in the SLID data available for public use. At the time of this research, only the 1993 and 1994 data were available in the public SLID microdata. Analyses of the two years 1993 and 1994, does not permit a sample large enough to capture the impact of divorce on income. Thus, the focus here is on 1994 data.

Over the span of the six year panel, 13 interviews are conducted with survey respondents. These include: a preliminary interview to collect background information; six labour interviews conducted every January; and six income interviews conducted every May. Income interviews were not required for respondents who gave permission to access their tax records for the income data. While background and income interviews were conducted for all persons, labour interviews were not conducted for persons aged 70 and older. This is a major limitation for this paper because the literature shows that years of work experience and labour force characteristics are closely associated with retirement income. Interviews are computer assisted in design. Response rates for the labour and income interviews in 1994 are 91.9% for the cross-sectional or wave and 77.9% for the longitudinal or cumulative.

**Creating the Sample**

SLID does not provide a complete marital history for each person, but it is possible to derive a sample of those who are still in their first marriage and those who become divorced or separated at age 45 and older and are still divorced or separated at the time of the survey. SLID collects data on: the marital status at the time of the first interview; the date that marital status began and its duration; the date of the first marriage; and whether or not the person had been married more than once. This is the starting point from which SLID then collects all marital statuses changes during the six year panel. Thus, the marital histories are not complete because SLID does not collect information on the period between the first marriage and the current marital status at the first interview. The marital statuses SLID collects are organized chronologically in the data file. For example, one combination would be: status one = single, status two = married, status three = separated, status four = divorced. In this case, the last (or most current) marital status is status four, so status five is coded as not applicable. Each marital status has a start and end date.

The sample used in this analysis includes females and males aged 65 and older in their first marriages (N= 988 and N=1304, respectively) and females and males aged 65 and older who become divorced or separated at the age of 45 or older (N=53 and N=54, respectively). To select the sample, a variable was computed which consists of values for every combination of marital statuses. Several combinations were selected to comprise the samples used in this analysis. To obtain the group of persons in their first marriages, the following combinations were selected: 1) status two = married (here, status two is the last status); 2) status two = common-law and status

three = married (here, status three is the last status)[2]. Those who comprise the divorced or separated category include the combinations of marital statuses that ended in divorce or separation.

After the marital histories were computed for persons aged 45 and older, the age at the start date of the end marital status was computed for the marital statuses which ended in divorce or separation. This was done by subtracting the year of the start of the last marital status from the year of birth.

**Variables**

***Individual Variables***

**Marital status dummy variables** were created for the purposes of regression analyses. These were coded: female aged 65 and older in their first marriage (0 = no, 1 = yes); male aged 65 and older in their first marriage (0 = no, 1 = yes); female aged 65 and older divorced or separated at age 45 and older (0 = no, 1 = yes); and male aged 65 and older divorced or separated at age 45 and older (0 = no, 1 = yes). **Age** is numeric age in 1994. **Years of schooling** represents the total years of schooling as of December 31, 1994. **Visible minority status** is a dichotomous variable coded as 0 if not a visible minority, and 1 if a visible minority.[3]

**Ownership of dwelling 1994** is a dichotomous variable coded as 0 if dwelling is not owned by a member of the household as of December 31, 1994, and 1 if dwelling is owned by a

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[2] The status two = common-law (end status) was excluded because SLID does not contain information on common-law relationships that ended prior to the start of the panel. Thus, it was not possible to assume that those respondents were in their first common-law relationship.

[3]Statistics Canada bases the visible minority status on several questions including ethnic background, mother tongue, and country of birth.

member of the household as of December 31, 1994.

***Income Variables***

SLID contains measures of both family and income variables. Family income is calculated as the sum of income of individuals living together as part of the same economic family on December 31,1994. The **1994 family equivalence scale** is used to control for family size. The family equivalence scale takes into account the size and composition of one's family.[4] This scale is calculated by summing the equivalences for each person in the family. The oldest person receives an equivalence weight of 1, the second oldest and all others who are 16 or older receive a weight of 0.4, and the others who are under age 16 receive a weight of 0.3. All income variables include 0, which is no income. Economic family and individual income variables have 0 or positive values, with the exception of total money income, investment income, and total earnings which can have negative amounts.[5]

**Economic family total money income 1994** is the total of taxable income and such non-taxable items as Worker's Compensation and Social Assistance. It excludes capital gains and RRSP withdrawals. In the case of investment income, the net value is used rather than the taxable amount. **Economic family total earnings** includes income from wages, salaries and net self-employment. **Economic family total government transfers 1994** includes the income from all government transfers including: Child Tax Benefits; Old Age Security (OAS);

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[4] This scale is used by Statistics Canada when deriving its Low Income Measure (LIM).

[5] The amounts of income were rounded or perturbed on the SLID public use file. Perturbation is the random raising or reduction of values by unequal amounts and proportions while "maintaining data integrity for the purpose of producing precise and accurate statistics" (Statistics Canada, 1997, p.65).

Guaranteed Income Supplement (GIS); Spouse's Allowance (SPA); Canada Pension Plan (CPP); Quebec Pension Plan (QPP); Employment Insurance benefits; Social Assistance; Provincial Income Supplements; Worker's Compensation; GST credits; taxable government transfers and non-taxable government transfers.[6] **Economic family investment income** is the sum of income from dividends, interest and other investment income, net partnership income and rental income. **Economic family pension income** includes the income from employer pensions, RRSP annuities and RRIF withdrawals.

For the regression analyses, the economic family income variables were recoded into dichotomous variables with values 0 if not received as a source of income, and 1 if received. For example, 0 = did not receive government transfers; 1 = received government transfers. Not received as a source of income includes all those who had 0 or less (some income sources had negative values) of the particular type of income.

Individual Income variables[7] are the same as economic family income variables, except that they represent the incomes of individuals. The components of individual government transfers were available in the public SLID microdata file. **OAS/GIS/Spouse Allowance 1994** is the total income from Old Age Security Pension, Guaranteed Income Supplement, and Spouse's Allowance from the federal government in 1994. **CPP/QPP 1994** is the total income

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[6] Unfortunately, it was not possible to access more detailed government transfers such as OAS, GIS, SPA, C/QPP, and Social Assistance on the SLID public use microdata. Information on government transfers were available for individual income only. The public data file uses a sub-sample of the family government transfers income variables of only one member of the household for confidentiality purposes. Because the sample used in this analysis is so small, it was not possible to use the sub-sample. Thus, this analysis uses only the total of all government transfers.

[7] These variables were rounded and bottom-coded by Statistics Canada.

from the Canada and Quebec Pension Plan benefits for 1994, including retirement, disability, surviving spouse and orphan's benefits. **Individual proportion of family income 1994** is the proportion that the individual contributed to the economic family's total money income. **Largest source of income 1994** is the largest source of income for the person's total money income. It includes: no income; wages and salaries; total net income from self-employment; total government transfers; total investment income; retirement pensions, superannuation and annuities; and other money income.

**Before tax low income cutoff 1994** is a measure of low income calculated by Statistics Canada based on expenditure patterns. The cut-offs reflect the person's family size and size of area of residence, and is a dichotomous variable coded 0 if below before-tax low income cutoff, and 1 if otherwise. Appendix A shows the low income cutoffs for 1994.

**Analysis**

A number of the variables used in this analysis had missing values which were recoded in order to reduce missing data. Missing data was recoded to "0" in the case of dichotomous variables. These variables include visible minority status, and ownership of dwelling. Missing values were re-coded to the mean for years of schooling. In all cases, the missing values were less than 5% of the sample.

The first part of the analysis involves a comparison of the incomes of women and men who are in their first marriages and those who become divorced or separated at age 45 and older. F tests and chi-square tests are used to measure the differences in the individual and income characteristics for the four comparison groups in the sample. The sample was weighted using the SLID1994 cross-sectional weight. This weight was downweighted to the sample size by

multiplying the 1994 cross-sectional weight by the sample size divided by the weighted population size.

The second part of this analysis involves using regression techniques to assess factors associated with economic well-being for women age 65 and older who divorced or separated at age 45 and older. Three measures of well-being are considered: individual total money income, low income cutoff; and ownership of dwelling. These measures were chosen based on findings in the literature. Before-tax low income cutoff is a measure of poverty that is widely used by Statistics Canada and ownership of dwelling is used as a measure wealth.

Two regression equations were estimated in each case. The first was a "full sample" regression with marital status as a set of dummy variables. Family, rather than individual income measures were used because they best reflect the economic circumstances of married women. The independent variables included: marital status (dummy series); years of schooling; age and visible minority status.[8]

The second regression equation included only divorced or separated females. For this regression, individual, rather than family income measures were used. Individual income measures were used because it was not possible to obtain detailed government transfer income data for family income. Detailed information on government transfers were available for individual income only. This analysis focuses on income sources including: receipt of individual

[8]Although literature shows that having children living in the household is associated with the economic well-being of divorced women, it was not included in this analyses for two reasons. First, SLID only provides information on children for the females. Second, the income variables used in the regression analyses are adjusted to control for family size and composition, so it was not necessary to include children living in the household in the analyses.

earnings, investment income, Old Age Security, C/QPP, and pension income. Previous research has shown that income from various sources is associated with women's economic well-being in retirement.[9] There weren't enough older persons receiving alimony in this sample to include receipt of alimony as an independent variable. The number of alimony recipients in this sample is not surprising considering the literature which shows the unlikelihood of older women without young children receiving support (Department of Justice, 1990; Galarneau, 1998; Townson, 1997).

## RESULTS

### *Differences in the Economic Well-Being of Women and Men Age 65 and Older in First Marriages and Women and Men Aged 65 and Older Who Become Divorced or Separated at Age 45 and Older*

Table 1 compares individual characteristics for the four comparison groups.

[9] Sources of income have been used in previous research to examine the income of widows (McDonald,1997).

**Table 1: 1994 Individual Characteristics**

| **Independent Variable** | **Female Married 65+** | **Male Married 65+** | **Female Divorced/ Separated 65+** | **Male Divorced/ Separated 65+** | |
|---|---|---|---|---|---|
| | **mean (std. dev)** | **mean (std. dev)** | **mean (std. dev)** | **mean (std. dev)** | **F Test** |
| Total years of schooling | 9.82 (3.39) | 9.99 (3.78) | 11.48 (3.62) | 9.77 (3.65) | 3.63* (df=3) |
| Age | 71.91 (5.18) | 72.85 (5.96) | 70.10 (4.63) | 71.86 (5.53) | 8.49*** (df=3) |
| | **% (N)** | **% (N)** | **% (N)** | **% (N)** | **Pearson's Chi-Square** |
| Visible minority[1] | 5.0 (48) | 4.8 (63) | - | 10.1 (7) | 5.04 (df=3) |
| Dwelling owned by member of hh | 79.0 (759) | 81.4 (1071) | 26.9 (14) | 40.6 (28) | 144.98*** (df=3) |

* p< .05 **p<.01 ***p<.001

1. Less than 5 females who become divorced or separate at age 45 and older were visible minorities.

Divorced or separated women have significantly more years of schooling than the other three groups. Divorced or separated women and men are significantly less likely than married persons to live in a dwelling which is owned by a member of the household.

Table 2 compares the four groups in terms of their adjusted economic family incomes.

**Table 2: 1994 Adjusted[1] Economic Family Income Variables**

| **Independent Variable** | **Female Married 65+** | **Male Married 65+** | **Female Divorced or Separated 65+** | **Male Divorced or Separated 65+** | |
|---|---|---|---|---|---|
| | **mean (std. dev)** | **mean (std. dev)** | **mean (std. dev)** | **mean (std. dev)** | **F Test** |
| Adjusted EF total money inc. | 26 903 (17 908) | 27 281 (18 744) | 16 089 (9237) | 22 773 (12 509) | 7.58*** (df=3) |
| Adjusted EF total earnings | 2759 (8487) | 4689 (12 213) | 2459 (6788) | 1265 (3299) | 7.77*** (df=3) |
| Adjusted EF gov't transfers[2] | 12 586 (3111) | 11 707 (3684) | 10 026 (3419) | 13 142 (4355) | 19.96*** (df=3) |
| Adjusted EF investment inc. | 4015 (9161) | 3843 (8823) | 479 (735) | 1432 (4323) | 4.39** (df=3) |
| Adjusted EF pension inc. | 7086 (9276) | 6612 (8537) | 2904 (5317) | 5819 (8780) | 4.15** (df=3) |

* p< .05 **p<.01 ***p<.001

1. Adjusted income variables take into account the family size and composition.

2. Government transfers include: Child Tax Benefits; Old Age Security (OAS); Guaranteed Income Supplement (GIS); Spouse's Allowance (SPA); Canada Pension Plan (CPP); Quebec Pension Plan (QPP); Employment Insurance benefits; Social Assistance; Provincial Income Supplements; Worker's Compensation; GST credits; taxable government transfers and non-taxable government transfers.

Divorced or separated women have significantly lower family income than have the three other groups, both with total income and each considered separately.

Table 3 compares the individual income variables for the four groups.

**Table 3: 1994 Individual Income Variables**

| **Independent Variable** | **Female Married 65+** | **Male Married 65+** | **Female Divorced/ Separated 65+** | **Male Divorced/ Separated 65+** | |
|---|---|---|---|---|---|
| | **mean (std. dev)** | **mean (std. dev)** | **mean (std. dev)** | **mean (std. dev)** | **F Test** |
| Total money inc. | 11 431 (9176) | 25 718 (21 773) | 16 923 (9745) | 21 782 (12 078) | 126.38*** (df=3) |
| Total earnings | 398 (2995) | 2800 (13 388) | 2323 (6792) | 880 (2148) | 10.57*** (df=3) |
| Total Gov't transfers[1] | 7286 (2887) | 10 875 (3094) | 10 256 (2921) | 12 903 (4192) | 287.92*** (df=3) |
| OAS/GIS/SPA | 4897 (1587) | 4923 (1731) | 6049 (3442) | 5480 (2241) | 9.44*** (df=3) |
| CPP/QPP | 2237 (2342) | 5519 (2295) | 2990 (2860) | 4914 (2545) | 371.52*** (df=3) |
| Investment inc. | 2250 (5599) | 3265 (8844) | 573 (932) | 1395 (4331) | 5.73*** (df=3) |
| Pension inc. | 1391 (4016) | 8385 (11 283) | 3533 (7307) | 5489 (8661) | 114.20*** (df=3) |
| Individual proportion of family income | 31.46 (16.35) | 64.82 (20.28) | 98.11 (8.70) | 96.61 (15.63) | 848.60*** (df=3) |

**Table 3: 1994 Individual Income Variables (continued)**

| Independent Variable | Female Married 65+ | Male Married 65+ | Female Divorced/ Separated 65+ | Male Divorced/ Separated 65+ | |
|---|---|---|---|---|---|
| | % (N) | % (N) | % (N) | % (N) | Pearson's Chi-square |
| Largest source of individual income[2] | | | | | 263.91*** (df=18) |
| No income | - | 0.7 (9) | - | - | |
| wages+salaries | 1.2 (12) | 4.6 (61) | 15.4 (8) | 2.9 (2) | |
| self-employment | - | 1.6 (21) | - | - | |
| gov't transfers | 83.9 (807) | 61.8 (813) | 76.9 (40) | 77.1 (54) | |
| investment inc | 9.8 (94) | 6.3 (83) | - | - | |
| pensions, superan & annuities | 3.5 (34) | 24.4 (321) | - | 17.1 (12) | |
| other money inc | 0.7 (7) | 0.5 (7) | - | - | |

* p< .05 **p<.01 ***p<.001

1. Government transfers include: Child Tax Benefits; Old Age Security (OAS); Guaranteed Income Supplement (GIS); Spouse's Allowance (SPA); Canada Pension Plan (CPP); Quebec Pension Plan (QPP); Employment Insurance benefits; Social Assistance; Provincial Income Supplements; Worker's Compensation; GST credits; taxable government transfers and non-taxable government transfers.
2. Several categories contained less than five cases (-). Chi-square results may be invalid where frequencies are less than 5 cases.

Results indicate that married women fare worse than divorced or separated women, receiving the lowest average individual total money income. Divorced or separated men and women have higher government transfers than those who are married. Married males have the highest average C/QPP and pension income.

Again, although it may appear that married women are worse off than divorced or separated women, it is important to note that the average individual proportion of family income from married females is 32% as compared with 98% for divorced or separated women, 97% for divorced or separated men, and 65% of married men. While government transfers are the largest

source of individual income for all four groups, married men and divorced or separated men are more likely than women to report retirement pensions as their largest source of income. And, significantly more divorced or separated women aged 65 and older report that earnings are their largest source of income, compared with married men, divorced or separated men and married women.

Table 4 compares the low income cutoff for each of the marital statuses.

**Table 4: 1994 Low Income**

| **Dependent Variable** | **Female Married 65+** | **Male Married 65+** | **Female Divorced/ Separated 65+** | **Male Divorced/ Separated 65+** | |
|---|---|---|---|---|---|
| | **% (N)** | **% (N)** | **% (N)** | **% (N)** | **Pearson's Chi-Square** |
| Below Before Tax low inc cutoff | 5.3 (51) | 6.6 (87) | 62.3 (33) | 27.1 (19) | 262.14*** (df=3) |

* p< .05 **p<.01 ***p<.001

Table 4 demonstrates that an alarming 62% of divorced or separated women live below the before-tax low income cutoff, as compared with 27% of divorced or separated men, 7% of married men, and 5% of married women.

Table 5 shows that proportions receiving each source of income.

**Table 5: 1994 Receipt of Sources of Income**

| **Independent Variable** | **Female Married 65+** | **Male Married 65+** | **Female Divorced or Separated 65+** | **Male Divorced or Separated 65+** | |
|---|---|---|---|---|---|
| | **% (N)** | **% (N)** | **% (N)** | **% (N)** | **Pearson's Chi-Square** |
| Received EF government transfers[1] | 100 (957) | 99.4 (1302) | 100 (52) | 100 (70) | 6.61 (df=3) |
| Received EF investment income | 75.7 (724) | 75.3 (987) | 46.2 (24) | 54.3 (38) | 37.83*** (df=3) |
| Received EF pension income | 72.8 (697) | 71.2 (933) | 41.5 (22) | 48.6 (34) | 40.47*** (df=3) |
| Received EF total earnings | 21.5 (206) | 29.4 (385) | 21.2 (11) | 22.9 (16) | 18.81*** (df=3) |

* p< .05 **p<.01 ***p<.001

1. Government transfers include: Child Tax Benefits; Old Age Security (OAS); Guaranteed Income Supplement (GIS); Spouse's Allowance (SPA); Canada Pension Plan (CPP); Quebec Pension Plan (QPP); Employment Insurance benefits; Social Assistance; Provincial Income Supplements; Worker's Compensation; GST credits; taxable government transfers and non-taxable government transfers.

Since all those over age 65 receive government transfers, there are no significant differences in receipt of government transfers for the four groups. Divorced or separated women are the least likely group to receive investment income, followed by divorced or separated men, married men and married women. Divorced or separated women are also the least likely to receive pension income, followed by divorced or separated men, married men and married females. Married men are the most likely group to receive earnings, followed by divorced or separated men, married women, and divorced or separated women. Still, these percentages are quite high considering the age of this population (65 and older).

**Regression Analyses**

Table 6 shows the multiple regression analyses results of adjusted economic family total money income and logistic regression for low income cutoff and ownership of dwelling.

**Table 6: Regression, Persons Aged 65+ in First Marriages and Persons Aged 65+ Who Become Divorced or Separated at Age 45 and Older**

| Independent Variables | Adjusted[1] Economic Family Total Money Income 1994 | Above Before-Tax Low Income Cutoff 1994 | Ownership of Dwelling 1994 |
|---|---|---|---|
| | Mulitvariate Regression Coefficients | Logistic Regression Coefficients | Logistic Regression Coefficients |
| | B (SE B) | B (SE B) | B (SE B) |
| **Marital Status** | | | |
| female first mar | -335.07 (718.76) | .252 (.187) | -.194 (.110) |
| female div or sep 45+ | -14 517.40 2381.48)*** | -3.675 (.330)*** | -2.728 (.323)*** |
| male div or sep 45+ | -4385.24 (2072.49)* | -1.634 (.313)*** | -1.892 (.261)*** |
| male first mar | ref | ref | ref |
| total years of schooling | 1764.24 (96.46)*** | .140 (.025)*** | .030 (.015)* |
| age | -250.60 (61.78)*** | -.014 (.014) | -.042 (.009)*** |
| visible minority status | 125.93 (1602.25) | -.1459 (.246)*** | -1.599 (.198)*** |
| Constant | 27 912.32 (4724.40)*** | 2.519 (1.098)* | 4.363 (.700)*** |
| Adj $R^2$ | .14 | | |
| F Test | 66.90*** | | |

* p<.05 **p<.01 ***p<.001

1. Adjusted income variables take into account the family size and composition.

Table 6, column 2 shows that being a divorced or separated female decreases economic family total money income by $14 517.40 compared to being a married male. Each year of schooling increases total money income by $1764.24. Column 3 shows that compared to a married male aged 65 and older, being divorced or separated at age 45 and older is associated with being below the low income cutoff, whether male or female. Being a visible minority is also associated with being below the low income cutoff, while education is associated with being above the low

income cutoff. Column 4 shows that being a divorced or separated female or male is negatively associated with living in a dwelling which is owned by a member of the household. Being older and a visible minority are also negatively associated with ownership of dwelling. Years of schooling is positively associated with home ownership.

***Factors Associated With The Economic Well-Being of Females Aged 65 and Older Who Become Divorced or Separated at Age 45 and Older***

Table 7 shows results of regression analyses for divorced or separated women.

**Table 7: Regression, Females Aged 65+ Who Become Divorced or Separated at Age 45 and Older**

| **Independent Variables** | **Individual Total Money Income 1994** | **Above Before-Tax Low Income Cutoff 1994** | **Ownership of Dwelling 1994** |
|---|---|---|---|
| | **Mulitvariate Regression Coefficients** | **Logistic Regression Coefficients** | **Logistic Regression Coefficients** |
| | **B (SE B)** | **B (SE B)** | **B (SE B)** |
| **rec'd individual earnings** | 14452.69 (5016.25)** | .755 (.258)** | .316 (.264) |
| **rec'd individual investment income** | 4146.26 (2398.86) | -.018 (.124) | .195 (.126) |
| **rec'd individual Old Age Security** | 5826.18 (5624.70) | .031 (.290) | .407 (.296) |
| **rec'd individual C\QPP** | 1949.39 (3348.76) | -.07 1 (.173) | -.029 (.776) |
| **rec'd individual Pension Plan** | 7000.05 (2655.00)* | .383 (.137)** | .212 (.140) |
| **Constant** | 3355.12 (4951.93) | .133 (.255) | -.272 (.261) |
| **Adj $R^2$** | .33 | | |
| **F Test** | 5.97*** | | |

* p<.05 **p<.01 ***p<.001

1. Adjusted income variables take into account the family size and composition.

Column 2 shows that receiving pension income increases individual total money income by

$7000.05 and receiving earnings increases income by $14 452.69. Column 3 shows that receiving pension income and earnings are associated with being above the low income cutoff. No factors were associated with ownership of dwelling for divorced or separated women. This suggests that it is marital status that overwhelmingly affects living in a dwelling which is owned by a household member.

**DISCUSSION AND CONCLUSIONS**

Our objectives were to answer two questions: 1) are there differences in the economic well-being of older persons who are in their first marriages and those who were divorced or separated at age 45 and older?; and 2) what factors are associated with the economic well-being of older females who were divorced or separated in mid and later life?

The results of this study have shown that indeed, there are dramatic differences in the economic well-being of those who are in their first marriages and those who were divorced or separated. Above all, this study demonstrates the grave economic situations of women who have experienced a divorce or separation late in life. Results are consistent with current literature which shows extremely high rates of poverty among unmarried older women (McDonald, 1997; Moore & Rosenberg, 1997; Statistics Canada, 1990) and suggests that divorced or separated women are less likely to own a home than married persons (Crown et al., 1993; Townson, 1995; Uhlenberg, Cooney & Boyd, 1990). Specifically, results of this study show that older females who divorced or separated in later life: have less economic family total money income than their married counterparts; are more likely than married persons and divorced or separated men to live below the low income cutoff; and are less likely than married persons to live in a dwelling which is owned by a member of the household.

Findings of this study indicate that very few factors are likely to bring these women above the low income cutoff. For example, the logistic regression analysis shows that only pension income and earnings are positively associated with being above the low income cutoff for women aged 65 and older who become divorced or separated at age 45 and older. And, these women were found to have significantly lower pension income and earnings than men and married women.

While the total government transfers were similar for the four groups, the components of this total were different. The analysis of individual incomes show that divorced or separated women are more likely to receive OAS income, while married and divorced or separated males receive more C/QPP income. Nevertheless, the total amount that each groups averaged from government transfers did not drastically differ. What makes this interesting is that although the four groups in this study receive approximately the same total amount of government transfers, women who become divorced or separated are less likely to receive income from other sources such as pension and investment income. If the purpose of government transfers were to reduce inequality or poverty among the older population, one might expect this group of women to receive larger amounts of government transfers. Thus, government transfers do little to reduce inequality between the four groups in this study.

Women who become divorced or separated at age 45 and older are less likely to receive pension income and their average economic family income from pensions is much lower than that of married men and women or even divorced or separated men. This discrepancy may be related to pension benefit calculations which are usually based on years of contribution and earnings. This study also found that married and divorced or separated women aged 65 and older

receive significantly less C/QPP benefits that married and divorced or separated men. This corroborates with research showing women, especially older women (Denton et al., 1998) are less likely than men to participate in the C/QPP (Galarneau, 1991) and receive much lower benefits than men (Townson, 1995).

In Canada, C/QPP pension credits earned during a marriage are divided equally upon divorce (Townson, 1997). But, despite the relative ease of this process, most divorced women have not taken advantage of the credit-splitting option (Townson, 1995). Part of the reason for this is that many women are unaware of the process and many women decide to forfeit their rights to the credits in exchange for other assets upon the breakdown of their marriage (Townson, 1995). Although, it is not clear in this study what they might exchange these benefits for as this study suggests that divorced or separated women do not appear to exchange benefits for home ownership or investments, divorced or separated women have less investment income and were not more likely than divorced or separated men to live in a dwelling which is owned by a member of the household.

Overall, results of this study highlight the importance of marital status in securing a favorable financial situation in later life. Based on the results of this study, it can be concluded that women are indeed just "a man away from poverty" (Evans, 1991, p. 180). This study also suggests that currently married women would likely meet the same fate as divorced women if they were to divorce or separate from their husbands. This becomes obvious when individual (as opposed to family) income is examined. The individual income of married women is in some cases, less than that of divorced or separated women. For example, older married females have the lowest total money individual income and fewer C/QPP benefits in 1994 of the four groups.

It is clear then that if these older married women were to divorce or separate, they too would be in economic jeopardy. With rising divorce rates and the aging of the baby boomers, this has serious implications for all women.

## Policy Implications of The Findings

### *Implications for the Legal System*

Alimony was not included in this analysis because very few persons in the sample actually reported receiving alimony. The low income levels of the divorced or separated women in this study suggest that this group of women could use this source of income. Significant reforms are needed to the justice system which has been shown to deny older women adequate alimony (Department of Justice Canada, 1990). Recent changes in child support payments such as changing the way child support payments are determined, allowing support payments to be non-taxable (Galarneau & Sturrock, 1997) and legislation to address the issue of non-paying fathers (Pulkingham, 1995) are steps in the right direction in reducing economic inequalities following a divorce or separation. However, these changes are unlikely to improve the situation of women who divorce in later life. Further amendments to the Divorce Act are needed to improve the economic well-being of older divorced women.

A major criticism of the Divorce Act has been its overemphasis on the promotion of economic independence of spouses following a divorce. The result of this has been that very few women ever receive spousal support if they have no young children living with them. This is extremely dangerous for the many middle-aged women who have spent considerable amounts of time out of the labour force in order to care for children, and may lack the necessary job skills

required to secure a decent paying full-time job. Changes are needed to ensure that older divorced women receive the adequate alimony to compensate them for their years spent caring for the children.

Results from this study indicate that divorced or separated women receive much lower incomes from employer pensions. This study has policy implications for employer pension calculations, which are not gender-friendly. Most employer sponsored pensions fail to consider the time that women spend out of the labour force in order to care for children or aged relatives. In the past there has been discussion of implementing a government sponsored homemakers pension that compensates women for the time they spent out of the labour market to care for others. Perhaps this issue should be brought to the forefront of policy once again.

Pension calculations based on earnings may be partly addressed through pay equity legislation. But, although pay equity is beginning to address the lower earnings of women, unfortunately many women are concentrated in occupations and industries unlikely to implement pay equity. These same occupations and industries also have low rates of pension coverage. The growth in non-standard forms of work such as part-time, short-term, self-employment and temporary jobs which have lower rates of pension coverage will have enormous implications for the economic well-being of future women who experience a divorce in mid and later life.

Legislation is needed to encourage employers in female-dominated labour markets to provide workers with access to adequate employer-sponsored pensions. This also includes part-time workers.[10] Also, many employer sponsored pension plans are not indexed to inflation,

[10]Already, most jurisdictions have pension legislation requiring employers who offer pension plans to full-time employees, to give the option of joining to part-time employees on a pro-rated basis. But in most of the cases, joining is mandatory for full-

which has serious consequences for women who live longer than men (Townson, 1995).

This study showed a positive association between earnings and income for women aged 65 and older. Receiving earnings increases their income by $14 452.69 in 1994. This is extremely important for a group of women of whom 62.3% live below the before-tax low income cutoff. Given their low incomes, it seems likely that this group of women may be working to supplement their income in retirement out of economic necessity.

***Retirement Planning***

Recent government initiatives such as reductions in government pension benefits and increases in tax assistance for RRSPs and RPPs (Battle, 1997) suggest that, in the future, individuals will be more responsible for their own retirement income. This has serious implications for older women since RRSP and RPP contributions are highly correlated with income (Statistics Canada, 1996; Townson, 1995) and women are less likely than men to contribute to RRSPs (Galarneau, 1991; Statistics Canada, 1996) and RPPs (Crompton, 1993; Townson, 1995). Rising divorce rates leave many women having to prepare for their retirement on their own. However, literature shows that many older divorced women lack financial knowledge and have not made adequate financial plans for their retirement. Government, policy makers, retirement planners, and educators should make every effort to encourage retirement planning for all and such planning should begin early.

**Limitations of the Study and Recommendations for Future Research**

One important limitation of this research is its cross-sectional design. This analysis was able to show associations between variables at one point in time. Other research has examined

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time employees but optional for part-time employees (Townson, 1995).

the impact of divorce or separation by examining income both before and after divorce. This type of analysis should be possible when the SLID data matures. Remarriage is another issue worthy of analysis that was not investigated here. Indeed, literature shows remarriage greatly improves the economic well-being of divorced women. Due to the nature of the data it was not possible to obtain an adequate size sample of those who had divorced or separated at aged 45 and older and who had remarried. Thus, future research would benefit from data which over samples divorced or separated persons. It would also be beneficial to see a survey conducted which collects information on persons' *entire* marital histories. One then could examine the effect of a variety of marital patterns on income.

Future research should include assets in calculating measures of economic well-being. Most current research looks at income but not at assets.[11] Unfortunately SLID did not contain detailed information on assets. Although this study did examine ownership of dwelling as a dependent variable, other assets are an important part of economic well-being in retirement, especially for divorced older women who are entitled to one half of marital assets.

Results of this study revealed the importance of earnings for those aged 65 and older. Unfortunately, because SLID did not administer the labour interview to those aged 70 and older, this topic was not investigated in any detail. Future research would benefit from a more in-depth analyses of labour force issues for older persons. This will be possible when SLID matures and persons in the first panel turn age 70.

Much of the existing research has concentrated on establishing a relationship between gender, divorce and declines in economic well-being following marital breakdown. What is less

[11] This is due to a lack of database from which to draw analyses.

clear is exactly *how* this process unfolds. Qualitative studies such as case studies or in-depth interviews could shed light on some of the major concerns facing Canadian women who have experienced a divorce in mid and later life. For example, case studies could reveal the impact of various types of divorce settlements on the economic well-being of older divorced women. Qualitative analyses using a life course perspective would also permit future researchers to examine issues such as how the timing of a divorce affects economic well-being and if young-old divorcees are more prepared for retirement than old-old divorcees.

Finally, since most current research on older divorced women is based on U.S. data, Canadian researchers should attempt to examine this topic in greater depth. Because the Canadian retirement income system is quite different from the US system, many questions are still unanswered. This research is a beginning.

**CONCLUSION**

Overall this study highlights the importance of marital status for economic well-being in mid and later life. It is important to consider these findings in the context of our legal and social welfare system. The Canadian Divorce Act does little to provide women with adequate access to resources such as spousal support (very few women not living with children under the aged of 18 ever receive spousal support). On the other hand, the Canadian legal system has attempted to help many women to maintain (or not drastically reduce) their economic well-being following a divorce by legislating mandatory credit-splitting of pensions and other assets following a divorce. But, many husbands do not have pensions or other assets to split and many women do not have access to lawyers. While the Canadian retirement income system has improved the economic situation of older persons as a whole via the OAS, GIS, SPA and C/QPP, this analysis suggests

that it has failed to improve the economic situation of many women who become divorced or separated in later life. The economic status of older divorced women is to a considerable degree related to the values within our society and gender inequality in the labour force, the family, the legal system, and the retirement income system.

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## APPENDIX A

**Low Income Cutoffs, for 1994 (1992 Base), and Low Income Measures, Before Tax and after Tax**

| Size of Family Unit | Low Income Cutoffs | | | | | Low Income Measure |
|---|---|---|---|---|---|---|
| | Size of Area of Residence | | | | Rural Areas | |
| | 500 000 and over | 100 000 to 499 999 | 30 000 to 99 999 | Less than 30 000 | | |
| **Before Tax** | | | | | | |
| 1 person | 16 511 | 14 162 | 14 063 | 13 086 | 11 410 | 12 299 |
| 2 persons | 20 639 | 17 702 | 17 579 | 16 357 | 14 263 | |
| 3 persons | 25 668 | 22 016 | 21 863 | 20 343 | 17 739 | |
| 4 persons | 31 071 | 26 650 | 26 465 | 24 626 | 21 472 | |
| 5 persons | 34 731 | 29 791 | 29 583 | 27 527 | 24 003 | |
| 6 persons | 38 393 | 32 931 | 32 702 | 30 428 | 26 533 | |
| 7 or more persons | 42 054 | 36 072 | 35 820 | 33 329 | 29 064 | |
| **After Tax** | | | | | | |
| 1 person | 13 635 | 11 486 | 11 309 | 10 333 | 8 940 | 10 382 |
| 2 persons | 16 638 | 14 014 | 13 798 | 12 609 | 10 908 | |
| 3 persons | 21 043 | 17 726 | 17 452 | 15 948 | 13 797 | |
| 4 persons | 26 209 | 22 077 | 21 736 | 19 862 | 17 184 | |
| 5 persons | 29 294 | 24 675 | 24 293 | 22 199 | 19 206 | |
| 6 persons | 32 378 | 27 273 | 26 851 | 24 537 | 21 229 | |
| 7 or more persons | 35 462 | 29 871 | 29 408 | 26 874 | 23 252 | |

Source: Statistics Canada. (1997). Survey of Labour and Income Dynamics microdata user's guide. *Dynamics of Labour and Income.* Ottawa: Minister of Industry. Catalogue 75M0001GPE: p. 131.

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