The long shadow of divorce: wealth inequalities in old age

Extended abstract, European Population Conference 2026

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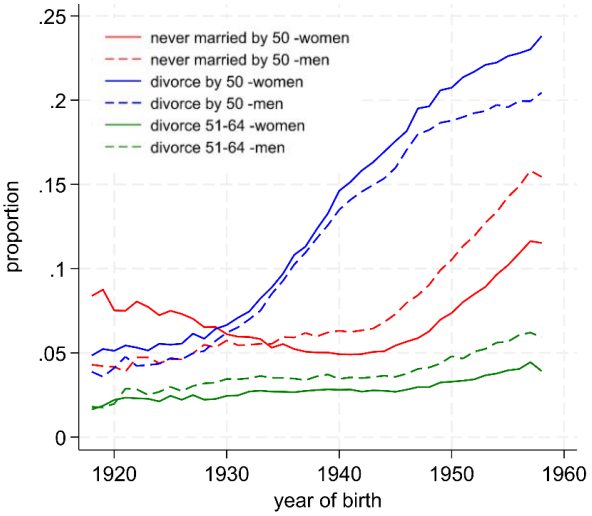
The cohorts that experienced the liberalization of divorce during the second half of the twentieth century are now entering old age, resulting in an unprecedented share of ever-divorced individuals among the elderly population. In the Netherlands, divorce rates increased substantially across successive birth cohorts, rising from approximately 5% among those born in the 1920s and 1930s to 20–25% among cohorts born from the 1950s onward (de Graaf & Kalmijn, 2006). The rise was particularly pronounced for divorces occurring before the age of 50, while divorces after age 50 showed only modest increases (see Fig 1.). The growing prevalence of divorce within older age groups raises important questions regarding social and economic vulnerability in later life. Divorced elderly are more likely to lack a co-resident partner and may receive less support from children, particularly when parent–child relationships have been strained by divorce. Furthermore, divorce risk has long been stratified by educational attainment, with higher rates observed among the less educated (Hogendoorn & van den Berg, 2024; de Graaf & Kalmijn, 2006), which may exacerbate inequalities in later-life resources. However, this association is complex, as earlier studies suggest that higher-educated individuals were among the forerunners in adopting divorce (de Graaf & Kalmijn, 2006; Kalmijn, de Graaf, & Poortman, 2004), indicating potential cohort differences in the relationship between education and divorce.

The increasing significance of financial resources in later life is further amplified by broader socio-political developments. In the context of welfare state retrenchment and policy emphasis on independent living among older adults, economic capital has become an essential buffer against vulnerability. While contemporary older cohorts—particularly the baby boom generation—have benefited from housing market appreciation and, on average, enjoy greater wealth than previous generations, this affluence is unevenly distributed. Consequently, substantial segments of the elderly population remain financially precarious, suggesting that the intersection of marital history, educational background, and wealth accumulation will be key to understanding inequality in ageing in the decades to come.

Figure 1. Liberalization of divorce across birth cohorts in the Netherlands.



In this paper I will investigate to what extent divorce casts a shadow on later life by investigating wealth inequalities. I focus on two outcomes: the wealth percentile of elderly (70-84 years old) and whether elderly have a financial buffer (at least 10.000 euros in non-housing related wealth).

Research Background and Contribution

Divorce is a highly selective process. Wealthier couples exhibit a lower risk of divorce, reflecting both the stabilizing influence of financial security and the costs associated with marital dissolution (Killewald et al., 2023). Moreover, individuals who have divorced earlier in life are more likely to remain single in later life, reducing opportunities for economic pooling and shared resource accumulation. These processes of *selection* imply that divorced individuals may enter old age at a systematic financial disadvantage.

At the same time, *accumulation mechanisms* over the life course further widen wealth disparities between the divorced and continuously married. Within marriage, partners typically benefit from economies of scale, joint saving, and shared investment in housing and other assets, leading to greater wealth accumulation (Bonnet et al., 2023; Wind & De Wilde, 2018; Ulker, 2009). Married couples are also more likely to own a home and to benefit from rising housing prices over time, which has been a major driver of wealth growth among older cohorts in the Netherlands. Following divorce, these advantages are often disrupted: assets must be divided, housing is frequently sold, and economies of

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scale are lost. Consequently, divorce is associated with substantial short-term wealth losses, and divorced individuals may find it difficult to rebuild their financial position in later life.

Recent research has increasingly explored the financial implications of divorce and documented wealth inequalities among older adults (Bonnet et al., 2023; Kooiman et al., 2019; Wind & De Wilde, 2018; Ulker, 2009). Nonetheless, much of the divorce literature has concentrated on the phenomenon of *"gray divorce"*—marital dissolution occurring at older ages (cf. Jessee & Stokes, 2025)—while studies addressing wealth inequalities have primarily focused on outcomes at earlier stages of the life course or on the short-term financial effects of divorce. Although gray divorce represents an important and growing demographic trend, the cohorts now entering old age have been far more profoundly shaped by the steep increase in divorces that occurred before age 50. The long-term financial consequences of these earlier divorces remain insufficiently understood.

This paper makes three key contributions to the literature on divorce and inequality in later life. First, it extends existing research on late-life (*"gray"*) divorce by comparing its financial implications to those of divorces experienced earlier in the life course (before age 50), thereby providing a more complete understanding of how marital dissolution shapes wealth accumulation. Second, it exploits the unique strengths of comprehensive Dutch population registry data encompassing all non-institutionalized individuals aged 70–84 between 2013-2023, enabling robust and population-wide analyses of wealth inequalities. Third, it advances understanding of the mechanisms underlying these inequalities by examining the roles of re-partnering and housing trajectories in wealth accumulation, and by investigating how these relationships vary by sex, birth cohort, and educational attainment.

Accordingly, this study addresses the following research questions:

1. To what extent does wealth in old age differ between individuals who experienced divorce and those who remained married?
2. To what extent can differences in wealth be explained by re-partnering and housing trajectories?
3. To what extent do these patterns vary by sex, birth cohort, and educational level?

Data and Methods

The analyses draw on Dutch population registry data covering all non-institutionalized individuals aged 70–84 over the period 2013–2023. Individuals aged 85 and older are excluded, as from this age onwards the number and share of non-institutionalized persons decline rapidly due to increased mortality and institutionalization. This restriction limits the analytic sample to birth cohorts 1928 (aged 84 in 2013) through 1953 (aged 70 in 2023). As shown in Figure 1, these cohorts experienced near-universal marriage in the Netherlands, with only about 5–9% of men and women remaining unmarried by age 50.

To ensure a comparable marital history, the sample is further restricted to individuals who had ever married before the age of 50. This results in approximately 18 million person-year observations for about 3.1 million unique individuals observed between 2013 and 2023. Individuals are followed longitudinally in the registry for at least one year and up to eleven years, allowing for the estimation of both age and cohort effects. Two indicators are used to provide a comprehensive picture of financial well-being in later life:

1. **Wealth percentile**: This variable situates each household within the national wealth distribution in a given year. The measure is derived from tax records and captures total net wealth, including real estate, secondary residences, bank accounts, bonds, debts, and mortgages. A percentile score of 1 represents the bottom 1% of households, whereas a score of 67 indicates a household wealth level well-above the national median (two-thirds of households have less wealth, and one-third more).

2. **Financial buffer**: Since wealth in old age is often concentrated in housing assets that are difficult to liquidate, a complementary indicator is used to assess households' liquid financial resources. A household is considered to have a financial buffer if it possesses at least €10,000 in non-housing wealth (indexed to 2015 price levels), excluding the value of owner-occupied housing and related mortgage debt.

The principal explanatory variable is divorce history. I distinguish between individuals who experienced a divorce before age 50 and those who divorced between ages 51 and 64, conditional on not having divorced earlier. The main analyses compare ever-divorced individuals with those who remained married throughout the observation period. I focus only on divorce as a way to leave marriage and thereby ignore widowhood. A substantial share of individuals are widowed. This decision is motivated by analytical and substantive considerations. Analytically, excluding widowed individuals

would substantially reduce the size and representativeness of the comparison group, particularly among older cohorts. Substantively, the focus of the study is on the long-term economic consequences of early divorce. Including widowed individuals within the reference category therefore allows for a broader comparison between those who experienced a divorce and those who did not.

The baseline models include controls for age (three five-year groups), birth cohort, year of observation, migration background, educational attainment, number of children, sex, and whether an individual experienced divorce after age 65. All control variables are interacted with sex to allow for gender-specific effects. A second model specification adds controls for current partnership status, homeownership, region of residence (40 NUTS-3 regions), and an interaction between homeownership and region to account for substantial regional variation in housing prices. These additional variables capture potential mediating factors underlying the wealth gap between divorced and continuously married individuals. Subsequent analyses examine heterogeneity in the effects of divorce by sex, educational level, and birth cohort. Interactions with age are included to ensure that observed cohort differences are not confounded by age effects.

Ordinary Least Squares (OLS) regressions are estimated with robust standard errors clustered at the individual level. For the binary *financial buffer* outcome, limited dependent variable models are used to improve computational efficiency. Given the large sample size, virtually all differences are statistically significant; therefore, the discussion focuses on substantively meaningful differences, defined as those of at least one percentage point. Results are reported as **average marginal effects** for ease of interpretation.

Preliminary results

I first investigate the wealth distribution for the elderly and examine differences by divorce status. Figure 2 on the left panel depicts the distribution of wealth by divorce history. The blue dashed line shows the fraction of all elderly (70-84) at each wealth percentile for the total household wealth distribution in the Netherlands. It is clear from the figure that the elderly are much wealthier than non-elderly households: the elderly are much less likely to belong to the 0-30 percent lowest wealth percentiles, whereas they are much likelier to be in the 70-100 wealth percentiles. So most elderly are quite affluent. However this does not apply to the divorced elderly. Divorced elderly (red and orange lines) are much less wealthy in comparison. The "bump" in the distribution shifts to left for the divorced. They are more likely to have wealth level well-below the median. Taken together, the left panel shows a distinct "camel-shaped" distribution with two bumps: one for the divorced and one for the continuously married (dashed blue line). The right panel splits the wealth distribution by home-ownership status. The distinct camel-shape disappears and it becomes clear that the main wealth gap is due to divorced being less likely to be owner-occupiers. The within-group differences among both renters and owner-occupiers in wealth by divorce status are much smaller. Divorced elderly renters are less wealthy than non-divorced renters but the differences are much smaller than the stark differences of the left panel. The same applies among the home-owners. Clearly, selection into renting following divorce is a key part of the explanation.

Figure 2. Distribution of wealth among the elderly (aged 70-84) by divorce status in 2013-2023 in the Netherlands: left panel all persons; right panel by home-ownership.

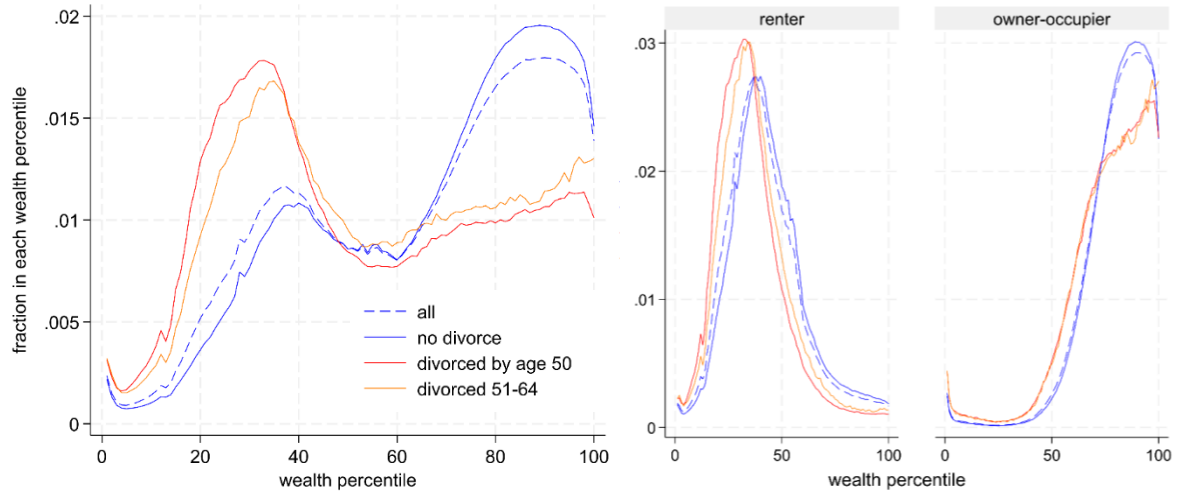
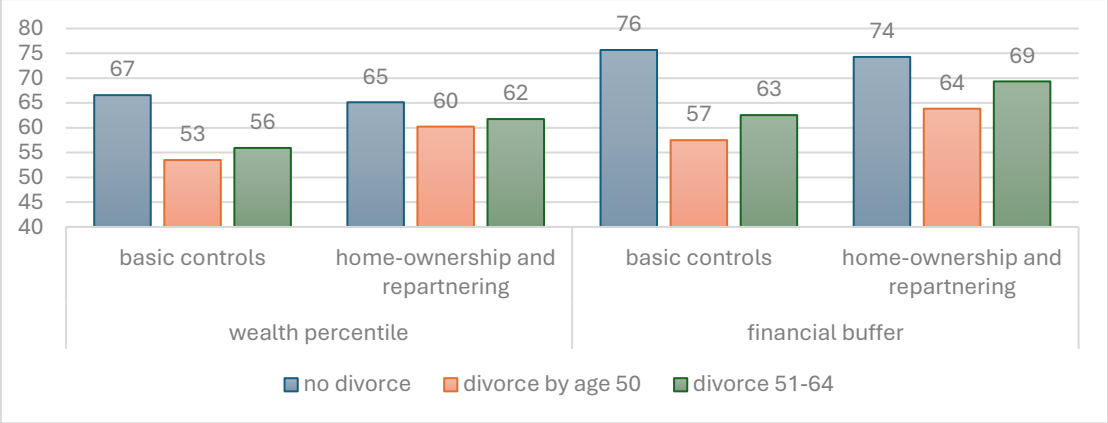


Figure 3 addresses the first two research questions by showing average marginal effects of relationship history on wealth percentile and financial buffer. Divorce is associated with substantially lower wealth: those who divorced by age 50 have an average wealth percentile of 53, compared to 67 for the continuously married, while divorce between 51 and 64 corresponds to 56. Earlier divorce is thus slightly more detrimental. Controlling for homeownership and current partnership reduces these gaps (from around 11-14 percentage points to just 2-5), highlighting the role of housing and re-partnering in shaping post-divorce wealth. Regarding whether households have a financial buffer a similar picture emerges, although the divorce penalty appears to be more substantial. Three quarters of the married have a financial buffer, but only 57-64 percent of the divorced. Including the mediators reduces but does not eliminate the gaps.

Next I move to the third question regarding variation by sex, education and birth cohort. Figures A3 and A4 in the appendix illustrate how predicted wealth differences by divorce history vary by educational level and sex. The figures show average marginal effects (AMEs) in percentage points, comparing individuals divorced by age 50 or 51–64 to those who remained married. No substantive differences were observed by birth cohort, so these are not shown. Across both outcomes and divorce timings, clear patterns emerge: individuals with lower educational attainment experience greater wealth disadvantages in old age, and women generally fare worse than men. However, once mediating variables—homeownership and current partnership—are included, these differences by education and sex are reduced or, in the case of sex, largely disappear. This indicates that the two proposed mechanisms of wealth accumulation indeed account for a substantial portion of the divorce-related wealth gap.

Figure 3. AMEs of wealth percentile and financial buffer by relationship history.



Preliminary conclusion

Divorce has lasting consequences for financial well-being, even decades after marital dissolution. Divorced individuals occupy lower positions in the wealth distribution and are much less likely to maintain a financial buffer. These disparities are partly explained by lower rates of re-partnering, lower homeownership, and residence in less affluent regions. Unlike some prior studies, we find that women who divorced do not experience substantially worse financial outcomes than men once re-partnering, homeownership, and educational differences are taken into account. The negative effects of divorce also appear to be weaker among higher-educated individuals.

Planned work/to-do:

Turning it into a proper paper, reworked/additional analyses based on feedback at various presentations before EPC and more extensive literature research. Curiously, divorce effects are among the weakest for those with an "unknown" education, but this also the largest group with ~85% of the observations. This is a key issue to further investigate.

References

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Appendix

Table A1. Descriptives, *N*=18,749,949 observations of *N*=3,154,748 persons.

	Range	Women (*N obs*=10,033,650)		Men (*N obs*=8,716,299)	
	min	Mean	Std. dev.	Mean	Std. dev.
Wealth percentile (time-varying)	1 - 100	62.946	25.097	65.848	24.853
Assets at least 10k (time-varying)	0 - 1	.712	-	.741	-
Owner-occupier (time-varying)	0 - 1	.542	-	.631	-
Migration Background					
Born in NL, parents in NL	0 - 1	.862	-	.857	-
1e generation migrant	0 - 1	.081	-	.085	-
2de generation migrant	0 - 1	.057	-	.057	-
Education					
Low	0 - 1	.078	-	.067	-
Middle	0 - 1	.048	-	.067	-
High	0 - 1	.027	-	.051	-
Unknown	0 - 1	.847	-	.815	-
Number of kids					
0	0 - 1	.073	-	.072	-
1	0 - 1	.121	-	.120	-
2	0 - 1	.450	-	.475	-
3	0 - 1	.225	-	.218	-
4	0 - 1	.079	-	.071	-
5+	0 - 1	.052	-	.045	-
Living arrangement (time-varying)					
Single	0 - 1	.427	-	.178	-
Cohabiting/married	0 - 1	.558	-	.810	-
Other	0 - 1	.015	-	.013	-
Age group (time-varying)					
70-74	0 - 1	.438	-	.467	-
75-79	0 - 1	.330	-	.329	-
80-84	0 - 1	.233	-	.203	-
Year of birth	1928 - 1953	1942	5.274	1942	5.131
Year of observation (time-varying)	2013 - 2023	2018	3.143	2018	3.130
Relationship history (age 15-64)					
Not divorced	0-1	.820	-	.822	-
Divorced by age 50	0-1	.152	-	.143	-
Divorced 51-64	0-1	.027	-	.035	-
Divorce 65+ (time-varying)	0-1	.005	-	.007	-
Region in NL (40 NUTS-3 regions)			not shown		

Figure A1. Percentage of elderly who experienced divorce by age 50 by year of birth, sex and educational level.

Fig. A2. AME's for wealth percentile by sex and education. Differences for divorce by age 50 / age 51-64 compared to the non-divorced. Percentage point differences.

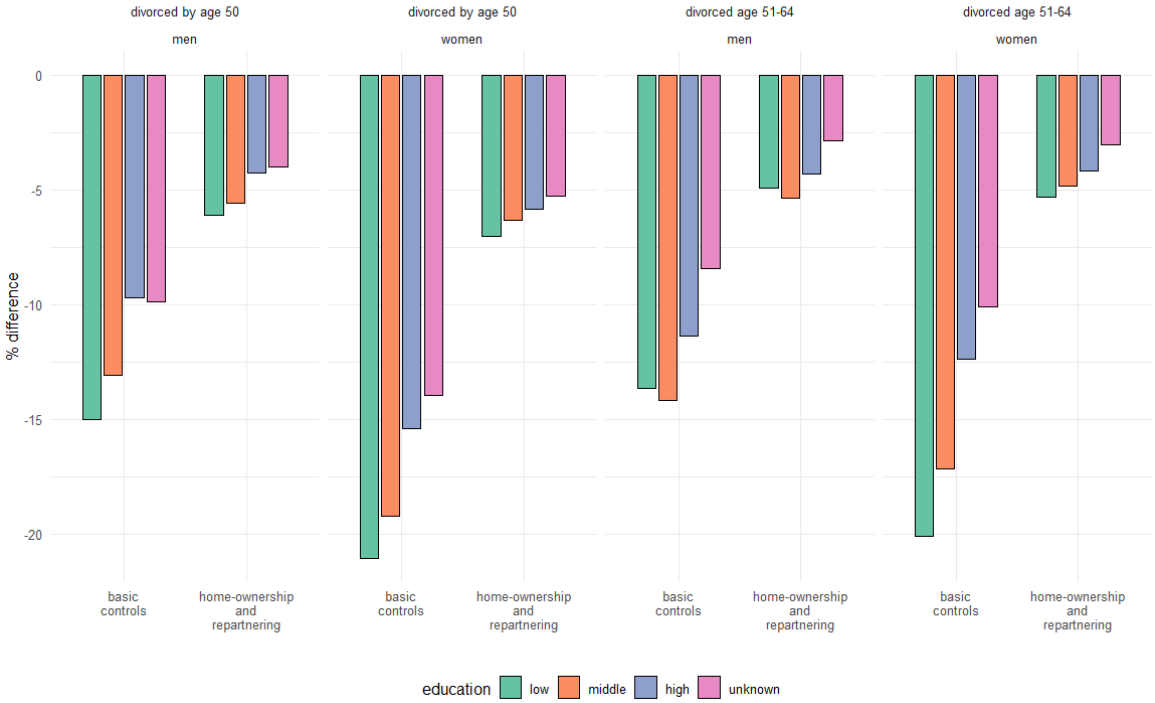

Fig. A3. AME's for financial buffer (>=10k in non-housing wealth) by sex and education. Differences for divorce by age 50 / age 51-64 compared to the non-divorced. Percentage point differences.