A shocking 74% of divorced Canadians say their financial status is the same or better post-divorce. Here’s why

People feel better about money after divorce because they have more control, says financial advice writer Melissa Leong, and a breakup allows people to take stock of their financial futures.

By Elaine Smith Special to the Star
Mon., Feb. 28, 2022 5 min. read

Laurel Price was surprised to learn that TD Canada Trust’s recent 2021 “Love and Money” survey found that 74 per cent of divorced Canadians polled felt their financial status is the same or better than when they were married.

“I took a financial hit because I didn’t have a pre-nuptial agreement around my pension,” said Price, a retired Port Perry marriage and family therapist who now teaches at Durham College. “My husband worked on straight commission and didn’t have a pension, so I lost the equivalent of 50 per cent of my pension for the 17 years we were married (given Ontario’s property equalization scheme for divorces). In addition, women, who are usually the custodial parent, bear the brunt of their children’s expenses.”

Wisely, while married, Price insisted that she and her ex-husband create a registered education savings plan (RESP) for their son, so he was able to attend college. In addition, child support ends when the child finishes school, but extra expenses don’t.

“There are so many inequities between what a child needs and support,” Price said. “I’ve taken on a second job after retirement and fortunately I enjoy that.”

Paul Orchard, a Lindsay real estate salesperson, was on the flip side of the fiscally responsible picture as a younger man. Now married for a third time, Orchard didn’t rein in his spending until after his second divorce.

“After my first divorce, being a bachelor gave me room to run and I spent more than I should,” he said. “The simplest thing I had to learn was to put something away, rather than spending beyond my means. I used to think it was more important to have good wine than a bank account.”

Melissa Leong, author of “Happy Go Money: Spend Smart, Save Right and Enjoy Life,” pointed out that the Love and Money survey question about financial status actually dealt with perception of financial status, not actual income.

“People feel better about money post-divorce because you can have a lot more control over it when it’s just you,” Leong said. “Even if your partnership is a good one, money conflict still happens.

“A divorce or relationship change can also provide an opportunity for the affected individuals to take stock of their financial futures, including a chance to level-up their money management knowledge, and maybe even seek out advice from a financial professional.”

It’s no surprise, then, that the Love and Money survey also found that 54 per cent of those polled said it was easier to manage their finances post-divorce.

“I do feel like I have more control over my finances and that’s a huge benefit,” said Price. “Our spending habits were different and my ex-husband didn’t save a lot.

“I think that if you’re fiscally responsible going into marriage, you will come out somewhat OK afterward because you are always managing your finances.”

In fact, according to the Love and Money survey, 52 per cent of those surveyed said they learned a new financial skill post-divorce, skills such as tracking spending, budgeting, saving for retirement or paying bills.

“I had to learn budgeting,” said Orchard, who worked as a golf pro before turning to real estate. “I needed to learn how and where to spend money and to make sure that when I did buy something, it was something I needed, something I would use or something that would make more money for me.”

Price, who has always been prudent about money, drew on professional advice from a financial coach with Money Coaches Canada.

“We set up a new financial place and each time things change, I readjust my spendings and savings plan,” Price said. “Working with my coach gives me an incredible sense of relief when it comes to hard decisions, such as whether to buy a house and how big a mortgage I should take. The support has been really important.”

Leong strongly supports using the services of a financial professional both pre- and post-divorce, whether that be an accountant, a financial coach or a financial planner.

“Get a second opinion on moves you plan to make,” Leong said. “For instance, if you’re thinking about selling the matrimonial home, there may be tax advantages to selling before the divorce is final. Afterward, you will need a new financial plan that takes into account your short-term and long-term goals. It can be hard to know what’s best because it is such an emotional time, so it’s helpful to have someone else who is solely on your team.”

She also advises those contemplating separation and divorce to approach their own finances with as much kindness as possible, given the stress of the process.

“There are few life-altering events as disruptive as divorce and finances play a massive part in the upheaval,” Leong said.

Both Price and Orchard have been through the upheaval and come out the other side relatively intact financially.

“I feel like I’ve done really well because of my career and because of who I am,” Price said. “I planned well myself. I consistently put money into my RRSP and paid my student loans back, for instance.”

Orchard tries to pass along the lessons he has learned to younger colleagues.

“When I talk to the young guys, I tell them ‘Don’t spend it all now. You’re never too young to put some money away.’”

Tips for the newly divorced

- Develop a new financial plan.
- Create a new household budget.
- Make sure you have an emergency fund.
- Consider whether you need disability insurance to protect your income, especially if you are a custodial parent.
- Update your will.
- Change the beneficiary on all your accounts.
- Change all your passwords.
- Talk to your single friends to get their survival tips.
- Consider getting professional financial advice.

Source: Melissa Leong

TD-Canada Trust’s 2021 Love and Money Survey:

Among respondents who felt managing their finances became easier post-divorce (54%):

54% of male respondents said managing their finances became easier post-divorce

53% of female respondents said managing their finances became easier post-divorce

68% of respondents aged **24-39** said managing finances became easier post-divorce

53% of respondents aged **40-55** said managing finances became easier post-divorce

54% of respondents aged **56-74** said managing finances became easier post-divorce

43% of respondents aged **75+** said managing finances became easier post-divorce

Among respondents who learned new financial skills (52 per cent) after getting divorced, these were the most common:

- Tracking their spending **28%**
- Making bill payments **24%**
- Saving for retirement **23%**
- Doing your annual income taxes **15%**
- Creating a household budget **2%**

Source: TD Canada Trust