



The Divorce Gap – women see incomes fall by 33% following divorce, compared to just 18% for men

- Women see their annual income fall by almost twice as much as men following divorce
- Women are significantly more likely to waive rights to a partner's pension as part of a divorce (28% women vs 19%)
- Women are more likely to face financial struggle post-divorce (31% women vs 21%) and worry about the impact on their retirement (16% women vs 10%)
- Office for National Statistics data shows, on average, women already have a significantly smaller pension pot than men

Women are likely to see their household incomes fall by a third in the year following their divorce, almost twice as much as men (33% women vs. 18%), according to research from Legal & General Retail Retirement¹. The research comes ahead of Divorce Day on Monday 4th January, traditionally the date when law firms see a spike in couples filing for divorce.

There are many reasons driving this disparity, one being that women are typically paid less, whilst men who divorce are far more likely to have been the primary breadwinner in the relationship (74% men vs. 18%). This is why women will likely feel a greater degree of financial burden if transitioning to a single-income household.

Women are more likely to face financial struggles following a divorce from their partner (31% women vs. 21%) and this is particularly true for older women who divorce. One in four divorces occur after the age of 50 and women are significantly more likely to worry about the impact of their divorce on their retirement (16% women vs 10%).

While there is only a slight difference in the number of men and women who feel that the division of their finances at the point of divorce was fair and equitable (54% men and 49% women), the research has found that many women may be signing over their rights to a key financial asset. Women are significantly more likely to waive their rights to a partner's pension as part of their divorce (28% women vs 19%). This could have a significant long-term impact, particularly as women tend to have less personal pension wealth, according to the most recent findings from the Office for National Statistics (ONS)². ONS data shows that men currently below the State Pension age have higher (£25,300) median active pension wealth than women (£20,000). Meanwhile, for those aged 65 years and over, median pension wealth for pensions in payment for men is double that for women (£223,933 for men vs. £112,967)³.

“Divorce Day is an opportunity to reinforce the importance of considering all options when dividing financial assets to make sure things are done as fairly as possible. When going through a divorce, people are understandably keen to come to a settlement and move on, but our research indicates that, too frequently, people overlook the mutual value of their

pensions; this could have a particularly harsh financial impact on women. This is even more important when we consider that women, typically, live longer than men, so their savings need to stretch over a longer period of time.

“Only 3% of people seek financial advice as part of their divorce but doing so can help ensure the separation is more likely to be fair and equitable, leaving all parties in the best shape to pursue the next chapter in their lives.”

Sara McLeish, CEO of Legal & General Financial Advice

Debora Price, Professor of Social Gerontology at the University of Manchester, has been working on a Survival Guide to pensions for divorcing couples. She said: “We know very little about pension outcomes after divorce and so this report is a very welcome addition to the knowledge base.

“Divorce is such an emotional time and people have so much to think about that they often just can’t focus on the pensions. But it’s vital for people to find out how much they are worth and to think about how to divide them fairly – for many people they are worth more than the family home. Ignoring them, or trading them away without ever knowing their true value, is often a terrible route for women, who may well end up in poverty in later life as a result. They are part of the assets that a couple has built up together, and the law says that they must be properly thought about.”

The guide, produced by Law for Life and the Pensions Advisory Group, will be available on the following link later in January - <https://www.advicenow.org.uk/guides/survival-guide-pensions-divorce> - helpful advice is available there in the meantime.

Divorce is a leading cause of debt issues and Legal & General Financial Advice is now working in partnership with StepChange, the UK’s leading debt charity, which offers free and independent debt advice. Anyone concerned about debt issues can contact StepChange directly on 0800 1381111.

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Notes to Editors

¹ Opinium Research ran a series of online interviews among a nationally representative panel of 2,008 UK adults aged 50+ who are divorced from the 19th to 23rd September 2020

² [Office for National Statics, Pension wealth in Great Britain](#)

³ [Office for National Statics, Pension wealth in Great Britain](#), Median pension wealth for pensions in payment:

- Aged 65 to 69: Men – £315,300, Women – £157,900
- Aged 70 to 74: Men – £220,900, Women – £110,700
- Aged 75+: Men – £135,600, Women – £70,300

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The Division comprises the Group's individual annuity, lifetime mortgage and care solutions businesses - it has more than half a million customers and circa £21 billion of assets under administration.

In 2019, LGRR wrote £970 million of annuity premiums and issued £965 million of lifetime mortgages.

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