

Chapter 5: Divorced Women

Divorced women often face lower retirement incomes, primarily because pension assets are not usually considered during the separation process.

The median pension wealth of a divorced woman is £26,100, under half of the average woman's savings of £57,500. In comparison, the median pension wealth of a divorced man is £103,500, half of the average man's pension of £203,200.

Recent data from the Office for National Statistics (ONS)⁵ shows that there were over 107,000 divorces in 2019, an increase of 18.4% from 2018 – the highest since 2014.

For divorced women, the primary barrier to achieving adequate retirement incomes is the division of assets during the divorce and the fact that pension sums are not usually considered within the separation process. Although pension pots can often be the second most valuable asset, 71% of divorces do not consider these when reaching a settlement, with people paying more attention to property assets.

Many divorced women, particularly those with children, are likely to have spent time out of the labour market or in low-paying, part-time work. As a result, they're less likely to have saved for a pension, often on the assumption that their spouse's pension savings will provide for their retirement. In some cases, this decision is made subconsciously which explains why pension wealth is often unaccounted for during divorce proceedings.

Policies to ensure that pension funds are considered by default in all divorce settlements would help to address pension inequality and increase divorced women's retirement incomes.

Home ownership is also lower among divorced women (49%) than the UK average (65%). As we've seen for previous groups, this has important ramifications for their long-term financial wellbeing.

As a result of all these factors, divorced women are twice as likely to fail to save anything at all for their retirement compared to divorced men.



⁵Office for National Statistics, Divorces in England and Wales 2019

Case study:

Danielle Burke, 40 from London, lives with her six-year-old daughter. Since her split from her partner in 2015, Danielle has been working part-time. Five years on from her divorce, Danielle is realising the financial cost of not recognising pensions as an asset during divorce proceedings. She's currently contributing the minimum to a workplace pension but can't save anything more.



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I wish I'd known the importance of recognising pensions as an asset at the time of my divorce. I'm aware I need to be investing in my future, but my priority is ensuring I have enough savings to support us at the moment.

It's so important that we raise awareness of this problem so more women know to include pensions in their divorce settlements and don't have to struggle financially when they reach retirement.

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Expert opinion:

Jane Portas, Insuring Women's Futures and Centre for Ageing Better, commented:



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Women's financial lives continue to be shaped by society's expectations of them at work and at home, as has been borne out through the covid-19 lockdown. Prior to the pandemic, women's life-time earnings were a mere fraction of men's at just 59%, culminating in a five times' gender pension gap. As my latest report evidences⁶, covid-19 has further compounded financial inequalities with young women's, mothers' and older female workers' livelihoods and pensions most impacted.

As NOW: Pensions' research clearly shows, the gender pension gap is even further exacerbated on divorce, with as few as 14% divorces with pensions resulting in pension sharing orders. Covid-19 has led to a surge in divorce enquiries, on top of already increasing numbers of couples divorcing in their 50s.

The complexity of many pension arrangements, the availability of Pensions Drawdowns, combined with a lack of pensions awareness, simultaneous to the rise in online and quickie divorces, means that in the absence of affordable advice and with pension sharing optional rather than the default, many divorcing women are losing out and risk financial hardship in later life.

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Policy proposals to close the gap



1. Removal of the £10,000 trigger would get 100,000 divorced woman into auto-enrolment.



2. Pension contributions from the first £1 would increase pension wealth by 52%.



3. Ensuring that pension funds are always considered by default in all divorce settlements would help to address pension inequality.

⁶Living a financially resilient life in the UK beyond Covid-19 – 6 Moments that Matter to build back fairer financial futures