

Pension inequality a major issue when couples divorce

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Credit: Unsplash/CC0 Public Domain

A new report has found that men within couples have substantially more private pension wealth than women, which poses particular challenges when they divorce.

Dr. Jennifer Buckley and Professor Debora Price from MICRA—the Manchester Institute for Collaborative Research on Ageing, based at The University of Manchester—teamed up with the Pensions Policy Institute to try to understand the statistical and data landscape, to produce descriptive statistics, and to gain understanding of what statistical modeling might be possible in future research, to inform important social and policy questions about [pension](#) outcomes for divorcees.

The researchers analyzed the pension [wealth](#) of almost 30,000 people over the age of 30. They found that married men have the most, with those aged 45–54 having a median pension wealth of about £86,000 (compared with £40,000 for women) and those aged 55–64 having £185,000 (compared with £55,800 for women). For those aged 65–69, the gap is even wider—median pension wealth for men of that age is just over £212,000, compared to just £35,000 for women.

The data showed that while around 90% of couples have some pension wealth between them, in about half of couples with pensions, one partner has more than 90% of the pension wealth. Fewer than 15% of couples have pensions that are approximately equal.

The researchers concluded that there is considerable potential for pension sharing when it comes to divorce, which could have a considerable positive impact on women's finances in later life. They have created a video which they hope will be shared widely, and will help divorcing couples to understand the legal context for pension sharing.

"There is a lack of data about pension outcomes after divorce and the potential for pension sharing," said Debora Price, Professor of Social Gerontology at The University of Manchester. "We are very pleased to have produced this analysis, which shows that pensions must be taken into consideration in every case."

"It is clear that considering pensions on divorce could have considerable impact on people's finances in later life—especially women" said Dr. Jennifer Buckley from the Cathie Marsh Institute for Social Research at The University of Manchester. "Information for divorcing couples is vital. We also need to address important questions about the long-term financial implications of divorce on pensions, and why we see such an imbalance of pension wealth within couples."

"If anyone needed convincing that more needs to be done to improve pension outcomes on divorce, the evidence is here in this report—and the animation is one crucially important step towards this goal," said Hilary Woodward, CEO of the Pension Advisory Group.

"Many divorcing couples leave their pensions out when they decide how to divide their money and property, particularly if they can't afford a solicitor—but this can be a huge mistake," said Beth Kirkland of Law for Life/Advice Now. "We wanted to help, which is why we produced a survival guide which spells out what to do about your pensions, how to find out what they are worth, when it is essential to get expert advice and what to do if you can't come to an agreement with your ex-partner."

Tim Pike, Head of Modeling at the Pensions Policy Institute said: "This research illustrates the pension inequality that persists after divorce. In most marriages 90% of the pension wealth is in the name of just one partner, almost always the husband. Of the 107,000 divorces in 2019, we know that a third of couples will reach a formal financial settlement through the courts and many others will reach an agreement about how to divide their assets with the help of lawyers or on their own.

"All of these people could in theory distribute their pension assets in a fair way on divorce, yet the research found no evidence to suggest that this was happening—divorced women have very little pension and significantly less than married [women](#)."

"This raises questions that need to be answered concerning the access to, and approach of financial remedies, whether the right people are getting the financial settlements they need and how the situation may be improved."

For households in the top 40 percent by [household income](#), median pension wealth exceeds median property wealth. This is especially likely to be the case for those living outside London and the South-East of England. Any trade-offs between house and pension in [divorce](#) may not always be balanced as pension wealth can exceed property wealth for more pension-wealthy couples, especially outside London.

More information: Pensions and Divorce: Exploratory Analysis of Quantitative Data. www.research.manchester.ac.uk/...oratory_Analysis.pdf

Provided by University of Manchester

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