

Holy Matrimoney: 272,000 delay divorce due to cost-of-living pressures

- One in five recent divorces were delayed for financial reasons, including income concerns, cost-of-living pressures and the cost of divorce
- However, divorce itself hits the bank balance with annual incomes falling by an average of £9,700 in the year after a separation
- 40% of all people who divorce think the process ends up being financially unfair but only 7% seek financial advice
- One in three divorces occur over the age of 50 and see people save £63 a month less towards their retirement as a result
- To mark Divorce Day (2nd January), the Pensions and Lifetime Savings Association (PLSA) has updated its guidance on pension sharing following a divorce, as it is revealed that just one in five couples discuss pension wealth when dividing their assets

New research from Legal & General Retail to mark Divorce Day¹ (Tuesday 2nd January) has found that 272,000 people (13%) have delayed their divorce due to cost-of-living pressures. Money played a role in many people's decision to delay separating, but particularly with divorces that have happened since 2020 – among recent divorces 19% delayed due to financial reasons.

Despite holding off to spare their bank balance, nearly half of people who divorce (48%) see their incomes shrink by an average of 31% in the year after their separation. This can leave someone with £9,700 less a year on average.

Divorces are 'financially unfair'

In two out of five divorces (40%), people felt that it wasn't an equal divorce financially, with one party being favoured. Despite this, just 7% of people will consult a financial adviser as part of their divorce.

This can have long-term financial implications. Only 31% of people who had divorced had signed Clean Break Orders, meaning that more than two-thirds (69%) could be liable to a future claim from their ex-spouse.

Paula Llewellyn, Managing Director (Direct), Legal & General Retail:

“When people divorce, money is always an important factor especially during the challenges of the cost-of-living crisis. However, as our research shows a separation can have long-term implications for people's finances. Many couples have not even sorted the necessary paperwork to ensure they have a clean break from their financial obligation to one another. By consulting a financial adviser people increase the likelihood of a divorce being fair and equal. While the number of people seeking out this support has increased in recent years, we need to encourage more couples to take this step.”

Divorces impacting retirement

The financial challenges of divorce are particularly pronounced for people aged over 50 who end up saving £63 less each month towards their retirement due to these financial challenges. Nationwide this means that 200,000 people are saving less for retirement.

The research found that while divorcing couples often consider the value of their family home (58%), just 20% consider pensions when dividing assets with their partners and 29% actively waive their rights to the value of them.

As of today, the Pensions and Lifetime Savings Association (PLSA) has introduced new guidance designed to support private sector occupational pension schemes when providing information to scheme members on Pension Sharing Orders (court orders that help couples divide their pension funds upon divorce). The Pensions Sharing on Divorce Guidance can be downloaded from the PLSA website.

Joe Dabrowski, Deputy Director - Policy, PLSA:

“Understandably, working out how to split pension assets is not the first priority for most separating couples. But it is really important to make sure both parties are provided for in retirement, especially when one party has been the primary earner and built up a pension, while the other – usually because they have taken on more family caring responsibilities – has not.”

¹Opinium Research conducted 2,750 online interviews of UK adults who are divorced. The research was conducted between the 20th and 30th November 2023

Notes to editors

About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with over £1.2 trillion in total assets under management* of which 39% is international. We have a unique and highly synergistic business model, which continues to drive strong returns. Legal & General provides powerful asset origination and management capabilities directly to clients, which also underpin our leading retirement and protection solutions. We are a leading international player in Pension Risk Transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Our purpose is to improve the lives of our customers and create value for our shareholders. Through inclusive capitalism, we are investing in long-term assets, such as real estate and infrastructure, that can help build a better society for the future.

*as at August 2023

About Legal & General Retail

Legal & General Retail helps create brighter financial futures for all our customers. The division covers the savings, protection and retirement needs of our c.13 million retail policyholders and workplace members.

In 2022, we had total individual annuity sales of £954 million, and issued £632 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.9 million members, while our Protection businesses gave peace of mind to more than 6.3 million UK life insurance, 1.8 million group and 1.5 million US customers, taking in £3.1 billion of gross written premiums.

The information contained in this press release is intended solely for journalists and should not be relied upon by private investors or any other persons to make financial decisions.

Further information

Name: Lewis Wilks
Company: Lansons
Tel: + 44 7903260560
Email lewisw@lansons.com

Name: Claire Byrd
Role: Senior PR Manager
Division: Legal & General Retail
Tel: + 44 7385 347 769
Email: Claire.Byrd@landg.com