

# WELCOME

Pensions Policy Institute

# PPI

**Pensions and Divorce: what do we know, and what future research is needed? New findings from the Wealth and Assets Survey**

MANCHESTER  
1824

The University of Manchester

**The event will start shortly.**

Your Event Manager today is Lee Massey – 07434 620 684

# Welcome from the Chair

Fiona Tait ACII FPFS,

Technical Director

Intelligent Pensions & PPI Governor

Pensions Policy Institute

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Twitter: #PPIlaunch

@PPI\_Research

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**Attendees: please make sure your microphones are muted and your camera is off.**

**We actively encourage tweeting (please respect The Chatham House Rule) Please use @PPI\_Research and #PPILaunch**

**Please do share the link to the report which will appear on the PPI's Twitter and LinkedIn pages.**



The future is ever changing,  
but the PPI remains a constant  
**“Voice of Reason”**  
in the ongoing debate on the  
future of retirement in the UK.

We are a not-for-profit educational research organisation devoted to improving retirement outcomes. We do this by being part of the policy debate – providing objective analysis, facts and modelling to directly influence decision making.

We have been at the forefront of shaping evidence-based pensions policy for 20 years.

**We have produced.**

141 research reports.  
and  
126 Briefing Notes.  
to date...

**Our Independence sets us apart.**

We do not lobby for any  
particular cause or political party.  
**We just focus on the facts.**

**We produce credible and  
fact-based research.**

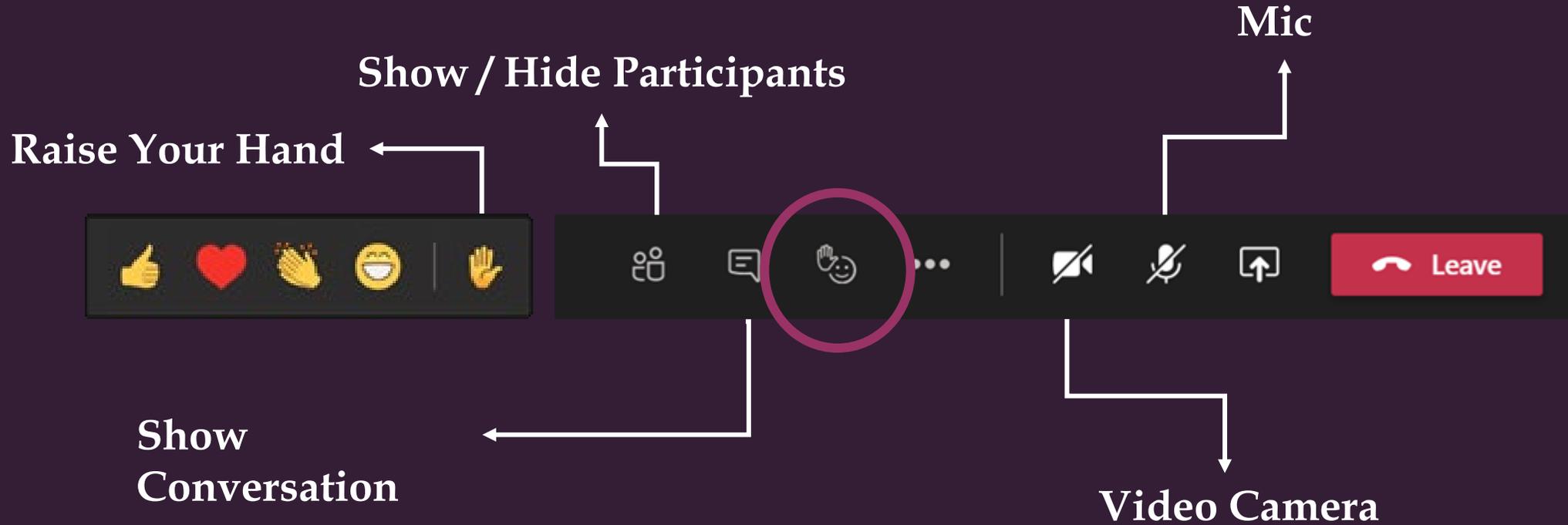
**Which** helps shape future  
policy by being part of the  
debate.

# Today's Event



This project sought to understand the extent to which it might be possible to answer important social and policy questions about pension outcomes after divorce from existing sources of nationally representative large scale survey data...

# Microsoft Teams



If you experience any issues during the event today, please contact  
Lee Massey - 07434 620 684

# Key Findings

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**Dr Jennifer Buckley,**

Research Associate  
Cathie Marsh Institute (CMI)  
University of Manchester



**Professor Debora Price,**

Social Gerontology  
Manchester Institute for Collaborative  
Research on Ageing (MICRA)  
PPI Governor

# Pensions on divorce

Exploratory analysis of quantitative data

1<sup>st</sup> July 2021

Dr Jennifer Buckley and  
Professor Debora Price

# Background

- 20 years since the Welfare Reform and Pension Act permitted pension sharing on divorce
  - Policy aspiration was for this to be the norm
  - Statistics are woeful but our best guess is around 5 – 6% of divorces result in a pension share
    - C. 100,000 divorces E&W, highest rates in their 40s.
- Reasons for lack of pension sharing are complex
  - Complexity
  - Conflict
  - Cost
  - Cultural

# What do we already know from research?

- Consistent cross-national finding: women do not fare well financially after divorce, especially if they become single or do not re-partner
- Within marriage, as well as income gaps, there are substantial wealth gaps between men and women (property, investments, pensions)
  - Begins pre-cohabitation, i.e. men come into marriages wealthier
- Within the UK, data from the early 2000s showed profound poverty rates for older divorced women, substantial within couple pension disparities at all points of the household income distribution, and that divorce especially after the age of 45 tripled a woman's odds of being in poverty after state pension age, all other things being equal
  - In 2006, only 16% of divorced women over 65 had sufficient private pension and other income to keep them above the poverty line without state pension and state benefits (cf 36% of divorced men); a further 40% of divorced women were only kept above the poverty line by disability benefits

# What quantitative data might be able to tell us?

1. Differences in pension outcomes by marital status
  2. Distribution of pension wealth among married couples
  3. How a couple's pension assets are distributed before and after divorce
- Data requirements
    - Information about pension wealth – and other assets (1,2,3)
    - Information about marital status and marital histories (1,2,3)
    - Information about both couples (2,3)
    - Information about other relevant factors (1,2,3)

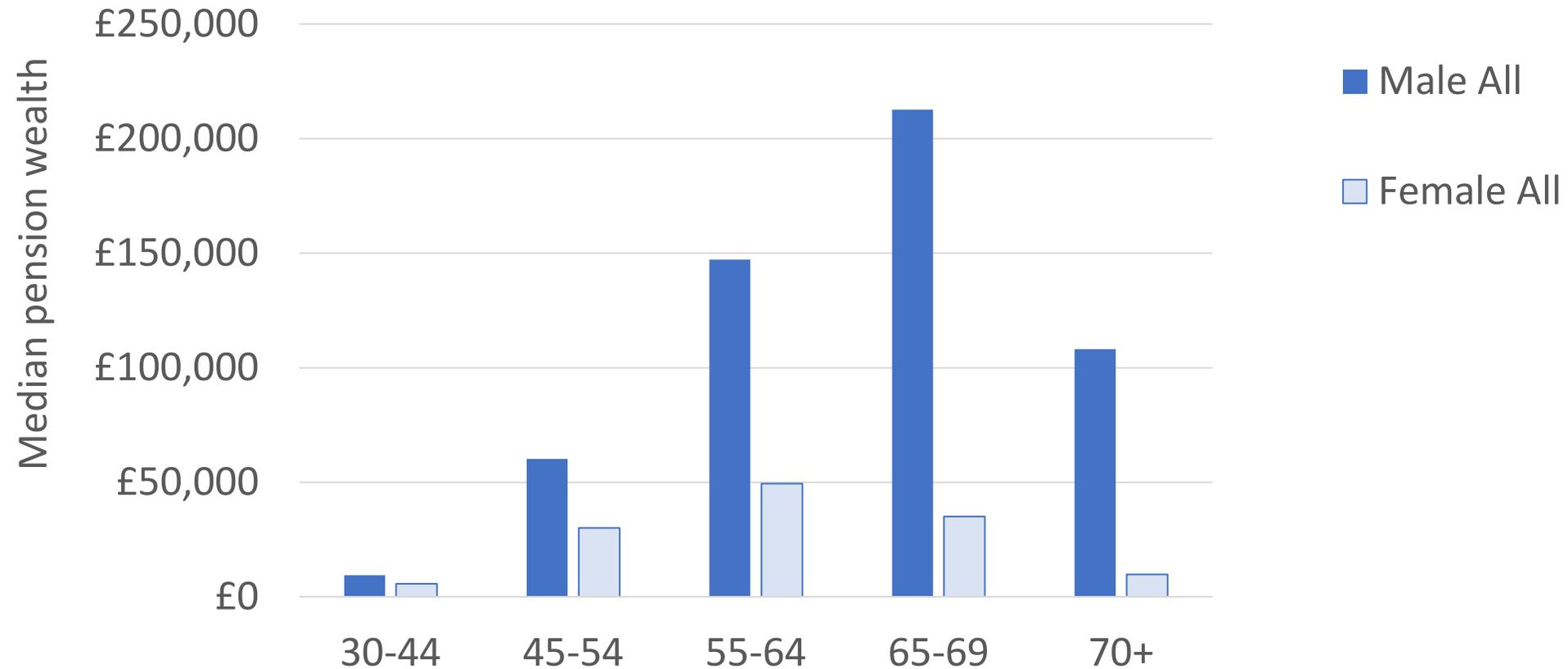
# Wealth and Assets survey (WAS)

- Nationally representative longitudinal survey of private households in Great Britain launched in 2006 with 30,000 households
- Aims to provide data on well-being of households and individuals in terms of their assets, savings, debt, and planning for retirement.
- Key features
  - Data on pension wealth and many individual and household characteristics
  - Can links information between couples
  - *Longitudinal – some divorce transition will be observed*

# Analysis of the latest data

- Round 6, April 2016 to March 2018
- ONS derived variable for total pension wealth
  - Wealth in all private pensions
  - Formula to ascribe value to DB pension for comparison alongside DC pensions
- Over 30s only – too few cases to support analysis across marital status groups
- Round 6 contains
  - 28,969 individuals 30 and over
  - 20,816 individuals 30 and over who have partners in the dataset, allowing linking of information for 10,408 couples.

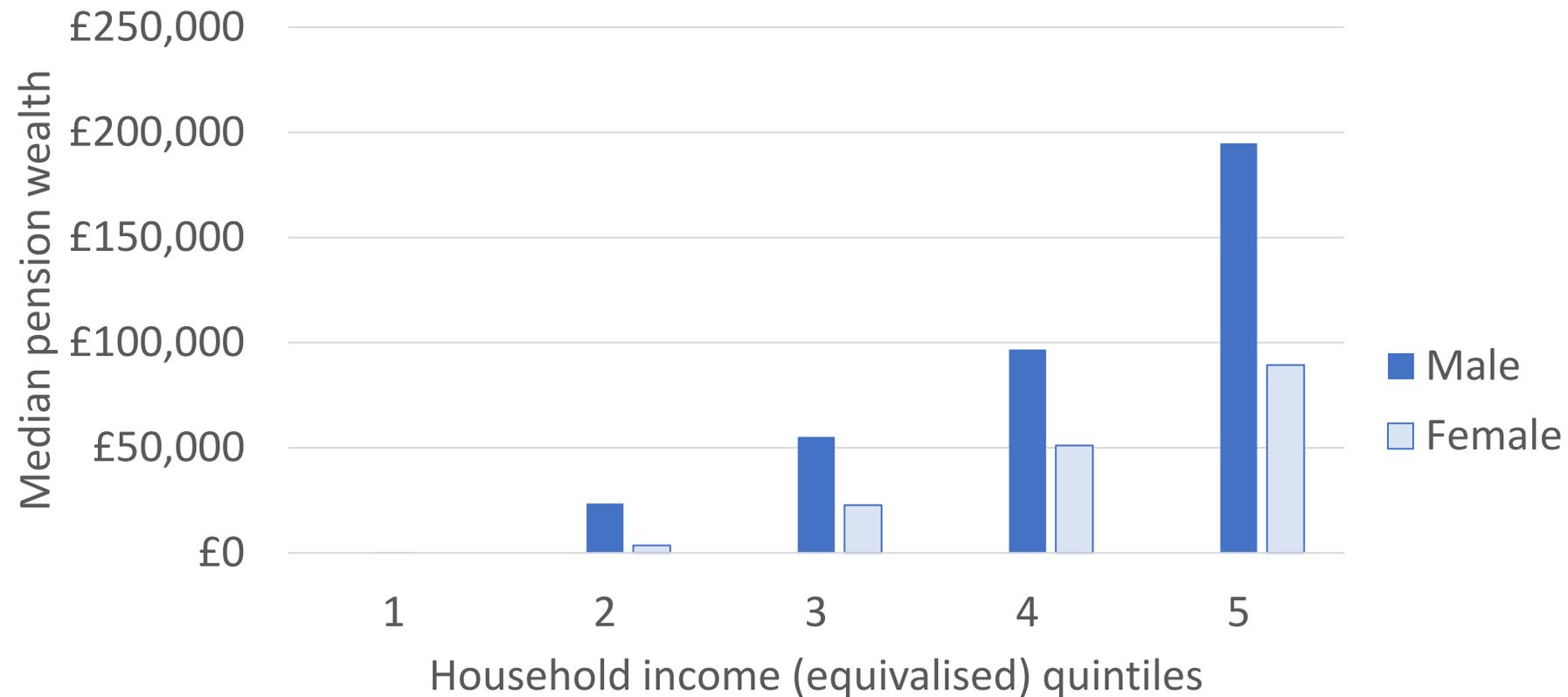
# Gender disparities in pension wealth by age



n=28,969 (unweighted base). Weighted data.

Source: Wealth and Assets Survey, Round 6 (April 2016 to March 2018): <http://doi.org/10.5255/UKDA-SN-7215-11>

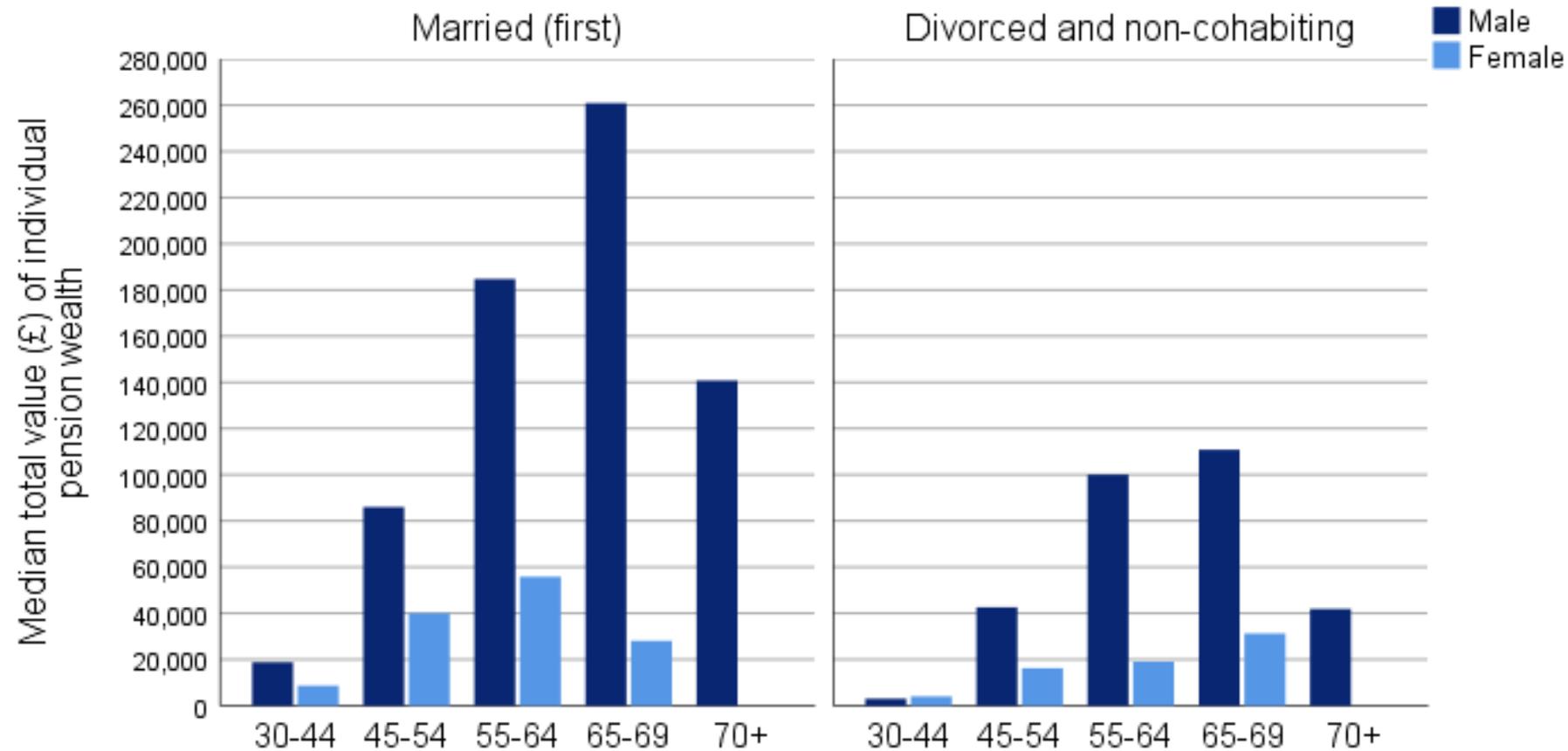
# Pension wealth by sex and household income



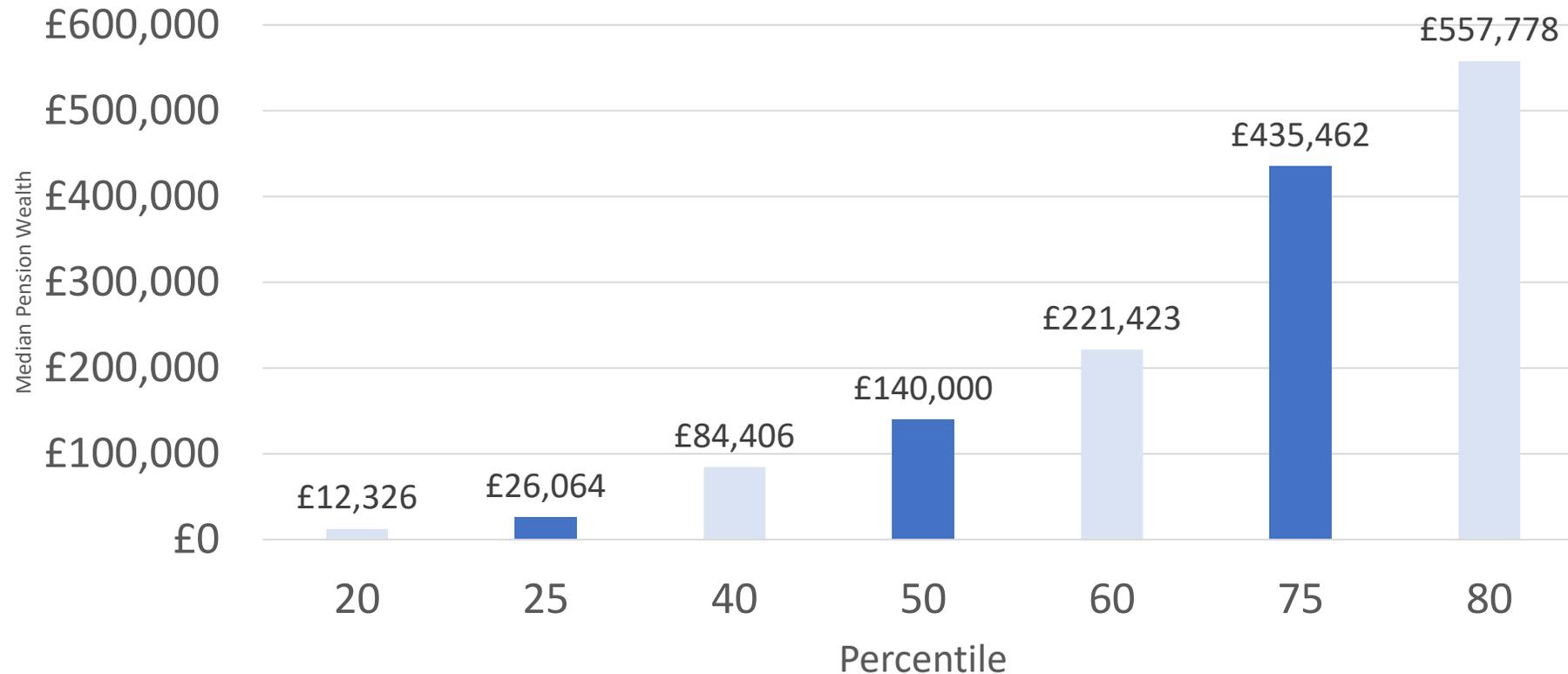
n=28,969 (unweighted base). Weighted data.

Source: Wealth and Assets Survey, Round 6 (April 2016 to March 2018): <http://doi.org/10.5255/UKDA-SN-7215-11>

# Pensions of divorced and married men and women



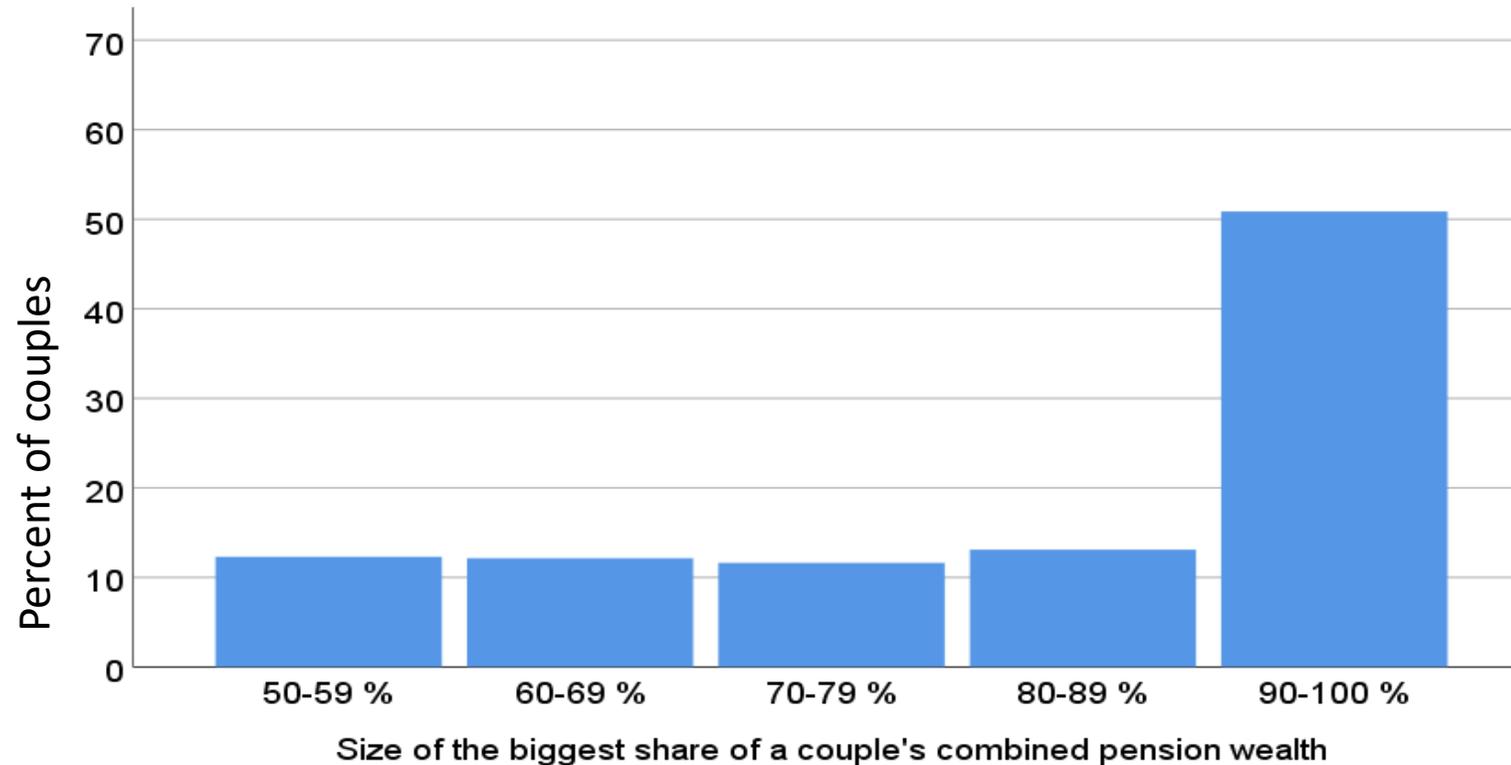
# Couple's combined pension wealth



n=10,408 (unweighted base). Source: Wealth and Assets Survey, Round 6 (April 2016 to March 2018).  
<http://doi.org/10.5255/UKDA-SN-7215-11>

Weighted data (household weight)

# Most couples have unequal pensions



n=9,523 (unweighted base). Source: Wealth and Assets Survey, Round 6 (April 2016 to March 2018).  
<http://doi.org/10.5255/UKDA-SN-7215-11>

Weighted data (household weight)

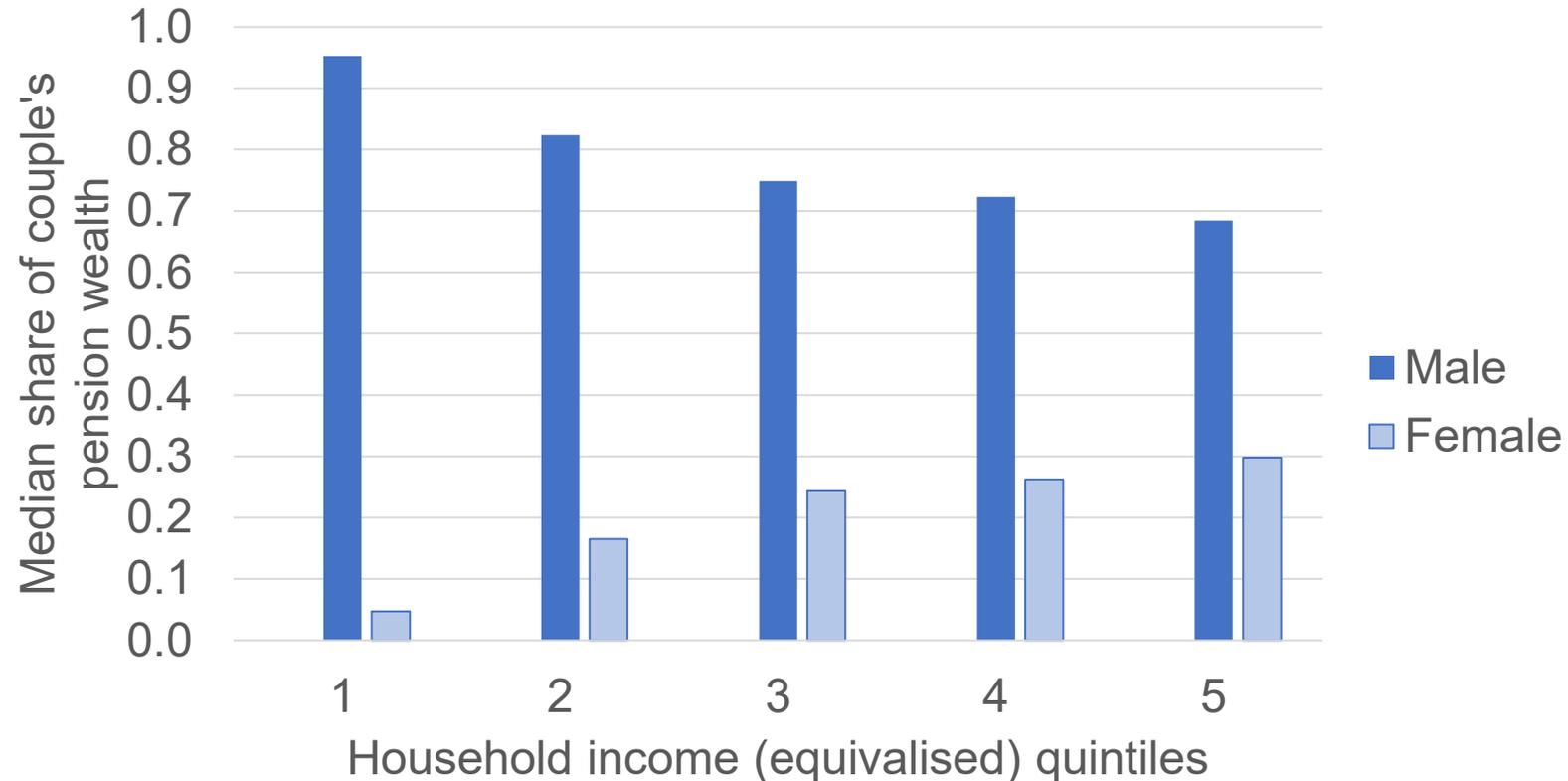
# Unequal pensions across the distribution of combined pension wealth



n=9,523 (unweighted base). Source: Wealth and Assets Survey, Round 6 (April 2016 to March 2018).  
<http://doi.org/10.5255/UKDA-SN-7215-11>

Weighted data (household weight)

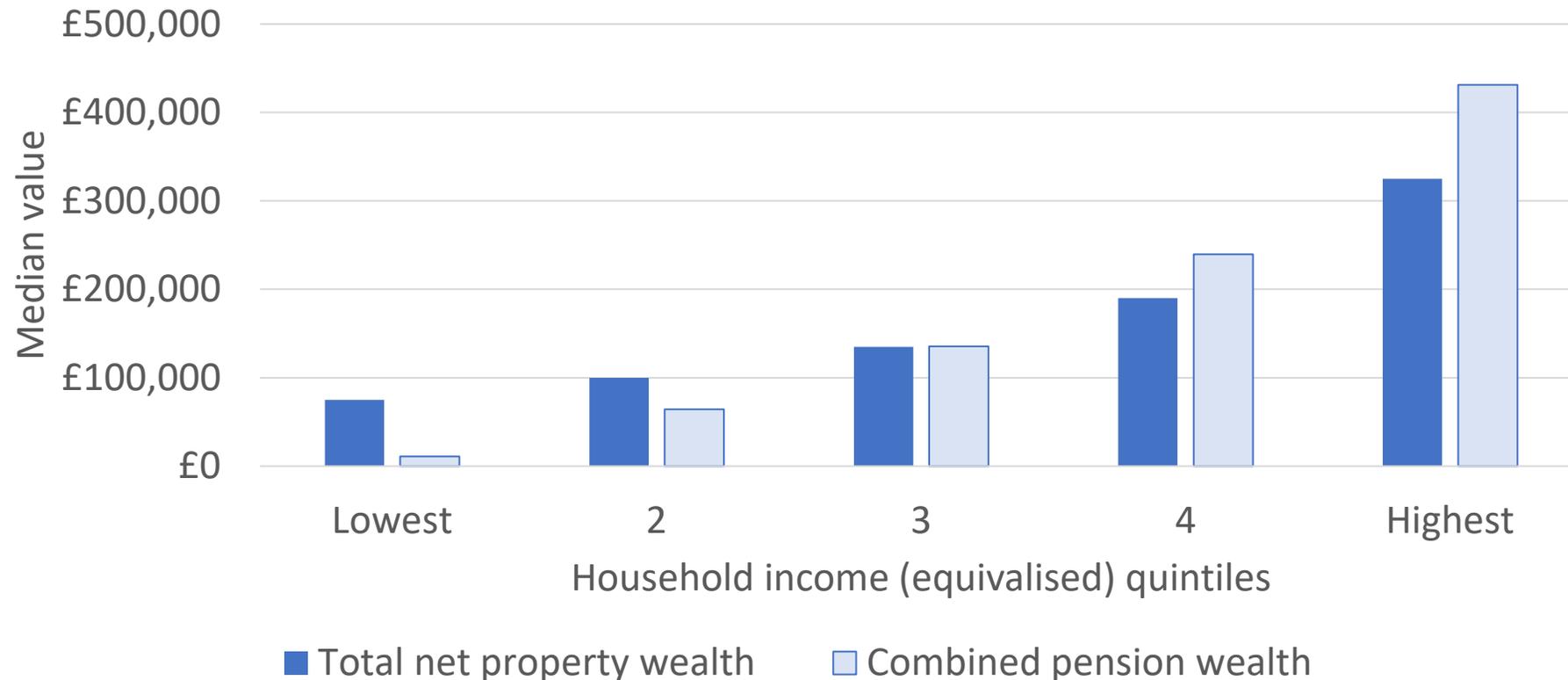
# Gender disparities by household income



n=28,816 (unweighted base). Source: Wealth and Assets Survey, Round 6 (April 2016 to March 2018).  
<http://doi.org/10.5255/UKDA-SN-7215-11>

Weighted data (household weight)

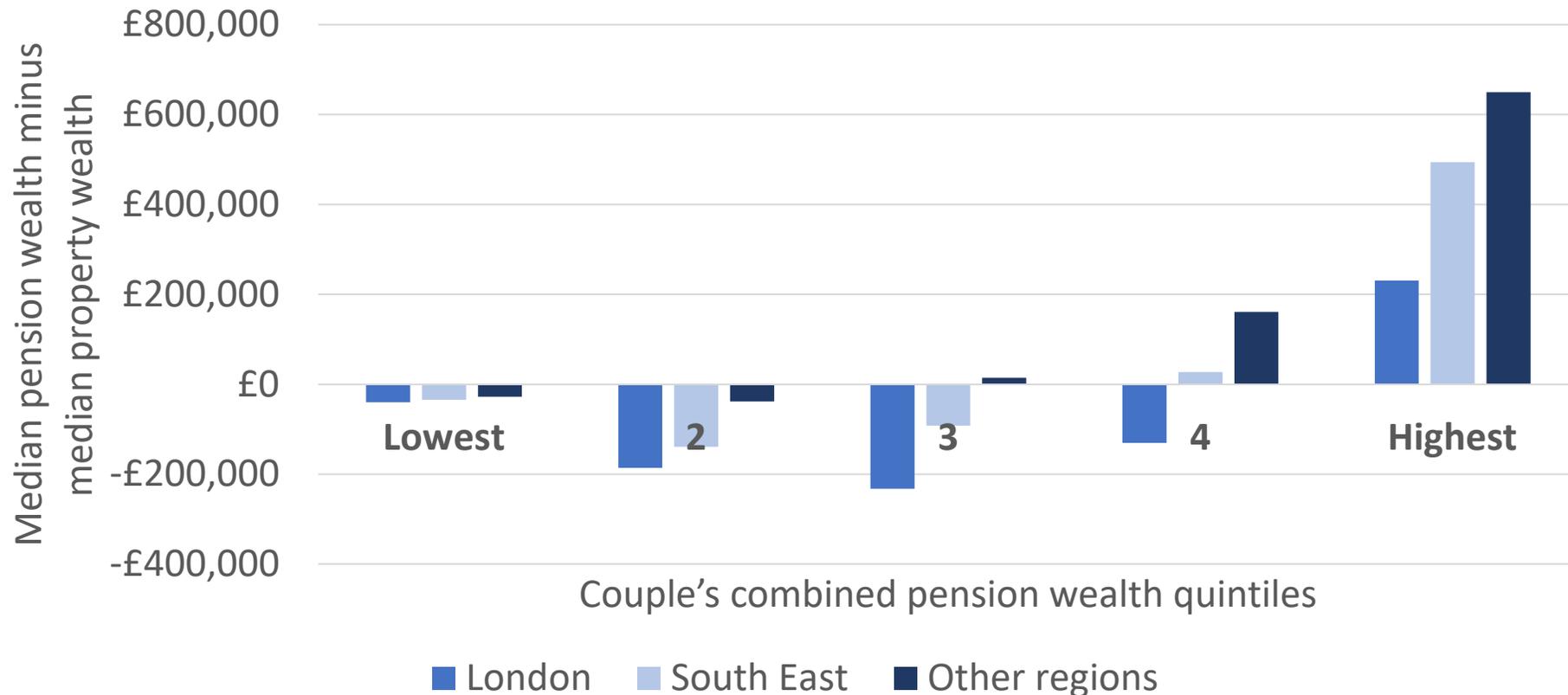
# Pension wealth can exceed property wealth



n=10,408 (unweighted base). Source: Wealth and Assets Survey, Round 6 (April 2016 to March 2018).  
<http://doi.org/10.5255/UKDA-SN-7215-11>

Weighted data (household weight)

# Pension wealth minus property wealth by region



n=10,408 (unweighted base). Source: Wealth and Assets Survey, Round 6 (April 2016 to March 2018).  
<http://doi.org/10.5255/UKDA-SN-7215-11>

Weighted data (household weight)

# Findings

## 1. Differences in pension outcomes by marital status

- Gender disparities
- Divorced men and women have less pension than their married equivalents
- Divorced women's pensions worryingly low
- Signs of pension sharing?

## 2. Distribution of pension wealth among married couples

- Most couples have some pension wealth between them
- The distribution tends to be very unequal; women have on average 25 percent of the combined pension wealth
- Pension wealth can exceed property wealth for more pension wealthy couples, especially outside London

# Data issues for future research

- Pension wealth only available in
  - Wealth and Assets Survey (WAS)
  - English Longitudinal Study of Ageing (ELSA)
- Other large surveys include contributing to a pension and retirement (pension) income (Understanding society/BHPS)
- WAS does not include full marital, fertility and employment histories
- ELSA – Over 50s (but with histories)
- Few divorce transitions in datasets with pension wealth
  - Estimate 260 divorces between waves 1-5

# Possible future research

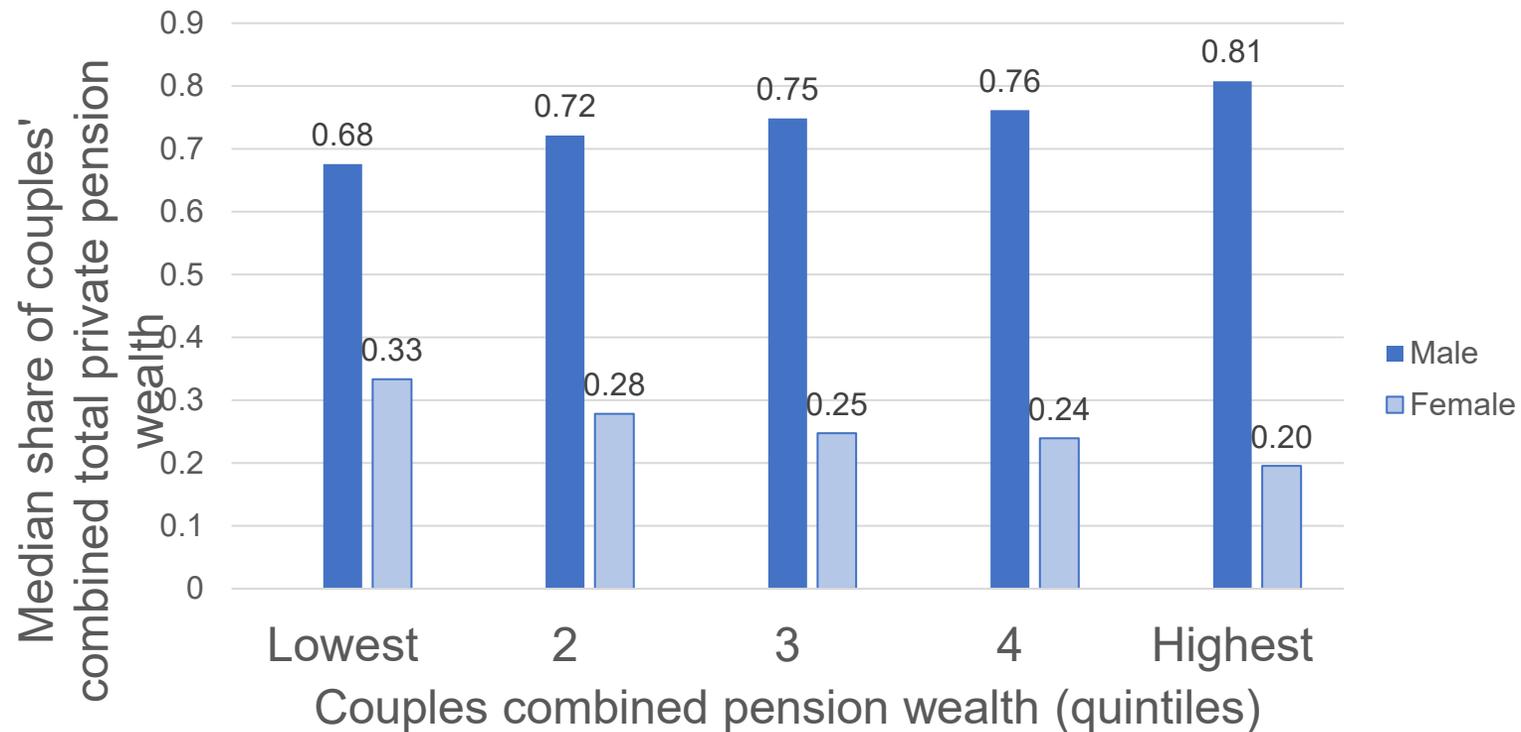
- Modelling of pension outcomes by marital status
  - Life course/longitudinal approach - time of divorce, employment, caring responsibilities, attitudes
  - Younger (WAS) or older cohorts (ELSA, Understanding Society)
  - Trajectories in pension saving after divorce – who can make-up for the impact?
- Better modelling of couples' pension dynamics
  - What determines the disparity and how does it vary across the population and the life course?
- Other?

Thank you

# Contributing to a pension

		Male		Female	
		% (95% CL)	n	% (95% CL)	n
<b>Aged 30-50</b>					
<b>Single (non-cohabiting)</b>	No dependent children	76% (73%-79%)	354	80% (76%-84%)	320
	Dependent children	*		61% (55%-67%)	149
<b>Married (first)</b>	No dependent children	81% (77%-84%)	267	83% (80%-86%)	430
	Dependent children	81% (79%-83%)	1219	82% (80%-84%)	1440
<b>Divorced and non-cohabiting</b>	No dependent children	81% (71%-90%)	43	75% (62%-83%)	47
	Dependent children	*	*	70% (60%-77%)	79
<b>Divorced and cohabiting</b>	No dependent children	71% (55%-84%)	27	82% (65%-92%)	26
	Dependent children	*		71% (57%-83%)	32
<b>Aged 50-60</b>					
<b>Single (non-cohabiting)</b>		76% (69%-82%)	134	68% (60%-76%)	98
<b>Married (first)</b>		80% (78%-82%)	879	76% (73%-78%)	803
<b>Divorced and non-cohabiting</b>		74% (64%-81%)	79	76% (71%-81%)	207
<b>Divorced and cohabiting</b>		72% (62%-81%)	76	71% (61%-81%)	67

# Gender disparity in pension wealth within couples



n=28,816 (unweighted base). Source: Wealth and Assets Survey, Round 6 (April 2016 to March 2018).  
<http://doi.org/10.5255/UKDA-SN-7215-11>

Weighted data (household weight)

# Response from PPI

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Tim Pike,

Head of Modelling

*Pensions Policy Institute (PPI)*



# The Chatham House Rule

*The remainder of the event is held under  
The Chatham House Rule*

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# Discussion

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There are many ways you can ask questions...

- ❖ Use the raise your hand function
- ❖ **Type your question in the chat section**
- ❖ Email/Text questions to Danielle  
(you can remain anonymous if you wish)

07714 250 910

[danielle@pensionspolicyinstitute.org.uk](mailto:danielle@pensionspolicyinstitute.org.uk)



# Closing Remarks



*Please observe the Chatham House Rule*

# Thank you for attending today

Thank you to our speakers, Chair and the  
sponsors for this report

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