



Media Release

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The hidden super cost of divorce

Divorce can add 10 years to the working lives of Australians, as they battle to re-establish the wealth they had in married life, according to new research by Suncorp Superannuation.

Suncorp's *Untying the Knot* report lifts the lid on the hidden cost of divorce for Australia's 900,000 divorcees.

Suncorp's Head of Everyday Super Lisa Harrison said the most common considerations during divorce were property, child custody, the family car and the partner's income.

However, thousands of dollars was often excluded from the settlement because superannuation was not taken into account. The study found 83% of divorcees didn't consider superannuation in their divorce settlement.

"The hidden cost of divorce is that it adds 10 years to your working life and is the reality for 84,000¹ Australians each year," Ms Harrison said.

This is how long it takes to establish the same wealth and lifestyle one had in married life.

The majority of happily married Australians expect to retire in their mid to late 60s, while divorcees expect to work well past 75, preventing them from getting the most out of their golden age.

"Legally a divorce is entitled to half their partner's super. Considering super during divorce could mean the difference between being able to retire when you want to, rather than having to work well into your 70s and beyond.

"It is critical, especially for Australian women, that they consider their partner's superannuation as our survey shows that divorced women are more than twice as likely to feel like they need to be more resilient and smarter when it comes to money" Ms Harrison said.

Given that Australians are most likely to divorce in their early to mid-forties, there is a considerable amount of superannuation involved, with a 45 year old males' average superannuation balance of \$128,000².

This compares to \$42,000 for women at the average age of divorce.

1

² <u>http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4125.0Jan%202013?OpenDocument</u>

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http://www.abs.gov.au/ausstats/abs@.nsf/Products/C57C2452D7E55A44CA257AC50011310C?opendocument





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The *Untying the Knot* report paints a picture of what an average divorce looks like, including stunning insights into Australians' attitudes to lifestyle and financial arrangements:

- Approximately 50,000 divorces occur every year in Australia.
- The average age of men at divorce is 45, while for women it is 42
- One in two divorces involve children (48%) and typically involves two children
- January is the most popular month of the year to call it quits
- Queensland is the divorce capital of Australia per capita (2.5) while the Northern Territory has the lowest rate of marriage breakdowns in the country (1.5).



Graph 1: Considerations at divorce settlement³

³ AMR research commissioned by Suncorp April 2013