



The Real Cost of Separation

May 2020



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About the report

This report is based on research conducted from 3 March to 16 March 2020. The study consisted of a survey of 5,035 Australians aged 18 years and above.

The relevant demographic breakdowns of the survey are as follows:

2,039

Living with partner/married AND have no experience with divorce/separation

754

Living with partner/married AND have experience with divorce/separation

798

Currently separated

1,444

Currently divorced

Secondary research was conducted to support the findings around the costs incurred during a separation or divorce. This data was drawn from reputable public sources like the Australian Bureau of Statistics and Family Court of Australia, among others.

Important notes about the charts

- ! Footnotes directly underneath the charts (e.g. *Respondents who have experienced divorce/separation) mainly refer to the sampling involved per question. This is to differentiate who was asked that particular question in the survey.
- ! Any chart without a specific note on its sampling was asked to all respondents.
- ! It also differentiates the types of questions asked. For instance, *Multiple answers allowed' appears where the question allowed for more than one answer from the respondent.





Key findings

Key findings

Separation and divorce have an obvious impact on children, but this impact may be overestimated

- 69.3% of respondents expect the impact of divorce/separation on their children's happiness and wellbeing to be at least 'considerable', while 53% of respondents who have actually been separated or divorced reported the same level of impact on their children.
- It is widely accepted that children need positive reassurance that no matter the outcome of their parents' conflict, they'll have a stable and constant life and continue to be loved by both parents.
- An overwhelming majority (97.5%) agree that children need to be reassured that the divorce/separation wasn't their fault.

Going through separation or divorce may be emotionally draining and financially damaging, but the recovery process has been found to be much quicker than expected

- Most Australians who have not experienced divorce/separation are aware that the most challenging part would likely be the mental and emotional toll. Despite this, when going through a divorce/separation, most admit they were not mentally or emotionally prepared.
- The length of the recovery process varies for individuals, however it is common to take 1-2 years to fully recover from a divorce/separation.
- Both the emotional and financial impacts of divorce/separation diminish over time. The emotional impact is more significant in the early stages of divorce/separation, whereas the financial impact tends to be more of a slow-burner.
- In spite of this, many find themselves recovering from these impacts sooner than anticipated.

The economic benefits of building a family together are gradually diminished in the process of divorce/separation

- Establishing separate homes is considered as the top financial cost post-split, followed by the costs of legal work.
- Finance can be a major factor in decision-making. If the financial impacts are anticipated to be overwhelming, a third of Australians (29.7%) would try to avoid divorce/separation. This is despite most believing divorce/separation is justified if someone in the relationship is unfaithful, or if staying together would have a sizeable emotional and mental cost.



Key findings

Many are unprepared for divorce/separation and would likely be caught short if it happened

- Many of those who have not experienced divorce/separation do not feel as though they'd be financially (70.0%) or logistically prepared (66.4%).
- Financial independence is important, 59.5% of respondents who have been through a divorce/separation believed they would have been better prepared if they had some independent savings or emergency funds.

Almost all divorced/separated Australians gained renewed perspectives about life after the initial stages of grief, loneliness and loss

- Nearly all respondents who experienced divorce/separation feel they have grown and adapted since their split with their former partner (93.1%).
- Some of the more positive changes that occur post-split include taking control of their life (67.5%), having personal growth and greater self-awareness (60.0%) and generally becoming happier (59.6%).

Building a family is not nearly as important to younger generations

- Nearly all Australians think relationships and families look very different to the past (91.8%) and that younger generations are delaying marriage or having children (90.2%).
- Many also agree that younger generations are becoming pickier before they decide to get married (79.8%) and are deciding not to get married (76.6%) or have children (66.5%) at all.

Men vs. women

- Although the silver linings of divorce/separation apply to most men and women, there is a subtle difference between the decision drivers as well as their views of the impact that divorce/separation has.
- Women are perceived to be significantly impacted by divorce in regards to happiness, sociality, independence, logistics and finance.

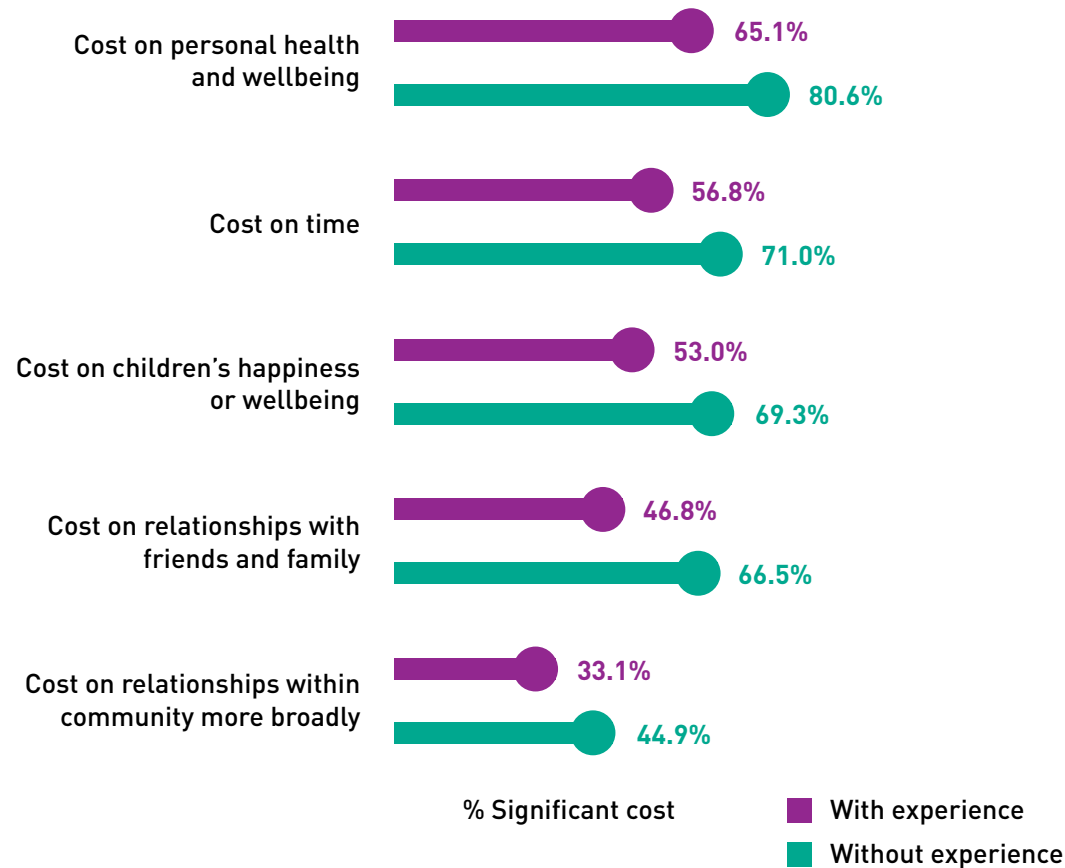




Impact on children

The impact on children's health and wellbeing is overestimated

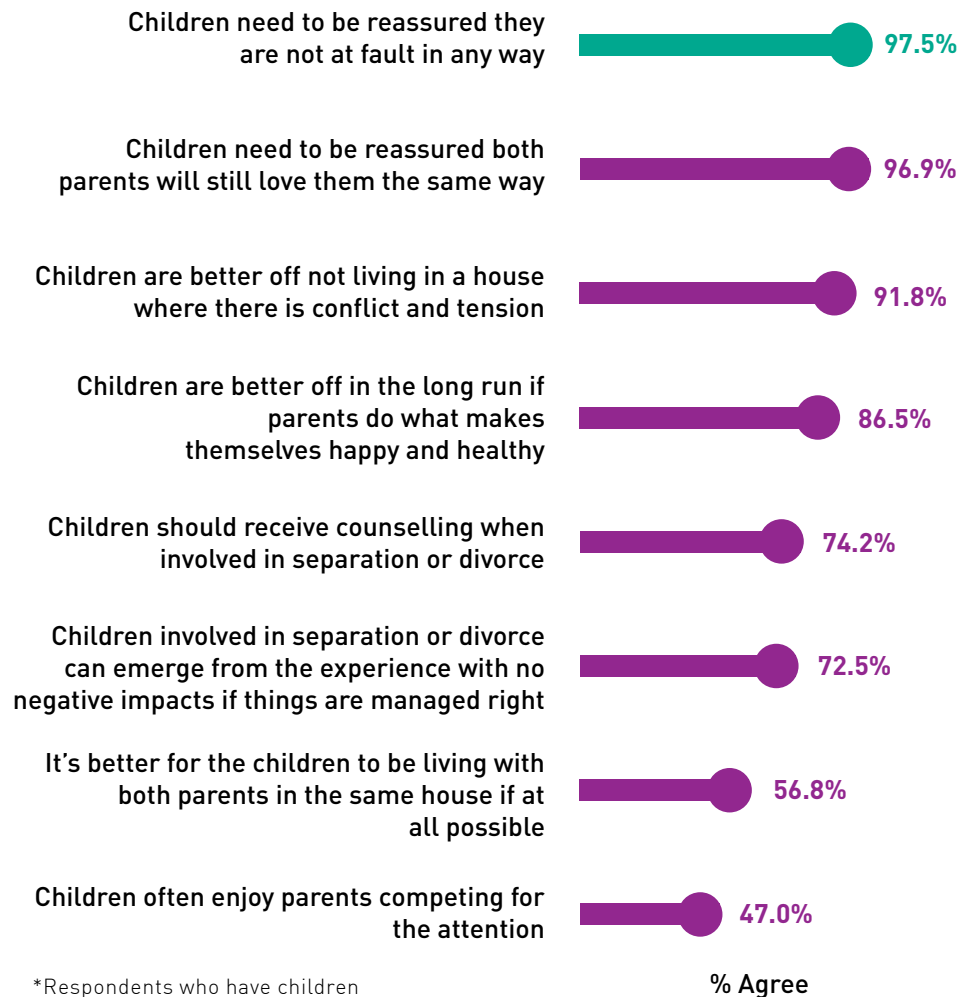
Thinking about all the things you may have to/have had to deal with in a separation or divorce, which of the following do you expect to represent/has represented a significant non-financial cost in your experience?



Divorce/separation has a significant impact on the emotional costs and intangible aspects of a child's life. With that being said, the impact is overestimated by some parents. 69.3% of respondents expect the cost on their children's happiness or wellbeing to be at least 'considerable', while only 53% of respondents who have actually been through a divorce/separation reported the same level of impact.

Reassurance and consistency guide children through the split

How much do you agree with the following statements about how separation and divorce impacts children?



It is widely accepted that children need positive reassurance that they are not at fault in any way, and that both parents will still love them the same way, regardless of whether there is ongoing conflict and tension between their parents.

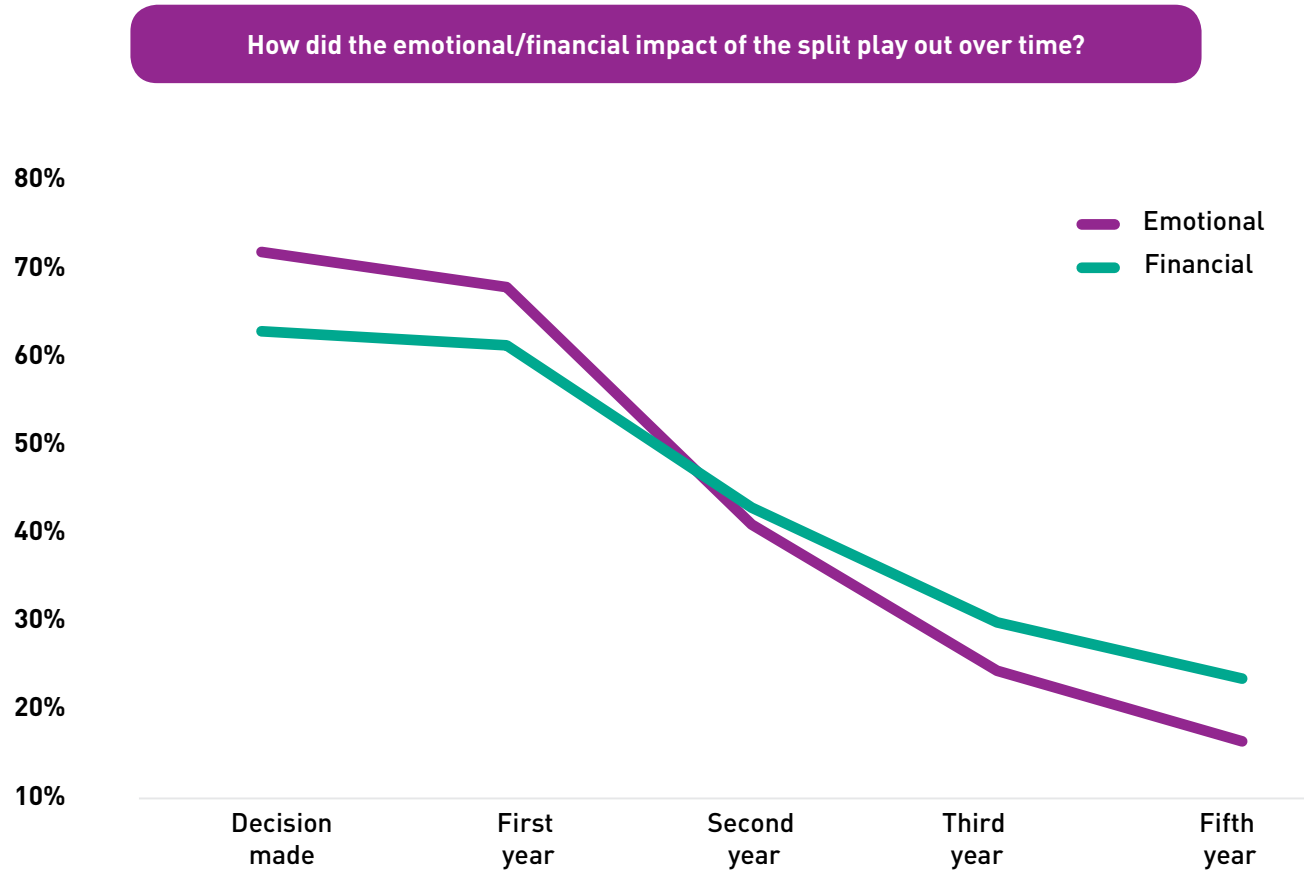
Consistency and reassurance are key to managing children's emotions and expectations during a divorce/separation.





Emotional and financial impact

The impact of divorce/separation diminishes significantly over time



*Respondents who have experienced divorce/separation

The year following the decision is the hardest year in the process of separation, but hope is on the horizon.

Both the emotional and financial impact of divorce/separation diminish over time.

The emotional impact is more prominent in the beginning, but the financial impact tends to linger in the long-term.

The recovery process is much quicker than expected

How long was the recovery process after splitting from your ex-partner?



*Respondents who have experienced divorce/separation

The length of the recovery process varies at an individual level. It is common to take 1-2 years to fully recover from a divorce/separation. Some people (19.1%) recover immediately, but some (7.9%) can suffer for more than 5 years.

In all this, the silver lining is that almost all respondents who have been through divorce/separation say they have grown and adapted since the split from their former partner.



Financial cost of separation

The economic cost is deep and far reaching

From a purely economic standpoint, the cost of divorce/separation in Australia is deep. It is estimated that, every year, Australians who undergo divorce are spending:



Legal costs¹

\$3.7 Billion



Dating²

\$3.2 Billion



Childcare³

\$863.1 Million



Divorce application fees⁴

\$45.0 Million

The need for each of these services is exacerbated by divorce/separation, to the point where it's causing Australians a significant financial toll.

The data above were extrapolated from the following sources:

¹ Money Mag - <https://www.moneymag.com.au/save-thousands-divorce> ; ABS 2019 - <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3310.02018?OpenDocument>

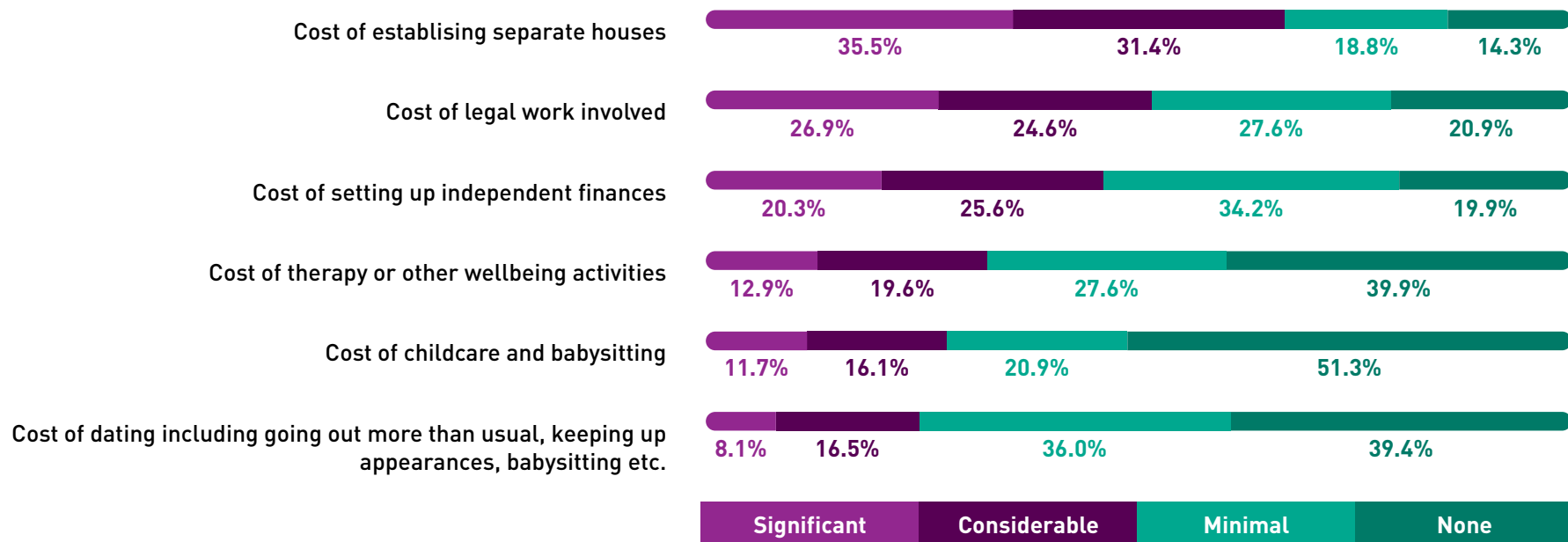
² OpenTable 2019 - <https://au.finance.yahoo.com/news/the-bachelor-2019-inspires-expensive-dates-072814506.html>

³ ABS 2018 - <https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4402.0Main+Features1June%202017?OpenDocument>; ABS 2019 - <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3310.02018?OpenDocument>

⁴ Family Court - <http://familycourt.gov.au/wps/wcm/connect/fcoaweb/forms-and-fees/fees-and-costs/fees>; ABS 2019 - <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3310.02018?OpenDocument>

The financial impacts are felt on multiple fronts

Thinking about all the things you have to deal with in a separation or divorce (during and immediately after), which of the following represent(ed) a significant financial cost in your experience?



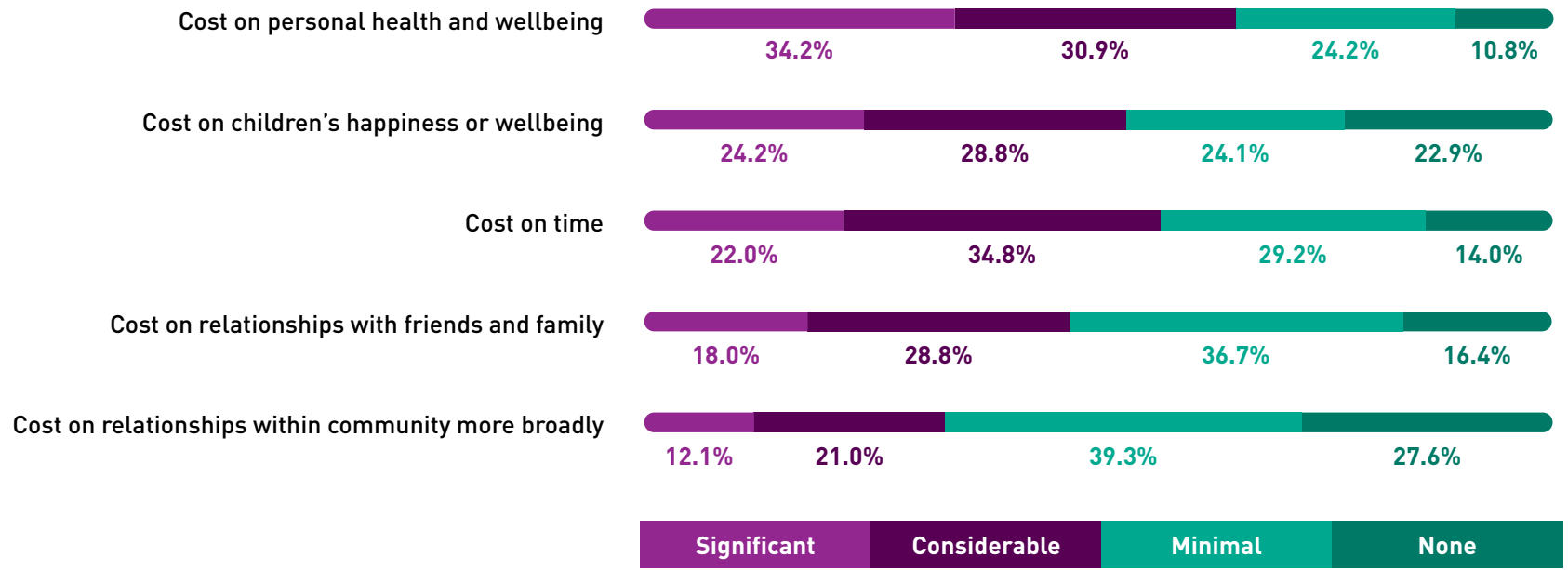
*Respondents who have experienced divorce/separation

The cost of establishing separate households is a considerable financial burden for almost 7 in 10 divorced/separated Australians. Other major costs include legal expenses, the costs of independence, and childcare.

These financial burdens have been shown to have a significant impact on peoples' overall wellbeing, and can make divorce/separation a much more arduous process.

The process has intangible impacts on health, wellbeing and family

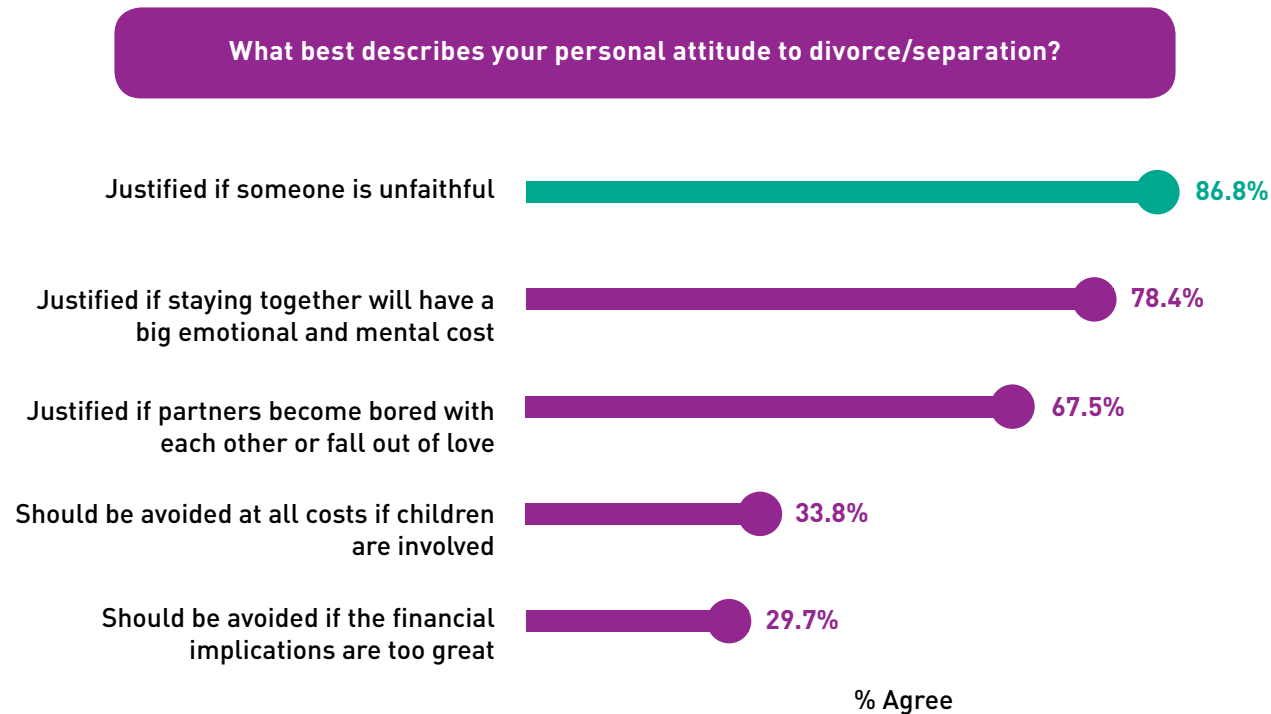
Thinking about all the things you have to deal with in a separation or divorce, which of the following represent(ed) a significant non-financial cost in your experience?



*Respondents who have experienced divorce/separation

Divorce/separation impacts much more than a person's financial situation. Most Australians who have gone through a divorce/separation felt a considerable burden on their health, time, wellbeing, and family, as well as having a sizeable impact on the happiness and wellbeing of their children.

Many Australians have clear definitions of circumstances that justify divorce/separation



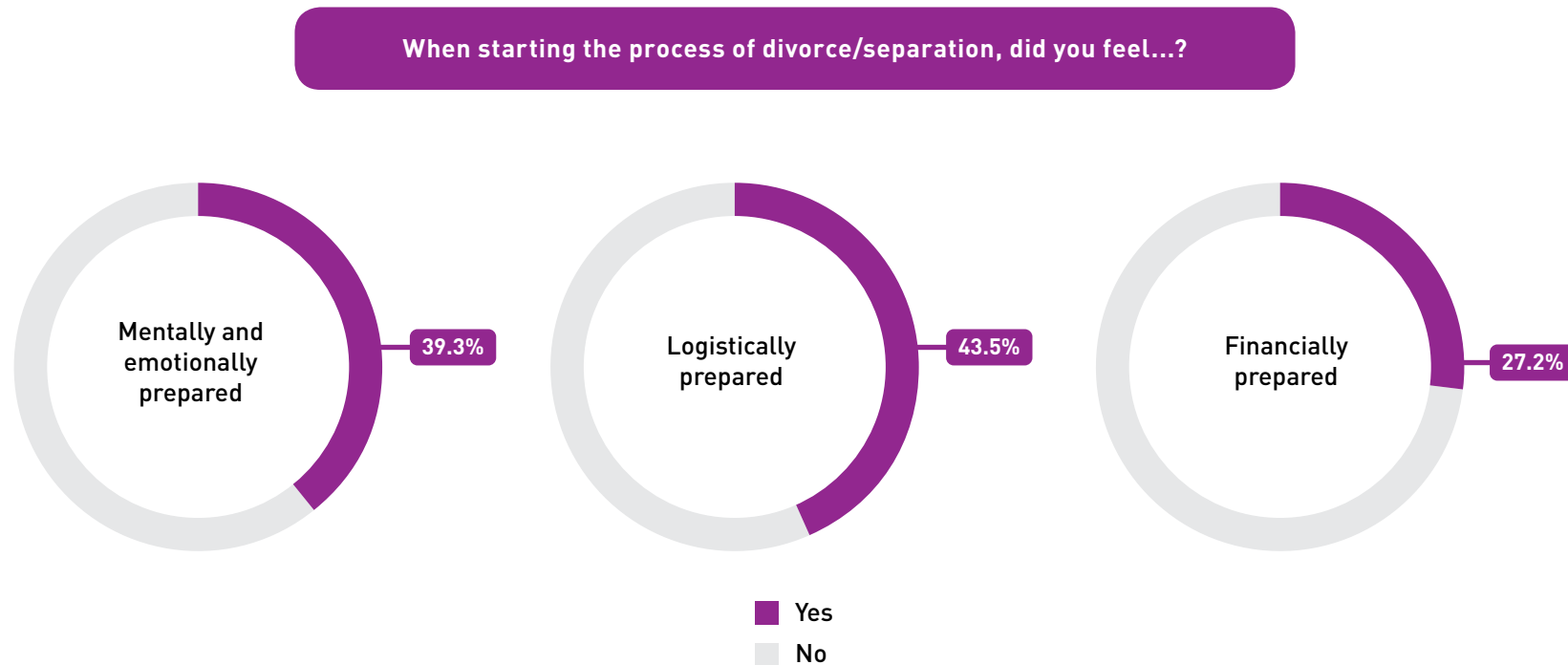
Most believe that a decision to divorce/separate is justified if someone is unfaithful, or if the mental cost of staying together would not be worthwhile.

But some tend to give more weight to financial issues, and believe that divorce/separation should be avoided if the financial implications would be too great.



Being prepared and coping

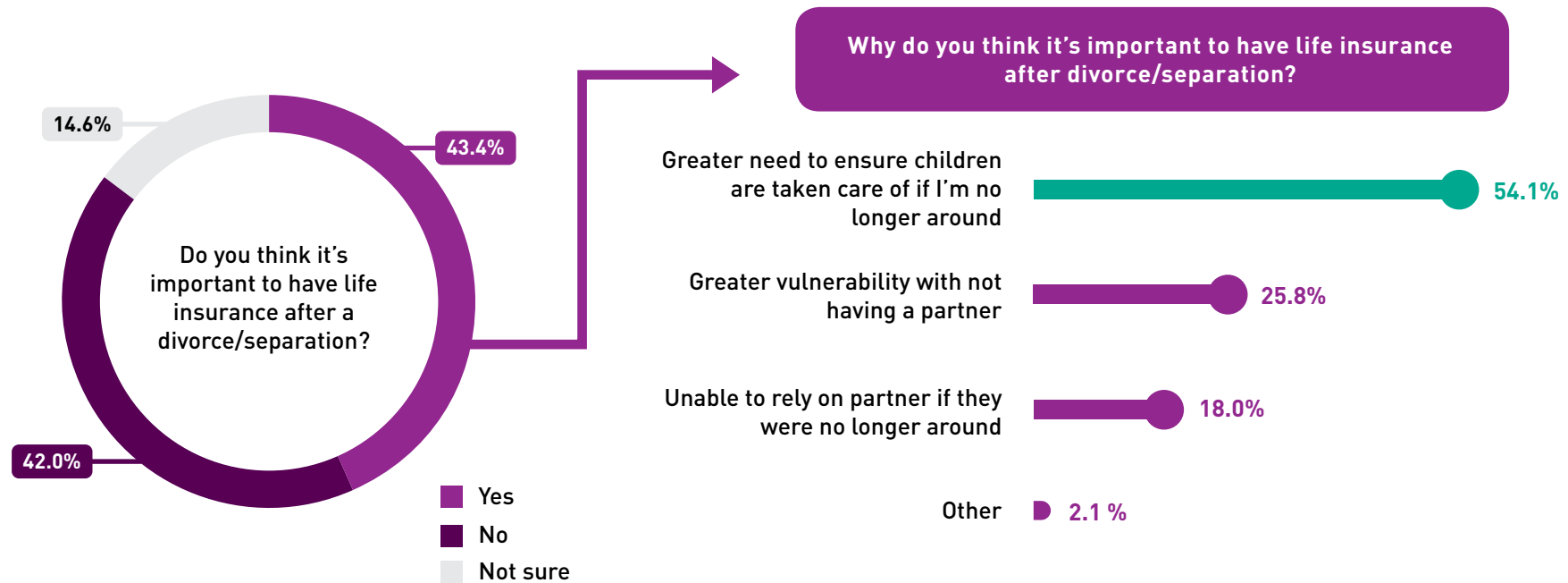
It's difficult to prepare for



*Respondents who have experienced divorce/separation

Divorce/separation is difficult to prepare for, and many Australians weren't mentally, emotionally, financially, or logistically prepared for the events that unfolded. Navigating separation is a difficult undertaking, and it seems as though many struggle with the journey.

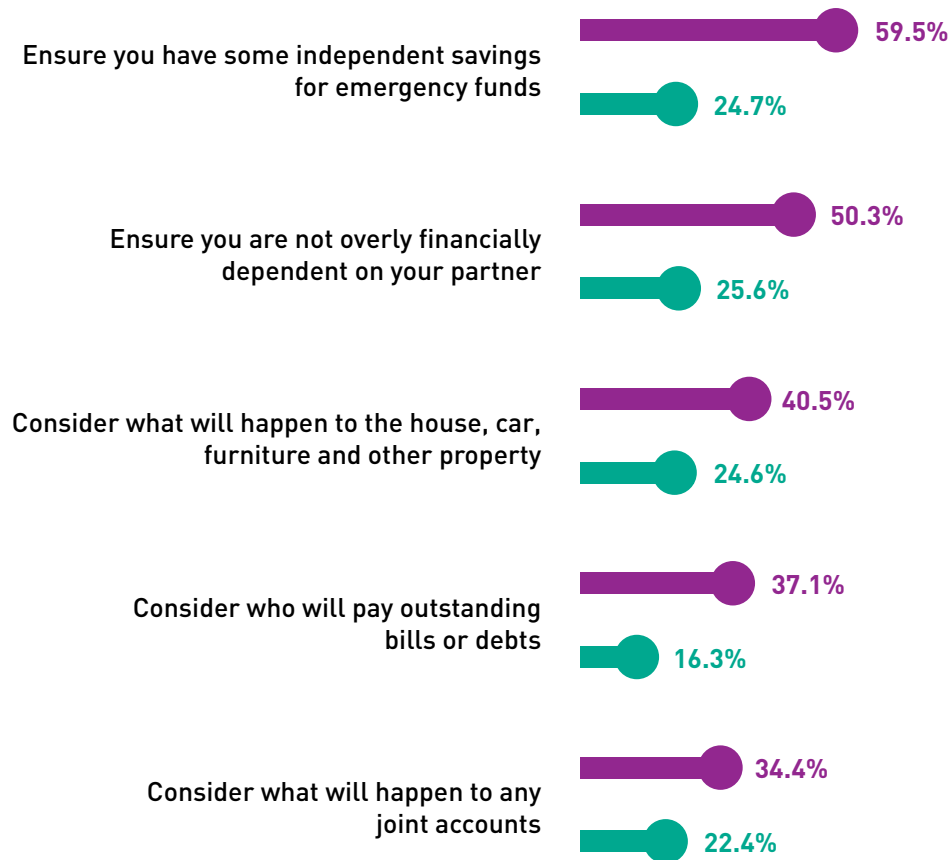
Divorce/separation has a polarising effect on perceptions around life insurance



Australians are almost evenly split on the question of whether life insurance is important post-divorce/separation. Those who feel it is, are driven by wanting to ensure their children would be taken care of should they pass away.

There are steps Australians can take to be better prepared

Knowing what you know now, how would you prepare better for/ have you done any of these things to prepare for financial issues associated with separation and divorce?

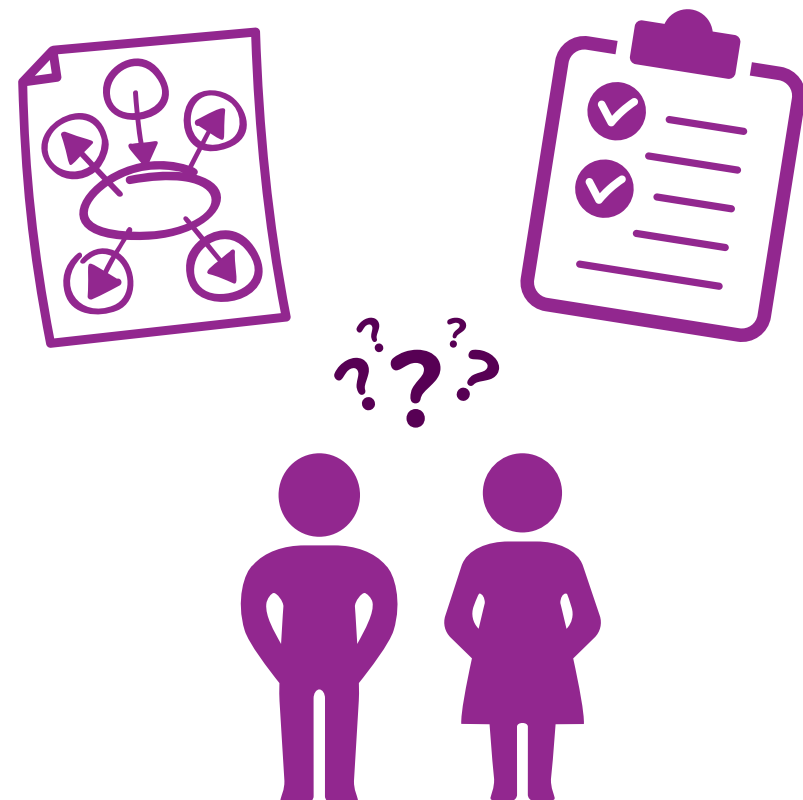


*Multiple answers allowed
*Top 5 answers only

- Have experienced divorce/separation
- Have not experienced divorce/separation

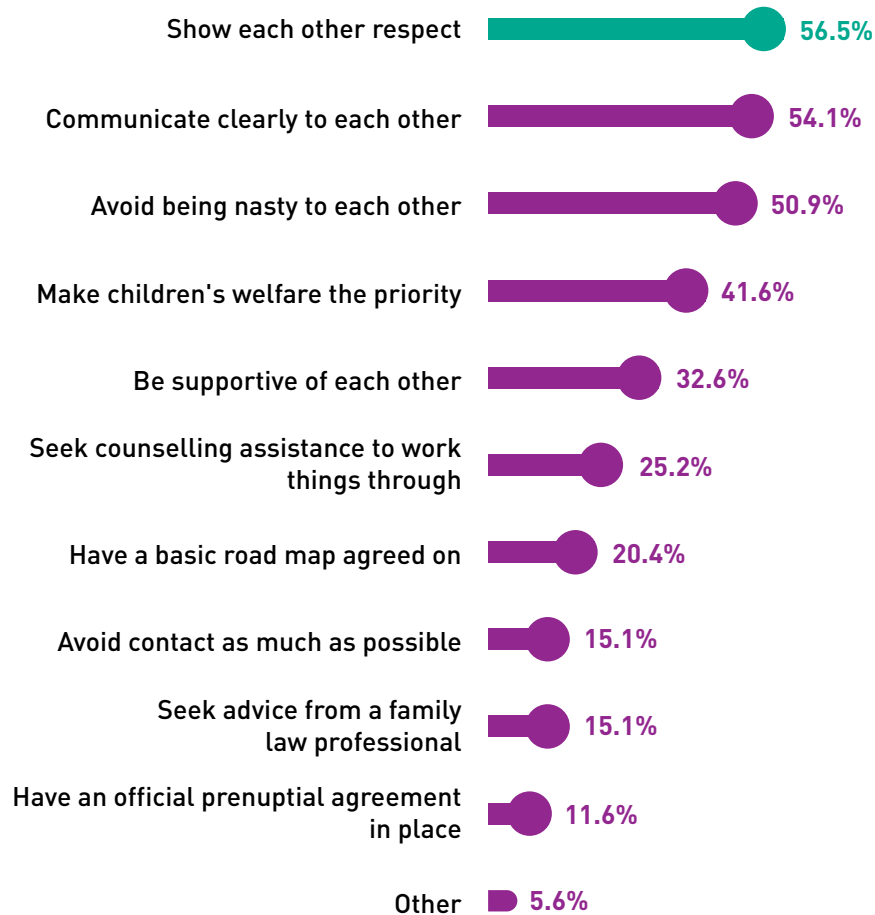
Financial independence is recognised by many Australians who have not experienced divorce/separation as an important step in the process if a divorce/separation were to happen, even when they have been reliant on their ex up to that point. Of course, this step is never easy.

59.5% of respondents who have been through a divorce/separation believed they would have been better prepared if they had some independent savings for emergencies.

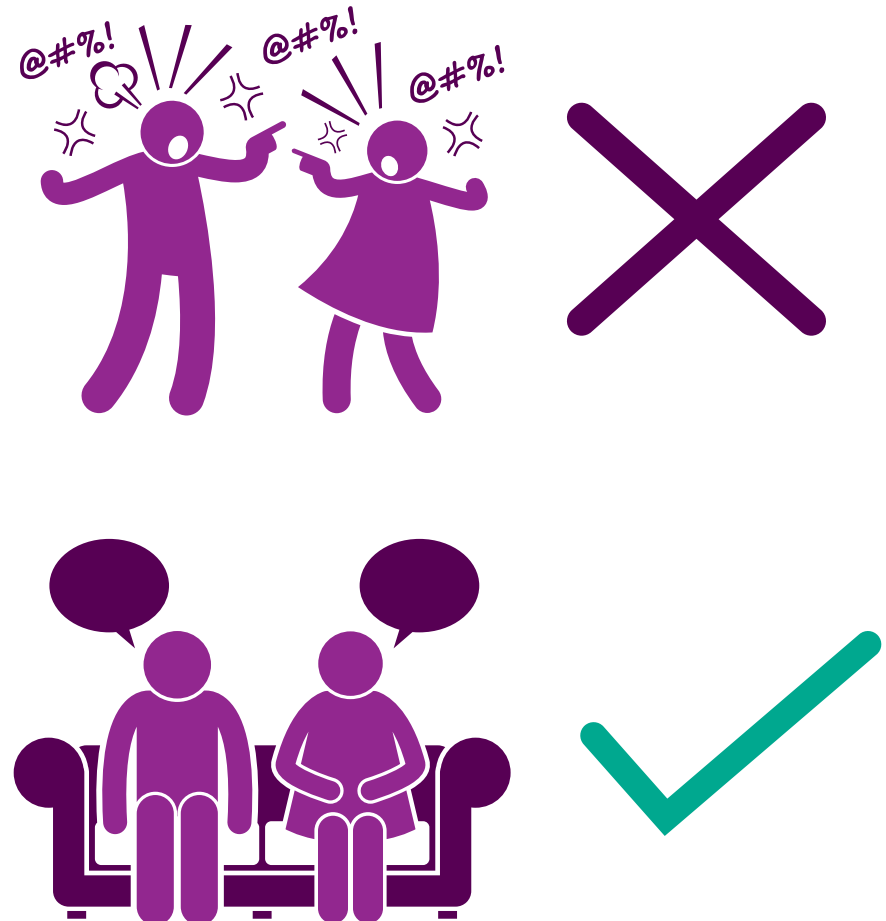


Hindsight is 20/20, and there are ways to mitigate animosity

With hindsight on your side, how can you help ensure you end a serious relationship on the best terms possible?



Not every divorce/separation needs to have malice, many are able to amicably divorce/separate without animosity. With hindsight, it seems many value respect, communication and kindness as the cornerstones of a healthy separation.



*Multiple answers allowed

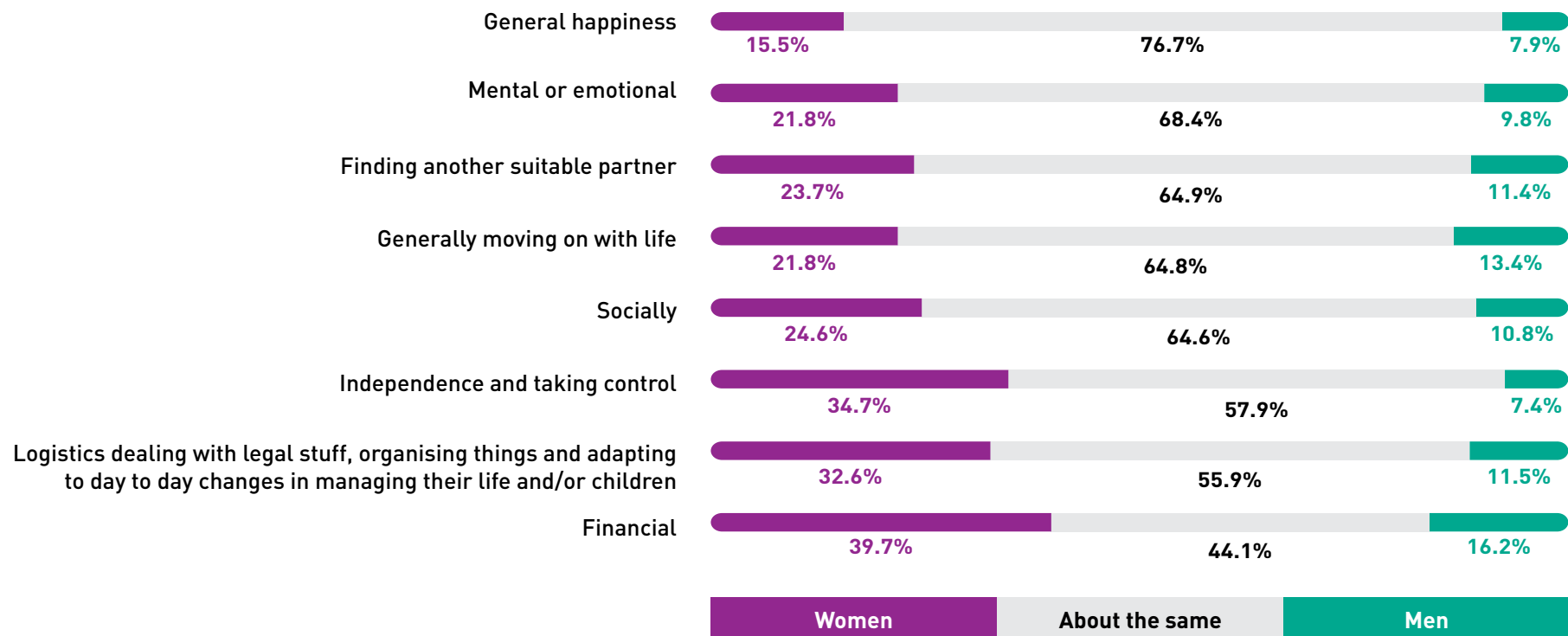
*Respondents who have experienced divorce/separation



Men vs women

Women are perceived to be more impacted by aspects of divorce/separation

These days, who do you think separation or divorce has the greatest impacts on in regards to the following respects?

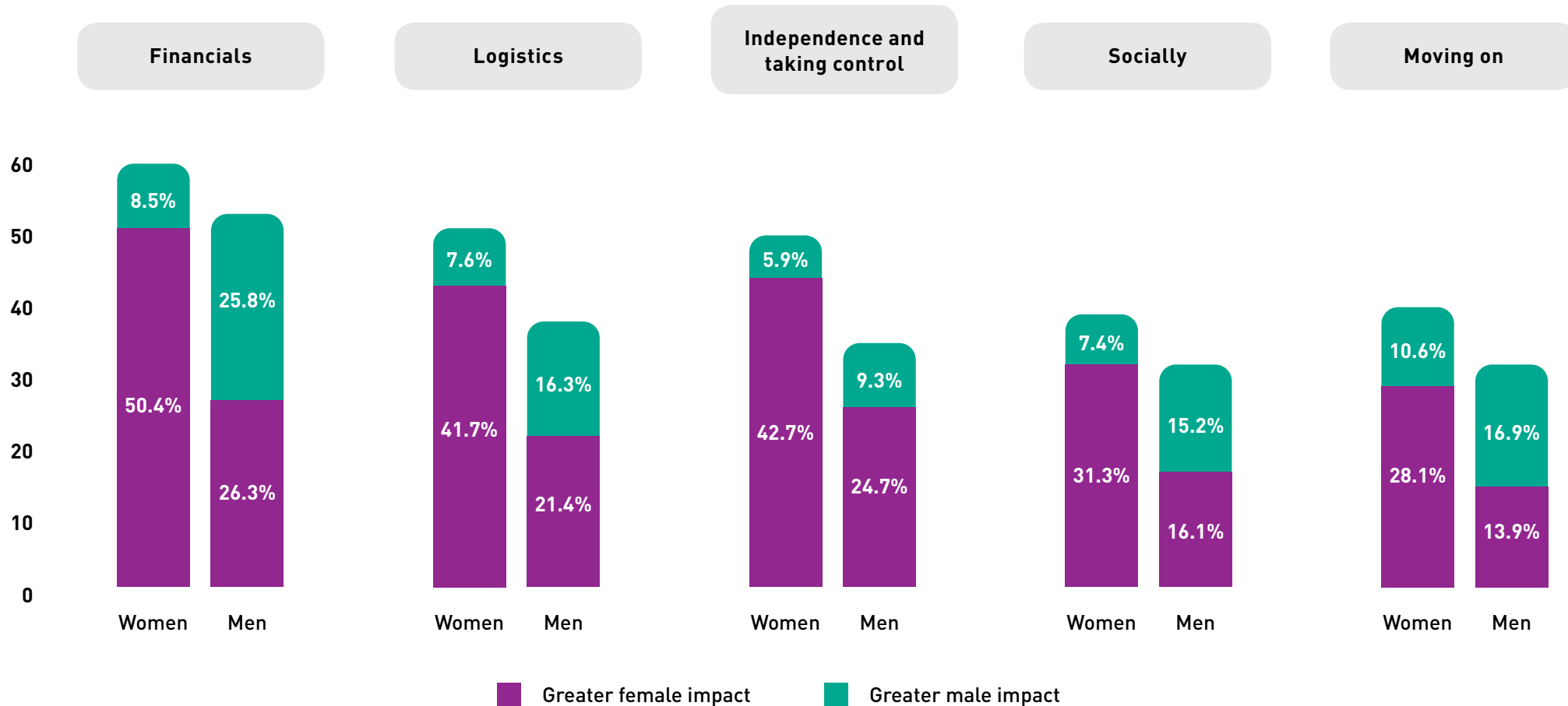


Women are perceived to be more impacted by divorce in regards to sociality, independence, logistics and finance compared to men.

Women are also more likely to be seen as struggling to find a new partner or to move on with life in general.

Finance, finding partners, logistics and moving on are the only areas where more than 10% of Australians believe men may be more impacted.

Women perceive that divorce/separation impacts them in a much greater way



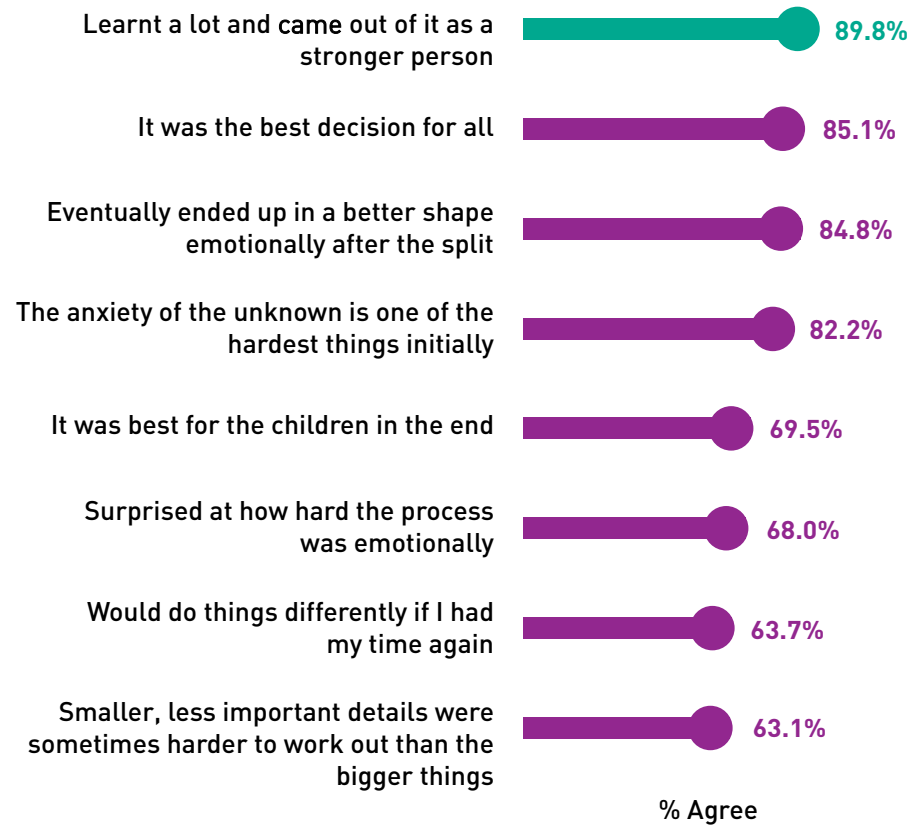
Interestingly, with regards to their social life and moving on, men generally feel that they're worse off. In all facets of divorce/separation, however, women feel they are worse off. Barely 10% of women believe men are impacted more in any aspect of separation.



Silver linings

Divorce/separation can have positive aspects

How much do you agree with the following statements about life after splitting with your ex-partner?



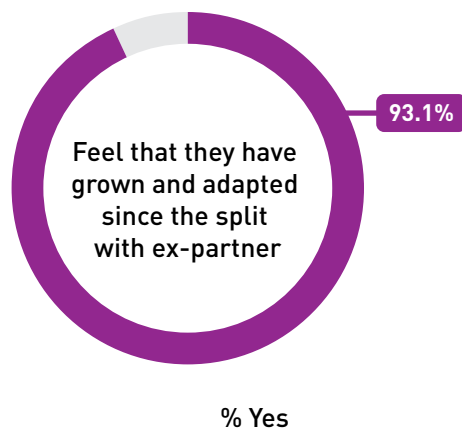
*Respondents who have experienced divorce/separation

For many, the renewed feelings and self-confidence that follow separation outstrip the emotional turmoil of the process. This is a major reason that many Australians decide to continue with divorce, despite their awareness of the financial and emotional impacts it can create in the short-term.



Personal growth and control follow for many

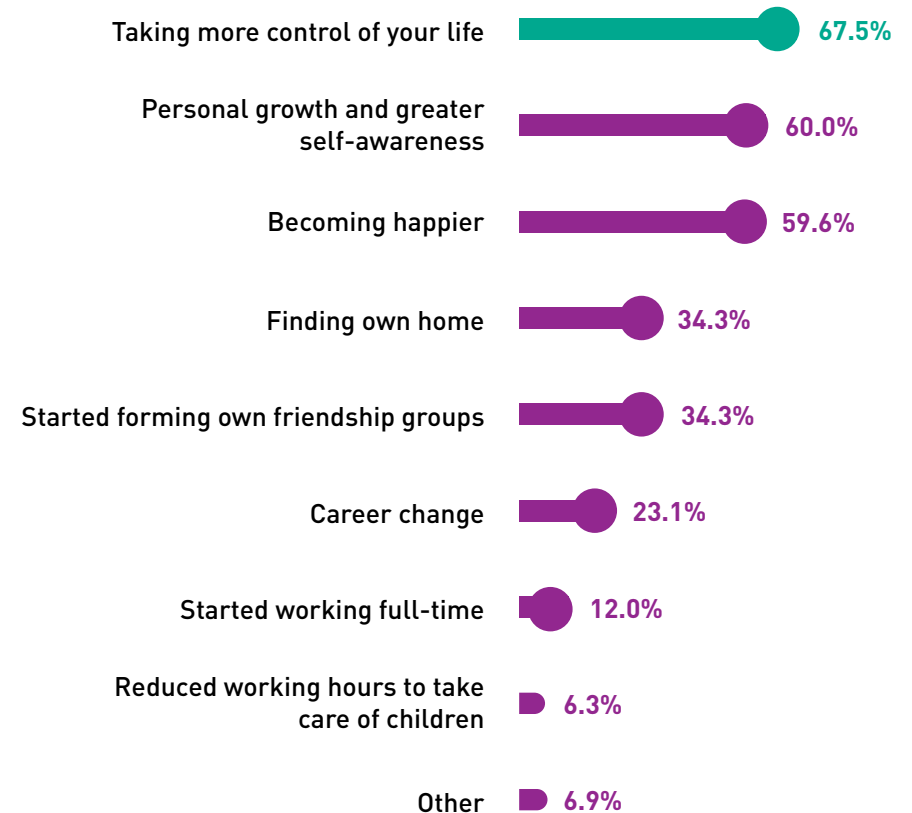
Do you feel that you have grown and adapted since your split with your ex-partner?



*Respondents who have experienced divorce/separation

Divorce/separation can present an opportunity for personal growth, and positive experiences can be drawn from the ordeal. People find they have more control, self-awareness and happiness once the dust has settled on their separation.

What are some of the big changes that have occurred since the split with your ex-partner?



*Multiple answers allowed

*Respondents who have experienced divorce/separation

More of the real deal from Real Insurance coming soon...

About Real Insurance

Real Insurance is an award-winning Australian Insurer specialising in life, income protection, funeral, pet, car, home, travel and bike insurance. In the market since 2005, Real Insurance has protected the quality of life of many Australians, through the delivery of innovative and affordable products. Real Insurance has been the recipient of the Feefo Gold Trusted Service Award 2019, Readers Digest Quality Service Award in the life and funeral categories 2019. Real Insurance is a trading name of Greenstone Financial Services Pty Ltd and The Hollard Insurance Company Pty Ltd.

