

PRESS RELEASE

London, 16 July 2018

Over a quarter of Brits in a relationship admit to having no financial protection against divorce

- Over a third (37%) of adults in a relationship are unsure whether they have any financial protection against divorce
- Over a quarter (26%) of adults in a relationship don't hold any type of financial products together
- Two fifths (39%) of adults in a relationship admit they think they will be reliant on their partners income/wealth during retirement

Over a quarter (27%) of all British adults in a relationship, representing 8.5million people*, do not have any financial protection to cover themselves in the event of a relationship break down, with over a third (37%) admitting to being unsure whether they have any financial protection; according to wealth manager Kleinwort Hambros.

The survey, which questioned over 1300 people who are married, in a relationship or in a civil partnership, revealed that those of an older age are more likely to have some form of protection in place. This is compared to younger ages, of which half (50%) of those aged 18-to-24 admitting to having no form of protection, with only a quarter (26%) of those aged 55 and older admitting this.

Paul Kearney, Head of Private Banking for Kleinwort Hambros says: “Separating from a partner is always a life- changing situation and can be a very isolating experience. Yet when approached in the right way, the process provides an opportunity to take control, and give your life a new direction and focus.

“One of the most important issues to consider is the financial settlement, which involves navigating a complex set of decisions that will have serious implications for the future. It's

essential to seek support from a team of professional advisers who can help make informed choices.”

Regarding the adults who have protected their household and personal finances, the most common way they have done this is through marriage law (35%), with an informal verbal agreement with their partner (13%) the second most common.

Alex Davies, Partner & Head of Family for Cripps LLP, one of our legal partners says:

“Undoubtedly, marriage or civil partnership offers the best financial protection of any relationship model because of the Court’s powers to redistribute assets and income in the event of divorce / dissolution.

“Prenuptial agreements have become increasingly common in the last 10 years as couples are convinced of the advantages of arranging their financial affairs in advance. This does require honest and frank conversations, but many people find that a positive experience.

“For those not wishing to formalise their relationship in those ways, cohabitation agreements are extremely effective in setting out the financial rights and responsibilities of each partner whilst living together and what they can each expect if they separate.

“Whichever relationship model a couple choose, the law is always concerned to ensure that children are properly provided for. Many people don’t realise that they are entitled to make a financial claim for the benefit of children if their relationship breaks down, even if they are not married or in a civil partnership.”

Understanding a partner’s finances & joint accounts

When questioned about the level of understanding couples have regarding one another’s finances, nine in ten (90%) admit to having at least some form of understanding of how much their partner earns, with over two thirds (68%) having full understanding.

When looking at the areas of their partner’s income which adults have the greatest understanding of, main salary is the most well-known (74%), followed by over a third (37%) knowing how much their partner withdraws from their pension and a quarter (26%) knowing how much their partner withdraws from their savings.

Top five most common known financial areas of a partner's income

| Financial area | % of adults saying the understand |
|---|--|
| Salary | 74% |
| Money they receive/ withdraw from their pensions | 37% |
| Money they withdraw from their savings | 26% |
| Dividends from their investments (e.g. stocks, shares) | 20% |
| Bonuses/ commission they earn (i.e. in addition to their standard salary/ wage) | 18% |

Despite strong levels of knowledge around partner earnings, a quarter (24%) of adults in a relationship currently don't hold any financial products or joint accounts together. Over half (55%) of those who do hold at least one financial product jointly with their partner, have a joint bank account and just under half (46%) currently hold physical wealth together, such as the value of household goods and the contents of their main home.

Amanda Alexander, Senior Wealth Planner for Kleinwort Hambros says: "At the earliest possible stage, it's important to identify all assets that can be divided as part of your settlement, including insurance policies, pensions, investments and property.

"Valuing assets at any point in time, such as an investment portfolio, may be difficult. It is therefore essential people get the right advice to get a full understanding of the ever-changing regulatory and financial landscape."

Relying on a partner's income

The survey further reveals that two fifths (39%) of all adults in a relationship state that they think they will be reliant on their partners income/wealth during retirement. This reliance on a partner's wealth also increases with age, with only a fifth (19%) of 18-to-24-year olds stating they would be reliant on their partners wealth during retirement; this increases to a third (32%) of those aged 35-to-44 and again to just under half (48%) of those aged 55 and above.

Amanda Alexander added: "Even if you have played a part in the past, working out how much money you will need for your future isn't always simple. As well as the cost of daily living, it's important to identify other expenses, such as paying education and healthcare fees as well as

setting up and running a new home. There is a variety of cash flow modelling tools and techniques that can be used to estimate your future spending needs and create a plan for your financial independence.”

5 tips how best to financially protect yourself in case of a breakdown in a relationship:

- Understand your expenditure
- Gather information on accounts
- Think of employers who may have provided the spouse with pension benefits
- Consider if there any benefits that would disappear on divorce e.g. private medical insurance
- Review your Will

-Ends-

For further information, contact Tom Pavey-Smith, Lansons, on 0207 2943606 or email thomasps@lansons.com

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,006 adults of which 1,328 are married, in a relationship or civil partnership. Fieldwork was undertaken between 21st - 22nd March 2018. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2012 adults. Fieldwork was undertaken between 4th - 8th May 2018. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

* This figure is based on ONS 2016 population estimate of 50,340,973 people in Great Britain, of which 65% classify themselves as married, living as married, in a civil partnership or a relationship but not living together, this equates to 32721632.45 GB adults aged 18+. Of these, 26.80% said that their household finances are not protected in the event of their relationship breaking down, this equates to 8769397.497 people.

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