

New research reveals the Real Cost of Separation

Separation causes emotional and financial heartbreak, but Australians recover quicker than expected

SYDNEY, MAY 2020 – New research reveals that although going through a separation or divorce is emotionally draining and can be financially damaging, over nine in 10 Australians (93.1%) say they have grown emotionally and adapted since splitting from their former partner and those with children, disclose tips on how to reassure them through love and affection during this challenging time.

According to the *Real Cost of Separation Report*, commissioned by Real Insurance, emotional and mental costs are the largest factors in the separation/divorce process. Among those who have split from their partners, 62 per cent stated that the mental and emotional toll on the parties involved was the most difficult aspect of the separation, followed by the impact on children (57.1%) and the financial issues that come along with the process (54.3%). Women are more likely to find financial issues harder to cope with, when compared to men (58.3% vs. 48.9%).

With Australians spending almost \$45 million¹ in 2018 on divorce application fees, it may come as a surprise that those surveyed found the greatest financial cost associated with separation/divorce is the establishment of separate houses (66.9%). This is followed by legal fees (51.5%) and setting up independent finances (45.9%).

The research, that surveyed over 5,000 Australians, indicates that despite the financial and logistical challenges, four out of five agree that they eventually ended up in better shape emotionally, with close to 90 per cent of those who have gone through a separation/divorce saying they came out of it stronger (89.8%).

Real Insurance spokesperson, Travis Hall, says that there is no doubt that relationship breakdowns are serious issues and often the most difficult time in a person's life.

“The research explores Australians' shifting attitudes towards relationships and separation. We wanted to get a better understanding of what is important to Australians, how they grow and adapt from relationship breakdowns, and how they manage the financial burden. All whilst exploring how family units can be maintained, and children can feel supported through the separation process.

“What we have seen is that Australians are not often mentally, emotionally, financially, or logistically prepared for the events that unfold during a relationship breakdown. However, while navigating separation can be difficult, many find themselves recovering from these impacts sooner than anticipated.” Mr Hall said.

Clinical psychologist, Andrew Fuller says relationship breakups are emotionally painful and unsettling for everyone concerned, with the disruption of plans often leading to hardship and confusion.

“One of the main challenges for families during this time include finding ways to care for children that won’t distress them or set them back. Other issues are fear of loneliness and isolation, financial insecurity and the likely division of friendships groups, extended family members and support networks.

“Despite the difficulties of a breakup, most people find new ways to protect themselves and connect with the people in their lives; ultimately growing stronger than ever,” Mr Fuller said.

“We can guide people through this emotional rollercoaster by acknowledging the pain and challenges, but also reminding them it will not always feel this way. Many people create more positive relationships after breakups, and a separation can be the start of renewed purpose in life,” Mr Fuller added.

Furthermore, the research reveals that close to nine in 10 (86.5%) believe that children are better off in the long run if parents do what makes themselves happy and healthy. Over nine in 10 believe it is best for children not to live in a house if there is conflict and tension. And, almost three quarters (72.5%) agree that if managed right, children involved in separation/divorce can emerge from the experience with no negative impacts.

The research suggests that giving children reassurance, love and affection (61.5%) is the most important factor in supporting them through the challenging time, with being honest about feelings and reasons (52.5%) and avoiding blaming and getting upset in front of them (45.1%) helping also.

The report uncovers the real cost of separation for Australians under the pillars of recovering, growing and adapting after separation, the impact of separation on children and the cost of separation, with further findings below.

Further findings from the research

Money matters

- Australians are spending almost \$45 million¹ per year on divorce application fees and \$3.7 billion² on legal costs
- Over half say it would have benefited them if they had emergency savings (59.5%) and ensured they were not financially dependent on their partner (50.3%)
- Nearly half of Aussies believe it’s possible for both partners to be in better shape financially post-split

Top five tips for parents

- Children need to be reassured they are not at fault in any way – (97.5%)
- Children need to be reassured both parents will still love them the same way – (96.9%)

- Children are better off not living in a house where there is conflict and tension – (91.8%)
- Children are better off in the long run if parents do what makes themselves happy and healthy – (86.5%)
- Children should receive counselling when involved in separation or divorce – (74.2%)

Top five financial considerations people wish they had made prior to their split

- Consider having some independent savings for emergencies (59.5%)
- Consider how financially dependent you are on your partner (50.3%)
- Consider what will happen to the house, car, furniture and other property (40.5%)
- Consider who will pay outstanding bills or debts (37.1%)
- Consider what will happen to any joint accounts (34.4%)

Top five financial actions taken after a split

- Removed ex-partner from legal documents – 43.7%)
- Separated joint accounts or mortgage – (42.6%)
- Created a new lifestyle budget – (40.3%)
- Modified beneficiaries– (33.1%)
- Made sure you have your own superannuation – (31.5%)

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About The Real Cost of Separation Report

The Real Cost of Separation Report investigates Australian's shifting attitudes to relationships and separation. This research reveals what's important to Australians, how they grow and adapt from relationship breakdowns, how they manage the financial burden associated with separation and what the implications are for children of separated couples.

The report is compiled based on research commissioned by Real Insurance and conducted by CoreData in March 2020 via a quantitative online survey targeting 5,035 Australians aged 18+. The sample is weighted to be representative of the general population of adult Australians in terms of age group, gender, wealth and state/territory.

Please find break down below:

- Living with partner/married AND have no experience with separation/divorce – 2,039
- Living with partner/married AND have experience with separation/divorce – 754
- Currently separated – 798
- Currently divorced – 1,444

Secondary research was also done to support findings regarding financial costs incurred during a separation or divorce. These are data that can be found in public sources such as ABS, Family Court, among others. Please find specific sources where data was extrapolated from:

¹Family 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>

² Money Mag - <https://www.moneymag.com.au/save-thousands-divorce>

ABS 2019 - <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3310.02018?OpenDocument>

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 insurance categories 2019. Real Insurance is a trading name of Greenstone Financial Services Pty Ltd and The Hollard Insurance Company Pty Ltd.