

The Financial Consequences of Divorce: Implications for Retirement Planning

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Abstract

Divorce has significant economic implications, particularly for long-term financial security and retirement preparedness. Using administrative data from Statistics Netherlands on 5 million individuals, this study investigates the effects of divorce on household savings, pension wealth, and portfolio composition. Employing an event study design and matching methodology, we compare individuals who divorce with those who remain married but have similar event-time probabilities of divorce. Our results reveal persistent financial impacts, including declines in homeownership, stock market participation, and savings, with effects more pronounced among women and older individuals. As policy reforms shift greater responsibility for retirement planning to individuals, these findings highlight the risks divorce poses to financial stability and retirement security.

Keywords: Divorce, Retirement Preparedness, Household Savings, Pension Wealth, Event Study

JEL classification: D14, J12, G51, H55

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1 Introduction

The divorce rate in the Netherlands has remained persistently high over the past two decades, with approximately one in three marriages ending in divorce in 2023 (Statistics Netherlands).¹ While recent years have shown a slight decline in this trend, the average age at divorce has steadily risen, now standing at 48 for men and 45 for women. The economic consequences of divorce can be significant: immediate short-term expenses such as legal fees can sum up to around €4,000 (Hubner & Kabatek, 2024), directly diminishing the couple’s wealth. Divorce often necessitates the sale of the family home—typically the largest household asset—and requires the division of financial and retirement wealth between two newly formed households. These outcomes raise an important question: to what extent does divorce threaten retirement preparedness?

In this paper, we examine the causal effects of divorce on household savings, pension wealth, and portfolio composition. Using administrative data from Statistics Netherlands encompassing 5 million married individuals, we implement an event study design with two-way fixed effects. This approach compares individuals who divorce with those who remain married but had a similar probability of divorce at event-time. Our findings highlight substantial financial consequences of divorce, with effects generally more pronounced among women and older individuals.

Our study addresses a broader question of how major life events impact retirement savings. Historically, individuals in the Netherlands, like those in many OECD countries, relied on robust public pensions and social security systems. Recent policy reforms, however, have shifted greater responsibility for retirement planning to individuals. Notable changes include the transition from defined benefit (DB) to defined contribution (DC) pension schemes and increases in the statutory retirement age (Westerhout et al., 2021). Additionally, demographic trends such as increased longevity have amplified the need for longer-term retirement savings. The new Dutch pension system requires providers to tailor investment risk profiles to participants based on their risk-bearing capacity and preferences, directly influencing their pension outcomes. However, many individuals fail to adequately plan for the future (Benartzi & Thaler, 2013). Cognitive biases often lead people to underestimate the likelihood and consequences of significant life events such as divorce, disability, or even mortality, further contributing to insufficient retirement

¹See <https://www.cbs.nl/en-gb/figures/detail/37425eng>

savings (Groneck et al., 2016). This lack of insight into the financial impacts of life events—and individuals’ capacity to bear such risks—presents a critical gap in understanding that this study seeks to address concerning divorces.

We provide evidence of both the immediate and medium-term consequences of divorce, up to six years post-divorce. Our analysis examines a variety of outcomes, including homeownership, mortgages, stock market participation, savings, net worth, and pension wealth. To identify the causal effects of divorce on financial resources, we apply an event study design controlling for individual and time fixed effects, accounting for both selection into divorce and time-specific factors affecting the value of marriage (e.g., economic recessions or policy reforms). Additionally, we employ a matching technique to address observable differences between individuals who divorce and those who remain married. By estimating divorce probabilities and matching divorced individuals with married counterparts with identical probabilities at the time of the event, we ensure a robust comparative framework.

Our findings highlight significant and lasting financial effects of divorce, particularly for women. The financial gap widens over time, affecting future wealth accumulation in housing, pensions, and other assets, for those who remain single. In the year they divorce, women’s total net worth is about 111,600 Euro lower – roughly a 49 percent gap – than that of women who remain married. For men the difference is Euro 60,500, or 27 percent. Annual entitlements of pension wealth fall by less, accumulating to a Euro 1,100 decline three years after divorce, or 12 percent, relative to those who stay married for men and virtually no change for women. A divorce also affects the portfolio composition. Homeownership rates decline sharply, by 16 percentage points for men and 36 for women, one year after a divorce. Stock market participation also drops significantly by 10 percentage points for women and 6 percentage points for men. Notably, most financial losses and declines in ownership, stay consistently lower after divorce and do not catch up over time. This trend underscores the importance of making divorce part of pension planning, particularly for those divorcing later in life but before retirement age, which is a growing number.

Our study contributes to the literature on the economic consequences of divorce in three key ways. First, we employ advanced methodologies to identify causal effects, addressing limitations of prior studies. Our framework is also applicable for studying

other significant life events affecting retirement preparedness, including job loss and the occurrence of health problems. Second, our longitudinal dataset provides insights into longer-term outcomes and heterogeneity across gender and age. Third, we examine a comprehensive range of financial outcomes, including pension wealth.

The remainder of the paper is structured as follows: Section 2 describes related literature, section 3 the institutional context, section 4 the Data, section 5 the Methods, section 6 descriptive statistics, section 7 the results, and section 8 Concludes.

2 Related Literature

Research on the financial consequences of divorce has three main findings: (1) significant effects on wealth, homeownership, pensions, and assets, both short- and long-term; (2) disproportionate financial consequences for women; and (3) varying effects by age, though causal evidence on age-related consequences remains limited, particularly related to retirement preparedness.

Divorce has well-documented impacts on both ex-partners and their children, ranging from psychosocial challenges (e.g., anxiety, loss of support systems) to changes in living conditions and economic circumstances, such as selling the family home, repartnering, and adjustments in labour supply (Amato, 2000; Leopold, 2018). The effects can persist long-term, influencing household wealth accumulation, financial portfolios, and retirement security (Schmauk, 2024; Ulker, 2009).

Previous research suggests that divorce results in significant changes in wealth, income, homeownership, and asset portfolios. Goda and Streeter (2021) find an 83 percent long-run decline in wealth following a divorce compared to levels one to two years before divorce. Previous studies have documented a large variation in how divorce affects income, ranging from an increase of approximately 5 percent among Australian men six years after divorce to a decrease of 51 percent among black women in the United States in the year following divorce (De Vaus et al., 2017; Mortelmans, 2020; Smock, 1993). Homeownership tends to decrease drastically following a divorce, with Dewilde and Stier (2014) finding that experiencing divorce or separation is associated with a significantly lower likelihood of being a homeowner in later life. However, the consequences of divorce on household asset portfolio composition is less clear, with divorce being associated with

a reduction in stock market participation rates among men but an increase among women (Christiansen et al., 2015).

A consistent finding in the literature is the pronounced gender gap in the financial consequences of divorce. Women are more likely to enter poverty and lose a larger proportion of their income and wealth relative to men after a divorce (Aassve et al. (2007), Goda and Streeter (2021), Sharma (2015), and Zagorsky (2005), among others). This pattern is observed across multiple countries and time periods.

Less attention has been given to the financial effects of divorce at different ages, and existing studies often rely on observational comparisons rather than causal methods. A growing body of research examines ‘grey divorce’ (divorce later in life), with findings that occasionally contrast those of studies that do not consider age differences. For example, Zilincikova and Schnor (2021) use Belgian register data to show that older women are more likely than their ex-partners to retain the marital home after divorce, a finding that contrasts with other studies suggesting that women, on average, face greater reductions in homeownership (Feijten, 2005; Herbers et al., 2014).

The impact of divorce on retirement readiness is underexplored but generally indicates negative financial consequences. Munnell et al. (2018) find that divorce reduces retirement preparedness by 7 percent, while Zissimopoulos et al. (2015) highlight Social Security as a mitigating factor for wealth disparities between married and divorced individuals in the United States. Interestingly, gender differences in the consequences of divorce on retirement preparedness appear to go in the opposite direction than the financial consequences of divorce in general. For example, Yabiku (2000) finds a significant positive association between divorce and the odds of private pension receipt for women but a negative one for men. Similarly, Schmauk and Kridahl (2024) report that in Sweden, divorced and married women receive comparable pension benefits, whereas divorced men receive 26 percent less pension income than married men. In West Germany, divorced women even receive higher pensions than their married counterparts.

A key limitation of prior research is the reliance on mean comparisons between married and divorced individuals without accounting for pre-existing differences in wealth, homeownership, and demographics that influence both financial status and divorce risk (Killewald et al., 2023; Lafortune & Low, 2023; Lyngstad & Jalovaara, 2010). Our study contributes to the literature by employing causal methods that address these biases and

by providing a detailed understanding of age-specific consequences of divorce on financial preparedness for retirement, which, to our knowledge, has not been examined.

3 Institutional Context

The legal consequences of divorce in the Netherlands depend on the legal status of the couple and its marital property regime. We consider two types of formal couples, who we both consider and refer to be “married” in this paper. The first type is marriage (*trouwen*), where the partners involved must say “yes” at the marriage ceremony, and in case of divorce it is necessary to go to court. The second type we consider is a civil partnership (*geregistreerd partnerschap*) that was first introduced in 1998. Under a civil partnership, it is not required of the partners to say “yes”, and court proceedings are only considered necessary in case of divorce if the divorcees have children under the age of 18 at the time of divorce. In most other circumstances, marriages and civil partnerships are legally equivalent. This includes matters of marital property division and parental authority over children. Both marriage and civil partnership are distinct from a cohabitation contract, which does not by default impose rules on property division and legal rights and obligations upon its formation.

Marriages and civil partnerships are by default subject to the same marital property regimes when the couple is formalized. Until 2018, couples formed under a default of general community of property (*algemene gemeenschap van goederen*). Under this regime, all existing and future assets and debts belong to both partners jointly. This also includes inheritances, inter-vivos, and entrepreneurial assets or debt. Since 2018, the default regime has changed to a limited community of property (*bepaalde gemeenschap van goederen*), where only the assets and debts that were obtained jointly before the union and future assets and debts are split 50%–50% upon divorce, excluding any inheritances and inter-vivos. We observe marriages and civil partnerships under both regimes. If partners prefer a different property division regime, a prenuptial agreement or partnership agreement with a notary must be arranged (*huwelijkse voorwaarden of partnerschapsvoorwaarden*).

Pension wealth is by default divided upon divorce under the principle of equalisation

(*Wet verevening pensioenrechten bij scheiding*).² Under this regime, half of each individual’s pension wealth accumulated throughout the marriage is allocated to their divorced partner. This also holds for the entirety of the capital-based survivor’s pension.³ This pension amount is only paid to the ex-partner when the individual retires or upon early death. In case the ex-partner dies, the old-age pension wealth is added back to the individual’s pension entitlements, and the survivor’s pension is added back if the rules of the pension administrator allow for this transfer. An alternative to the default is to have an uneven split or opt for conversion. Under conversion, a part of the individual’s old-age pension and the survivor’s pension accrued during marriage is converted into an independent old-age pension for the ex-partner, so benefit claiming is linked to the ex-partner’s retirement (age). Any deviating arrangements, e.g., due to prenuptial agreements, must be reported to the pension administrator by the ex-partners within two years after the legal date of divorce, and otherwise, the default is definitive in the pension administration.

4 Data

We use administrative data from several registers available from Statistics Netherlands (Centraal Bureau voor de Statistiek). The data contain longitudinal information about household assets and income (2005-2021), provided by the tax authorities, and individual pension accruals (2016-2021), provided by the pension funds. Information on marital status, household composition, and demographic characteristics stems from the population register (GBA), which is merged to the income and asset data.

We restrict our study population to individuals born in the Netherlands between 1955 and 2000. Individuals exit our study population once they reach the age of 65. All individuals who married before the age of 18 are excluded from our analysis. People who ever migrated (i.e., who ever had an address outside the Netherlands) are also removed, as their changes in marital status could not be observed while they lived abroad. We

²From 2028 onward, conversion is expected to be the new default option for the division of pension wealth upon divorce.

³The survivor’s pension in a pension arrangement can be structured based on either a capital approach (*opbouwbasis*) or a risk-based approach (*risicobasis*.) If the pension arrangement is risk-based, it expires upon divorce, meaning that the ex-partner does not receive any benefits after the death of their ex-spouse. Under the capital-based approach, pension wealth is built up which does not expire in case of divorce. Since we focus on pension wealth in our analysis, we only consider survivor’s pensions built up under the capital-based approach.

further restrict our analysis to individuals who have only married people of the opposite sex and who are born in the Netherlands as well. Lastly, we exclude a few individuals with missing household assets and income.⁴

4.1 Event data

Our data distinguish five marital statuses, measured on a daily basis: a marriage, registered partnership, being divorced, being widowed, or being single (no marriage or registered partnership before). We define a dummy variable, *is married*, indicating that an individual is either in a marriage or registered partnership, which we pool because of their similar legal statuses. Unfortunately, the chosen marital property regime is not reported. Divorce and widowhood follow after the legal end date of *being married*. A unique aspect of our marital status data is that these are available from birth onwards, allowing us to distinguish between first-time divorce, second-time divorce, etc.. Starting in 1995, the data also report whether a single, divorced, or widowed individual cohabits on contractual basis. Due to its different legal position, we do not treat ending a cohabitation as a divorce, but rather use cohabitation status as a covariate in our analyses.

The event we study is first-time divorce: a status change from having a partner for the first time to being divorced. We do not examine second or third divorces as an event, as these involve a specific subpopulation of relatively older individuals who could remarry for particular (unobserved) reasons and then divorce again.

To examine the anticipatory and mid-run impact of the event on the outcome, we select a minimum time before divorce and a maximum time after divorce during which we observe the outcome. For asset outcomes, we select an event time window from four years before up to six years after divorce. Those data are available from 2005 to 2021, meaning that we include divorces between 2009 and 2015. While we could have sampled divorces after 2015, we choose not to do so to have a sample that is observed at each event time, i.e., the sample is balanced in event times. For pension wealth, we restrict the window from one year before up to three years after divorce, as these data are only available for the years 2016 to 2021. This means that for pension wealth, divorces in 2017 and 2018 are sampled. We observe 228,610 divorces from 2009-2015 and 68,110 divorces

⁴Applying these filters reduces our sample by 28 percent. This was done to ensure that the entire asset and marital histories are visible for all individuals in our analysis.

from 2017-2018.

We analyze the extent to which a divorcee’s outcomes evolve differently compared to their counterfactual situation had they remained married. Since the counterfactual outcomes for divorcees (the treatment group) cannot be directly observed, we construct these outcomes using individuals who are married for the first time and remain so during the same period (the control group). For a given year of divorce, for example 2009, we therefore select individuals who are married that year and remain married until the end of the study, i.e., December 31, 2021. Following the same procedure for other divorce years, we have 14,801,756 observations who remain married during the divorce years 2009–2015 for the asset analysis, and 5,053,281 observations who remain married during the divorce years 2017-2018 for the pension analysis. Note that the observation counts include repeated individuals, as they can meet the sample criteria for multiple years.

4.2 Outcomes

For the outcomes we have data on the end-of-year values of household’s assets and debt items. The composite wealth measure we study is net worth, which is the value of all assets less the value of all debts. Furthermore, we have data on the separate categories that household’s assets and debt consist of: the value of the owner-occupied house, other real estate, stocks and bonds, checking and savings accounts, entrepreneurial wealth, other assets such cash-on-hand and loans to family members, a mortgage for the owner-occupied house, and other debt⁵ such as a mortgage for a second house or consumption credit. For the asset categories, we study both the ownership rate (extensive margin) and level outcome (combining the extensive and intensive margin).

We apply top-coding to asset values to prevent outliers (excessively wealthy individuals) from skewing the estimation results. For each asset category, we consider the distribution (including those who divorce and stay married) at the intensive margin and exclude individuals who fall into the top two percent of that category at least once during the event time window. To prevent that macroeconomic trends rather than divorce shocks explain our results, we deflate stocks and bonds using the end-of-year index of the Dutch Stock Exchange (AEX).⁶ The values of the owner-occupied house and other real

⁵Until 2011 this also included study debt.

⁶We deflate both stocks and bonds using the AEX because we only know the total amount invested in securities and cannot identify the exact proportions invested in stocks or bonds. Consequently, the

estate are deflated using a housing price index based on the trend in average house prices in the administrative data. All other asset and debt types are deflated using the Dutch consumer price index (reference year: 2023).

It is important to note that our measures of asset and debt are at the household level and we do not equalized values. This allows us to capture the level effects due to the asset split upon divorce or re-partnering after divorce. It also means, however, that the effect of divorce is a mechanical effect coming from the splitting household assets among both partners after divorce.

Our last outcome concerns the gross annual amount of old-age second-pillar pension. We do not consider survivor's pension entitlements. Our pension measure is the amount accrued at different funds on a reference date in each of the years 2016–2021 (as reported on www.mijnpensioenoverzicht.nl). We aggregate entitlements from different funds into a single benefit. The benefit is annuitized representing an annual entitlement accrued up to the current year.

The raw data separately reports future claims for ex-partners alongside individual entitlements for most individuals. However, for a significant number of cases, accrued entitlements have already been adjusted for ex-partner claims, meaning we do not observe the exact reduction separately. As a result, we cannot add this amount to the entitlements of the ex-partner. Consequently, the accrued pension claims we analyze only capture the (negative) amount deducted and transferred to the ex-partner, while the positive effect of receiving pension wealth from an ex-partner is not reflected in our outcome variable. Therefore, our study focuses solely on the negative impact on pension wealth. Additionally, as with the assets and debt categories, we apply top-coding to the pension wealth variables.

The timing of measurement requires particular attention here. Unlike asset values, which are measured at the end of the year, the measurement date of pension wealth may fall before the date of divorce in the year of divorce. As a result, changes due to divorce may not be fully reflected in the year of divorce but rather in the following year. Furthermore, individuals have up to two years to report the divorce to their pension fund, meaning that divorce effects may not be immediately visible. Therefore, in the results, we are particularly interested in the change in pension wealth at three years after divorce,

bonds cannot be deflated separately.

so when divorce effects have settled.

Lastly, for the analysis we will build a prediction model for divorce using a battery of covariates on socio-demographics and socio-economic status. The list includes: gender, individual age and the household’s average age, individual year of birth and the household’s average year of birth, individual and household’s main source of income, and the number of legal and cohabiting children.

5 Method

We analyze the extent to which a divorcee’s outcomes (the treatment group) evolve differently compared to their counterfactual situation had they remained married (the control group). The primary methodological challenge lies in the fact that divorce is not a random event. Therefore, a straightforward outcome regression with a divorce dummy cannot yield causal interpretations, as the dummy variable captures not only the effect of divorce but also any omitted determinants of divorce, such as socioeconomic status (SES).⁷

To address this issue, we employ a two-step, doubly robust method to ensure comparability between the treatment and control groups and identify the causal effect of divorce (see, e.g.: Sant’Anna and Zhao, 2020; Arkhangelsky and Imbens, 2022). In the first step, we match each treated individual with a control individual who exhibits a similar probability of divorce based on baseline characteristics. In the second step, we estimate a two-way fixed effects (TWFE) model on the matched sample, allowing us to isolate the causal effect of divorce from any remaining individual- and time-fixed effects.⁸

5.1 Propensity Score Matching

We analyze the evolution of assets from four years before ($j = -4$) to six years after divorce ($j = 6$), where j denotes the number of years relative to the divorce event. Suppose a treated individual divorces in calendar year $\bar{t}_i = t$, where $t \in \{2009, \dots, 2015\}$. This individual is matched one-to-one (with replacement) with a counterpart who remains married

⁷This aligns with prior research documenting significant correlations between individual characteristics and divorce risk. See, for example, Kalmijn and Poortman (2006), Killewald et al. (2023), Lafortune and Low (2023), and Lyngstad and Jalovaara (2010).

⁸The model is termed doubly robust as the estimand has a causal interpretation if either the outcome model is correctly specified, or the matching model is correctly specified (or both).

throughout the study period, implying $\bar{t}_i = \infty$ for the control individual. Matching is based on the ex-ante probability of divorcing in year t , conditioned on characteristics observed in $t - 4$. To estimate the divorce probability, we fit the following probit model:

$$\mathbb{P}(\mathbb{1}(\bar{t}_i = t) \mid \mathbf{x}_{i,t-4}) = \Phi(\mu + \alpha_t + \mathbf{x}'_{i,t-4}\boldsymbol{\beta}), \text{ with } t \in \{2009, \dots, 2015\}, \text{ and} \\ \bar{t}_i \in \{2009, \dots, 2015, \infty\}, \quad (1)$$

where $\mathbb{1}(\bar{t}_i = t)$ indicates whether individual i belongs to the treatment or control group in year t . μ is the intercept. The term α_t captures year-specific trends in divorce rates. The vector of lagged predictors $\mathbf{x}_{i,t-4}$ includes gender, marital and cohabitation status, marital duration, age and birth year of the individual and their spouse, the presence and number of children, net worth and equivalized household income percentile (by age, year, and gender), primary income sources for both the individual and household, the extensive margins of various asset types, and the municipality of residence. $\boldsymbol{\beta}$ represents the impact of these predictors on divorce probability. The estimate $\hat{\boldsymbol{\beta}}$ is used to predict the probability of divorce for each sampled individual.

We apply a nearest-neighbor matching algorithm to pair each divorced individual with a married counterpart based on their propensity score $\hat{\mathbb{P}}(\mathbb{1}(\bar{t}_i = t) \mid \mathbf{x}_{i,t-4})$, i.e., the predicted probability of divorce. Successful matching requires a common support of propensity scores for the two groups, which we test in the next section. Exact matching is performed on net worth percentiles, divorce year, and gender categories, while allowing for differences in other covariates. Exact matching on net worth percentiles ensures that baseline outcomes $y_{i,t-4}$ are comparable between the two groups. Additionally, individual age is included as an exact predictor in heterogeneity analyses to ensure age comparability.

The procedure is repeated for pension wealth variables with slight modifications. Here, the event window spans $j = -1$ to $j = 3$, with $t \in \{2017, 2018\}$ and $\bar{t}_i \in \{2017, 2018, \infty\}$. The divorce probability is predicted using a one-year lag in covariates, i.e., $\mathbf{x}_{i,t-1}$.

5.2 Model Specification

Our primary interest is in identifying the differential trend in outcomes for divorced individuals relative to their married counterparts, capturing the gain or loss attributable to divorce. To illustrate, consider a two-period setting where individual D divorces in

period 2, while individual M remains married. The realized outcome sequences for D and M are $\{y_1^{(D)}, y_2^{(D)}\}$ and $\{y_1^{(M)}, y_2^{(M)}\}$, respectively. The outcome change for D is $\Delta_D = y_2^{(D)} - y_1^{(D)}$, and for M , it is $\Delta_M = y_2^{(M)} - y_1^{(M)}$. The effect of divorce is given by $\gamma = \Delta_D - \Delta_M = (y_2^{(D)} - y_1^{(D)}) - (y_2^{(M)} - y_1^{(M)})$, which accounts for Δ_M , the time difference irrespective of divorce. Alternatively, γ can be expressed as $(y_2^{(D)} - y_2^{(M)}) - (y_1^{(D)} - y_1^{(M)})$, emphasizing the difference in outcomes due to divorce while adjusting for baseline differences $(y_1^{(D)} - y_1^{(M)})$.

In a multi-period framework, the model is specified as a two-way fixed effects (TWFE) model:

$$y_{it} = \sum_{j \in \{-3, \dots, 6\}} \gamma_j \cdot \mathbb{1}(\bar{t}_i = t - j) + \alpha_i + \delta_t + \epsilon_{it}, \text{ with } t \in \{2005, \dots, 2021\}, \text{ and}$$

$$\bar{t}_i \in \{2009, \dots, 2015, \infty\}$$

where α_i represents individual fixed effects, capturing selection into divorce, and δ_t accounts for time-fixed effects, reflecting factors such as economic conditions and policy changes. t has a wider range than in model (1) because we not only look at the year of divorce, but the whole surrounding period. The advantage of using t to account for calendar year-specific trends is that it parsimoniously captures common factors affecting individuals in the same calendar year regardless of their proximity to divorce. The term $\mathbb{1}(\bar{t}_i = t - j)$ is a dummy variable indicating whether the individual belongs to the treatment or control group in year $t - j$ and is j years from divorce. The coefficients γ_j measure the causal effect of divorce on the outcome in j years from divorce, with $j = -4$ serving as the reference period. ϵ_{it} is an idiosyncratic error term.

This approach is conditional on several assumptions. First, divorced individuals and their married counterparts have a common time trend δ_t , whereas otherwise, time- and event-time events cannot be separated. Hence, the average outcomes between divorced individuals and their married counterparts should have been parallel without divorce. Second, there should be no anticipation of the divorce at least at the first period of the event window ($j = -4$ to $j = -3$). Hence, outcomes move parallel until some $j > -4$, preferably $j = 0$, the moment of legal divorce. However, there is likely anticipation in our setting, as couple can already live apart and split property before the legal date. For most asset outcomes, we see parallel trend until $j = -3$, implying a causal interpretation.

Third, the effects of the divorce should be the same regardless of the year in which divorce occurs (Callaway and Sant’Anna, 2021). This assumption is challenged by the change in default marital property for new marriages starting in 2018 (also our final year of divorce), but this is unlikely to have a big impact on our results since only the small number of individuals both marrying and divorcing in 2018 would cause issues. The final assumption is that married individuals stay married past the end of the study in 2022.

Standard errors are parametrically computed using the formula for linear panel models with fixed effects, and we cluster them at the (pseudo-)individual level. Strictly speaking, standard errors needed to be bootstrapped to take the non-parametric matching from the first-step into account. However, we stick to parametric estimates, because large sample sizes lead to small standard errors anyway and large sample sizes lead to a very heavy computation burden in case of bootstrapping.

We repeat the fixed effects regression for pension wealth ($j \in \{-1, \dots, 3\}$, $\bar{t}_i \in \{2016, 2018, \infty\}$ and $t \in \{2016, \dots, 2021\}$). We construct the results separately for men and women. In a heterogeneity analysis we further condition the second-step TWFE results on age at baseline ($j = -1$ or $j = -4$): 25-29, 30-34, 35-39, 40-44, 45-49, and 50-54.

6 Descriptive Statistics

6.1 Prevalence of Divorce for the 1955 Cohort

Table 1 presents transition rates between marital states, focusing on a cohort born in 1955, for whom we can observe the full life cycle up to age 65.⁹ It indicates that divorces are quantitatively important. The table shows that 89 percent of individuals in this cohort marry or enter a registered partnership by age 65, which we both refer to as *being married*. Among those being married, 26 percent file for divorce by age 65, meaning that more than a quarter experience a divorce. Of those who divorce, slightly more than half remarry, while 43 percent remain single until age 65. While our analysis focuses on first divorces, it is noteworthy that even among those who enter a second time being married, a significant 31 percent experience a second divorce.¹⁰ These figures highlight

⁹In our effect analysis, we include all cohorts meeting the sample selection criteria outlined in Section 4.

¹⁰This proportion remains similar for third divorces.

the substantial prevalence of divorce, even in this older cohort.

To:	Divorce	Married	Same State until 65	Widowhood	Death	Share
From:						
Single since birth	XX	0.89	0.09	XX	0.02	1.00
Married:						
First time	0.26	XX	0.62	0.07	0.05	0.88
Second time	0.31	XX	0.57	0.07	0.06	0.11
Third time	0.33	XX	0.55	0.05	0.07	0.01
<i>Sum</i>						1.00
Single after divorce						
First time	XX	0.52	0.43	XX	0.06	0.85
Second time	XX	0.40	0.52	XX	0.08	0.13
Third time	XX	0.35	0.56	XX	0.08	0.02
<i>Sum</i>						1.00
Observations						194,779

The 1955-cohort observed until age 65, so we have ‘complete’ life histories. Share:= relative number of individuals with multiple spells.

Table 1: Marital Transitions Cohort 1955

The left panel of Figure 1 illustrates the prevalence of divorce across ages for the 1955 cohort. The age-specific divorce probabilities exhibit a bimodal distribution, with peaks at approximately the ages of 30 and 45. Notably, the figure reveals a high prevalence of divorce even at later ages, particularly between ages 45 and 55. As we discuss later, the financial consequences of divorce are considerably more pronounced when divorces occur at ages 45 and older.

The right panel of Figure 1 displays the probability distribution of the duration of being married at the time of first divorce. The figure reveals that half of individuals being married, divorce within 13 years, implying a substantial proportion of 50 percent who end up in divorce after more than 13 years. Longer durations before divorce often involve greater joint asset accumulation, which can result in more significant financial consequences in the event of divorce.

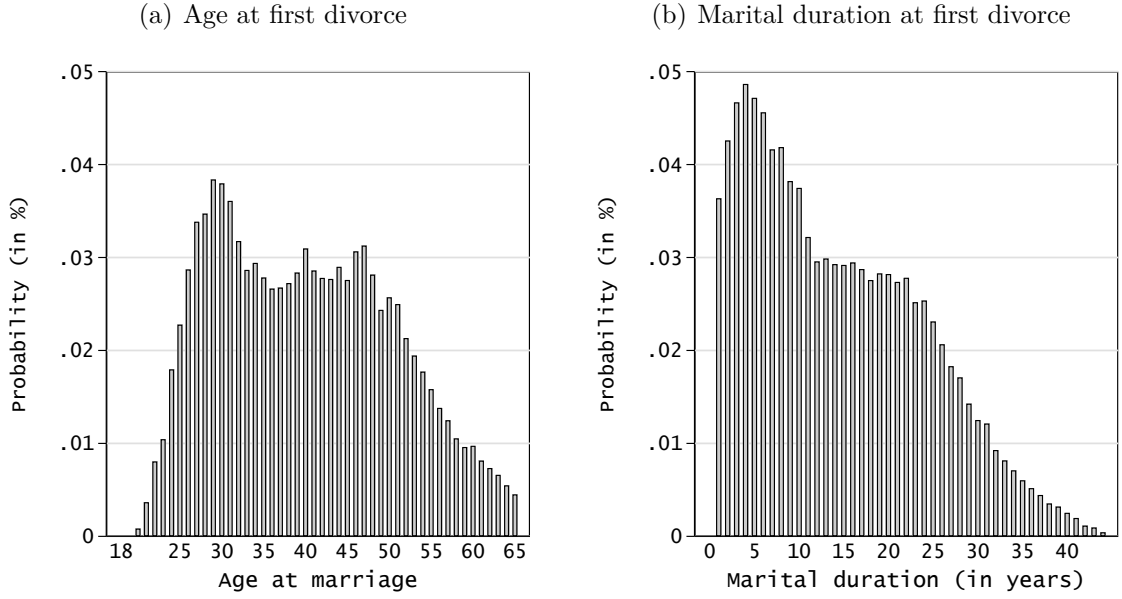


Figure 1: Distribution of the age and marital duration at first divorce, cohort born 1955

6.2 Observable Characteristics for Married and Divorced Individuals

Table 2 provides descriptive statistics for key observable characteristics by marital status and gender for the whole sample. Comparing columns (1) and (2) for men and (4) and (5) for women reveals notable differences between divorced and married/partnered individuals. Divorced individuals tend to have lower income and fewer assets compared to their married counterparts and are less likely to own a home. They are also slightly younger, have fewer children, and have shorter marital durations on average than those who remain married.

6.3 Quality of the matching procedure

The substantial differences over marital status displayed in Table 2, particularly in financial resources, underscore the importance of our matching procedure. As detailed in Section 5, we employ a probit model to estimate the determinants of divorce; see Table A4 in the Appendix. The predicted divorce probabilities serve as propensity scores for the matching procedure. Figure A1 in the Appendix shows that the common overlap assumption underlying the propensity score matching is met. The matching is very good based

	Men		Women	
	Divorces	Stays married	Divorces	Stays married
<i>Marital status</i>				
Unmarried = 1	0.04	0.05	0.04	0.05
Marriage = 1	0.86	0.85	0.87	0.86
Registered partnership = 1	0.03	0.02	0.03	0.01
Cohabiting = 1	0.07	0.08	0.07	0.08
Marital duration (cond.)	11.15	13.25	11.82	14.58
Has children = 1	0.78	0.77	0.80	0.79
Number of children (cond.)	2.01	2.13	2.03	2.16
<i>Age</i>				
16-24	0.04	0.03	0.08	0.06
25-29	0.10	0.09	0.12	0.10
30-34	0.15	0.14	0.17	0.14
35-39	0.23	0.19	0.23	0.19
40-44	0.25	0.24	0.22	0.22
45-49	0.19	0.24	0.15	0.22
50-54	0.04	0.08	0.03	0.07
<i>Year of birth</i>				
1955-1959	0.06	0.10	0.04	0.09
1960-1969	0.46	0.49	0.40	0.46
1970-1979	0.35	0.30	0.38	0.31
1980-1989	0.12	0.10	0.17	0.14
1990-1996	0.00	0.00	0.01	0.01
Equivalised household income (median, 000s euros)	31.15	33.29	31.02	33.59
Net worth (median, 000s euros)	167.21	254.25	171.11	268.03
Savings (median, 000s euros)	14.39	24.79	14.46	25.51
<i>Asset ownership:</i>				
Has own house = 1	0.82	0.86	0.81	0.86
Has stocks and bonds = 1	0.27	0.31	0.26	0.31
Has other debt = 1	0.25	0.23	0.26	0.23
Has mortgage = 1	0.80	0.83	0.78	0.82
Has entrepreneurial wealth = 1	0.16	0.17	0.17	0.16
<i>Main source of personal income</i>				
Employee = 1	0.80	0.81	0.73	0.72
Self-employed = 1	0.15	0.16	0.10	0.11
Social insurance = 1	0.03	0.02	0.06	0.04
Retiree = 1	0.00	0.00	0.00	0.00
Student = 1	0.01	0.01	0.03	0.03
No income = 1	0.00	0.00	0.07	0.10
Individuals	107,471	6,955,660	121,139	7,846,096

Table 2: Descriptive statistics over gender, divorced and unmatched married sample of divorces in 2009-2015. See Table A2 in the Appendix for the descriptive statistics for the divorces in 2017-2018. All statistics are computed at $t - 4$, i.e. four years before the year of divorce. The number of children and marital duration are conditional upon having children and being married, respectively. Married counts include repeated observations because these individuals can serve as potential matches for distinct years of divorce.

on observable characteristics, especially supported by our large sample sizes. Results are reported in Table A1 and A3 in the Appendix in demonstrates that, after matching, the averages of critical observable characteristics align closely between divorced and married individuals.

7 Results

In this section, we present results on the impact of divorce on several outcome variables. The first part provides descriptive results for the prevalence of divorce and for key observable characteristics by marital status and gender that serve as propensity scores for the matching procedure of which we discuss the quality. The second part presents results on the impact of divorce on several outcome variables. First, we examine the socio-demographic consequences, focusing on patterns of re-partnering after divorce and custody arrangements for children. Second, we quantify the financial consequences of divorce, concentrating on two key aggregate asset variables: total net worth and pension wealth. Finally, we assess the effects of divorce on asset portfolio diversification by analyzing ownership patterns across different asset types, including homeownership, stock market participation, other real estate, and business assets.

Our results are presented in two ways. First, we report pre- and post-divorce averages for divorced individuals, covering a period from four years before divorce to six years afterward. These averages are compared with those of their matched counterparts who remained married at event time $t = 0$. This comparison allows us to observe the age profiles of the outcome variables before and after divorce. The differences between the trajectories of divorced and married individuals provide an initial approximation of the effect of divorce. Second, we present results from a two-way fixed effects model, which allows for causal interpretation. This approach captures differences in age profiles between divorced individuals (treated group) and their married counterparts (control group) before and after divorce. By incorporating individual and time fixed effects, this model estimates the causal effect of divorce while controlling for unobserved individual heterogeneity and time-specific factors.

When interpreting the results that follow there are two patterns worth noting. First, the consequences of a divorce often start a few periods (most often around in $t - 2$)

before the actual divorce happens. This can be seen by a diverging pattern of divorcees compared to married individuals already before event-time $t = 0$. This does not come as a surprise considering that a legal divorce is often only the end of a process of separation that might have gone on for multiple years. Second, the results from comparing the difference of the average age profiles (upper panels) and the depicted difference from the two-way fixed-effect model (lower panels) are remarkably similar. This suggests that the matching on observable characteristics four periods before event-time already controls for much of the heterogeneity between married and divorced individuals whereas accounting for individual- and time-fixed effects does not alter the results by much.

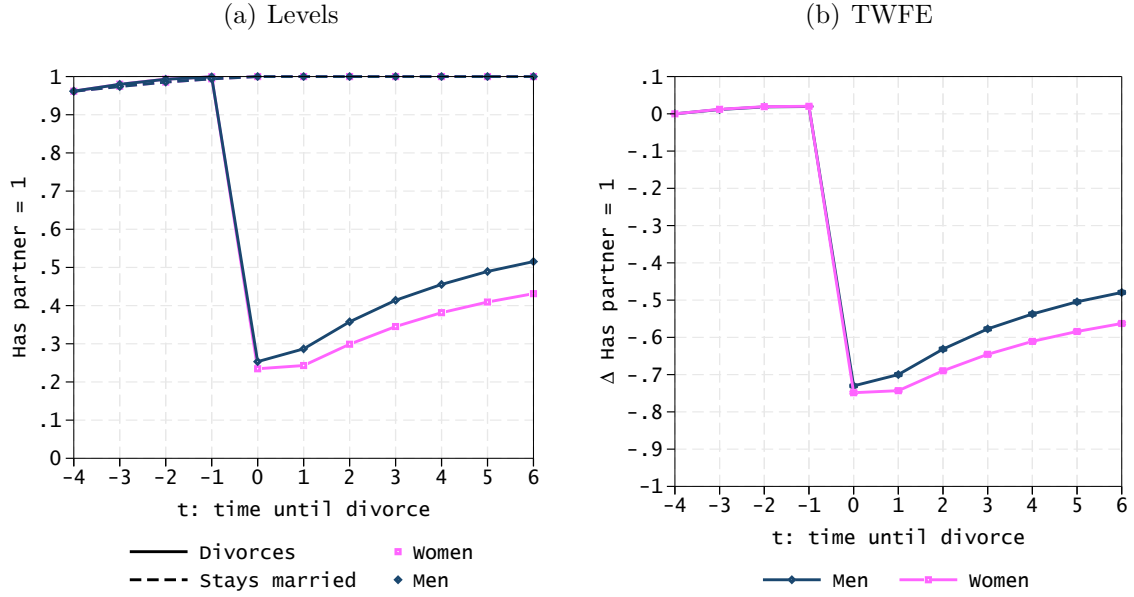
7.1 Socio-Demographic Effects

Figure 2 shows the effect of a divorce on re-partnering, indicating a strong drop at the time of divorce in the prevalence of having a partner. These numbers suggest that 23 percent of women and 25 percent of men are immediately re-partnered in the same year as the divorce takes place. The fraction of divorced individuals that re-partners rises steadily thereafter. Six years after the divorce, around 51 percent of male divorcees and 43 percent of female divorcees are again married or partnered.

Figure 3 shows the age profiles of the fraction of individuals having children living at their household. The figure reveals that the fraction of households having a child at their home drops for both genders following a divorce. However, the drop is much larger for men – 40 percentage points – compared to 10 percentage points for women one year after the divorce. Diverse patterns over gender emerge in the years after the divorce. While men increasingly live in households with children – a catch up by 10 percentage points six years after the divorce –, we observe that the fraction of women who live in households with children slightly decreases after the divorce. This decreasing pattern could be related to moving in with the father or the fact that children become older and leave the house faster than in married households.

The age-specific (two-way fixed) effects of divorce are shown in Figure 4. The upper panels (a) and (b) show how young individuals are much more likely to repartner. While the initial drop is around 70 percentage points, there is a catch up by around 30 to 40 percentage points six years after the divorce. For the oldest age group that we study, repartnering is far less pronounced. For example, for women at the ages 50-54, only

Figure 2: Effect of a divorce on re-partnering



Notes: This figure shows the estimated effects of divorce on having a partner. Panel (a) contains the descriptive group means for the proportion of married and divorced men and women who have a partner. Panel (b) contains the TWFE estimates of the effect of divorce at $t = 0$ on having a partner for men and for women separately. Note that not everyone is partnered between $t = -4$ and $t = 0$ as some people may have only gotten married one to four years before $t = 0$.

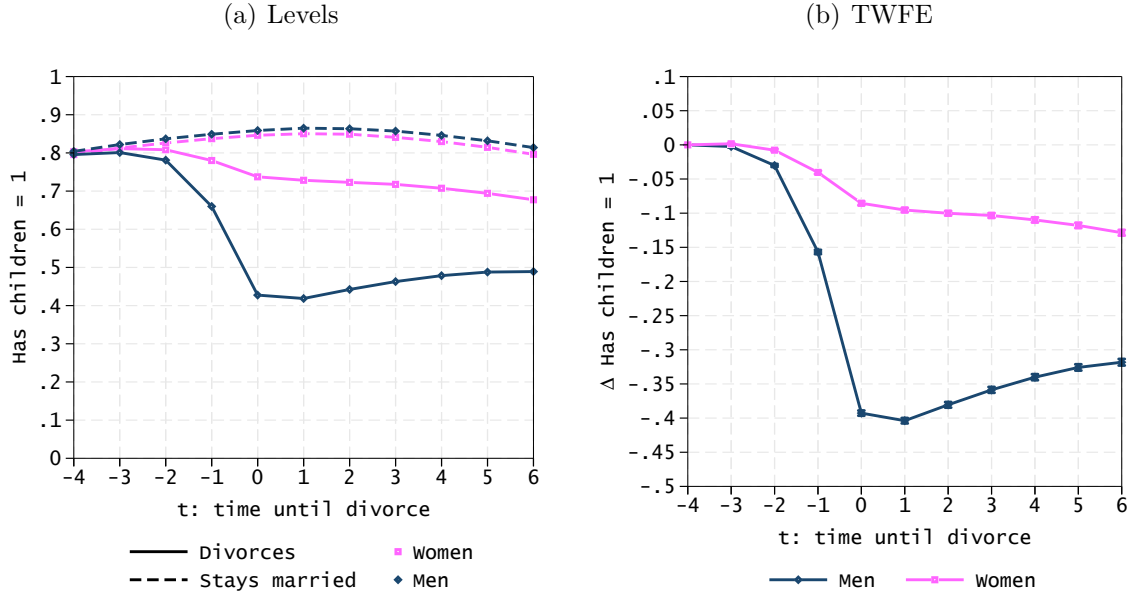
around 25 percent are repartnered six years after the divorce. The lower panels (c) and (d) show the age and gender-specific profiles for whether the individual has a child living at home. Here, we observe the largest difference between young men and women (age 25-29), while for older individuals, who are less likely to have children living at home, the gender difference is less strong.

7.2 Net Worth and Accrued Pension Benefits

Figures 5 and 6 show the overall effect of a divorce on the amount of total net worth which has to be divided equally among divorced individuals by law. Figure 5 shows that one year after a divorce, total net worth is 111 thousand Euro lower for women compared to their married control group. For men, this effect is much smaller, amounting to around 60 thousand Euro.

To grasp the quantitative importance we compare these drops in assets due to divorce

Figure 3: Has Children living in Household



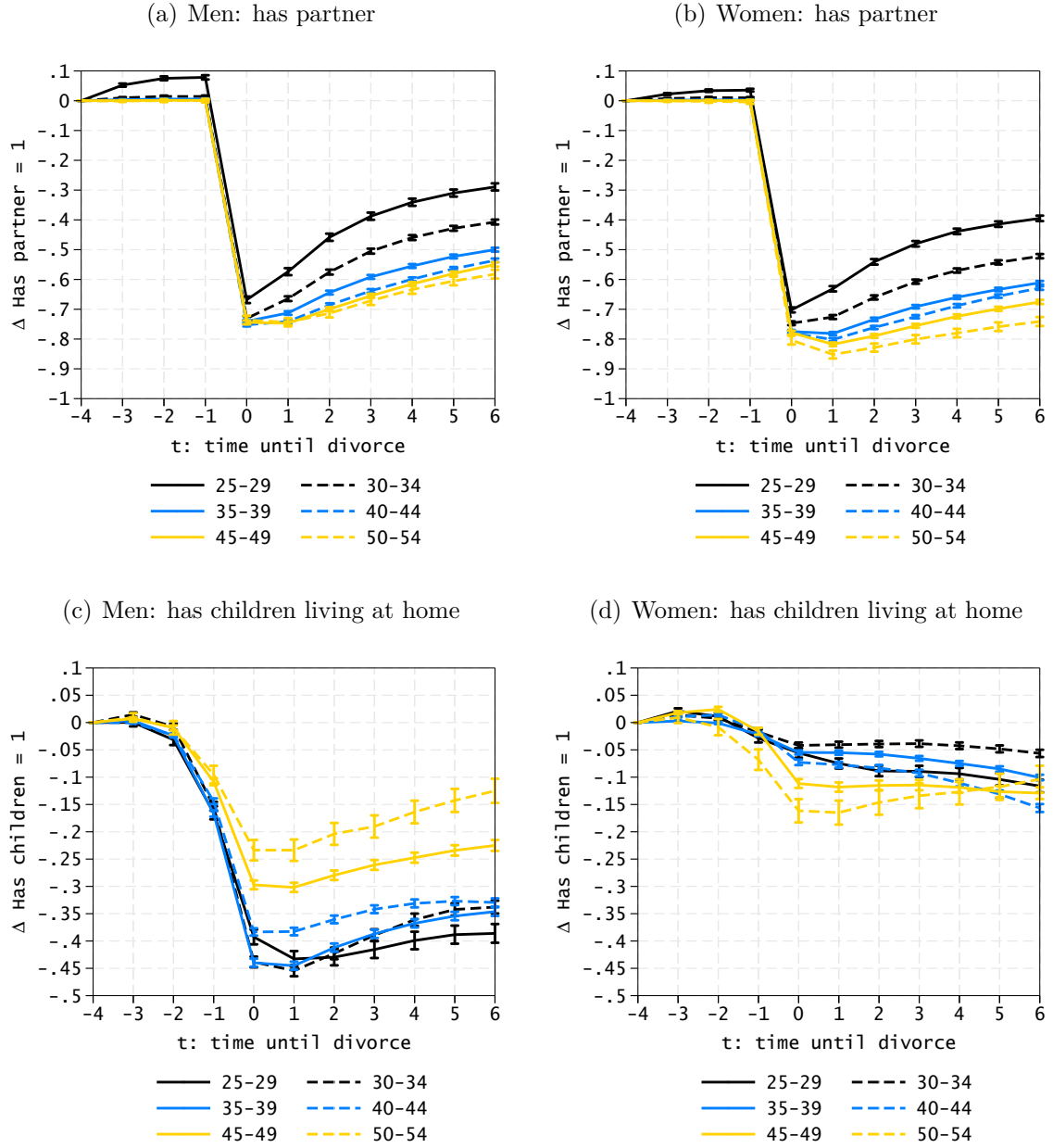
Notes: This figure shows the estimated effects of divorce on having children living in the household. Panel (a) contains the descriptive group means for the proportion of married and divorced men and women who have children living in their household. Panel (b) contains the TWFE estimates of the effect of divorce at $t = 0$ on having children living in the household for men and for women separately.

with the average level of net-worth for the control group which stays married (depicted in Panel (a) of Figure 5, for example).¹¹

Compared to a mean asset value of over 260 thousand Euro in $t = 1$ for those who stayed married, this is a reduction by 50 percent for women and only around 30 percent for men. This reduction in net worth compared to the non-divorced is quite persistent and the absolute differences even aggravates over time, indicating that next to an immediate effect of the divorce, there is lower relative wealth accumulation. The decreasing line depicting the difference between divorced and married in the panel (b) showing the results of the TWFE, implies an increasing gap of net worth between being divorced and staying married. Six years after the divorce, the difference in net worth compared to the control group who stayed married sums up to more than 156 thousand for women and 105 thousand for men. In relative terms this amounts to a reduction of net worth of more

¹¹The comparison of the coefficient of the TWFE model to the mean value of our control group is feasible due to the fact that the results from the TWFE model are very similar to the simple comparison of the means between divorced and married after our matching procedure.

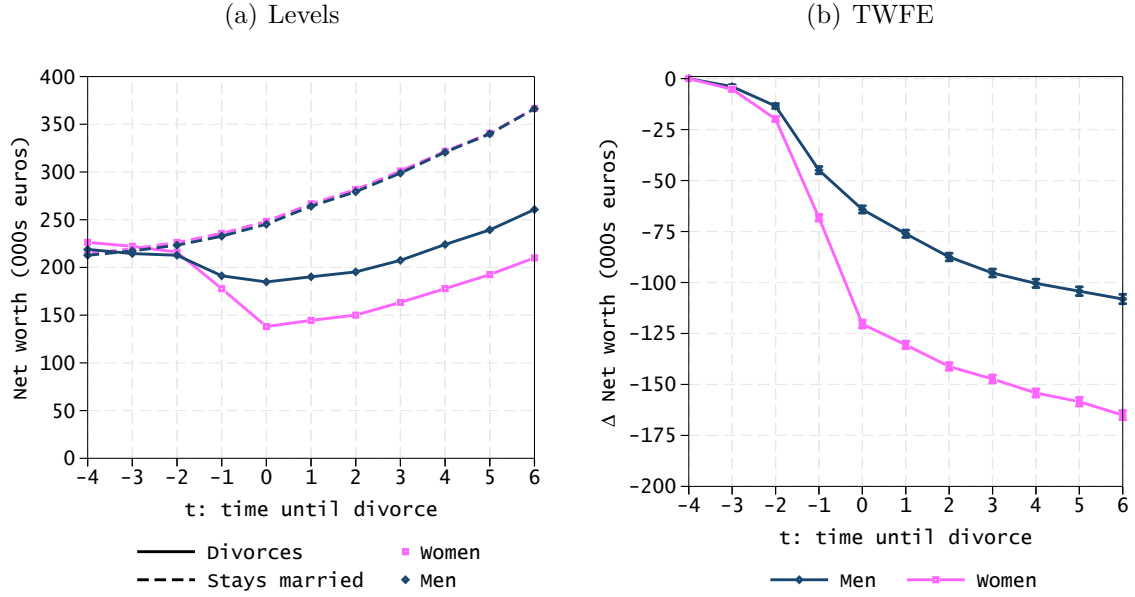
Figure 4: Socio-demographic effects



Notes: The figure depicts results from the TWFE estimation for different age groups. Panels (a) and (b) contain the age-specific profiles of the effects of divorce at $t = 0$ on having a partner for men and women respectively. Panels (c) and (d) contain the age-specific profiles of the effects of divorce at $t = 0$ on having children living at home for men and women respectively.

than 45 percent for women and over 30 percent for men. Note that this strong and persistent decline is despite the fact that divorced individuals re-partner, cf. Figure 2, which would likely imply a catch-up in terms of net worth given that our variable is

Figure 5: Amount of net worth



Notes: This figure shows the estimated effects of divorce on the amount of total net worth. Panel (a) contains the descriptive group means for the amount of total net worth of married and divorced men and women. Panel (b) contains the TWFE estimates of the effect of divorce at $t = 0$ on the amount of total net worth for men and for women separately.

measured at the household level. The results suggest an even more substantial diverging effects in terms of future wealth accumulation for individuals who remain single.

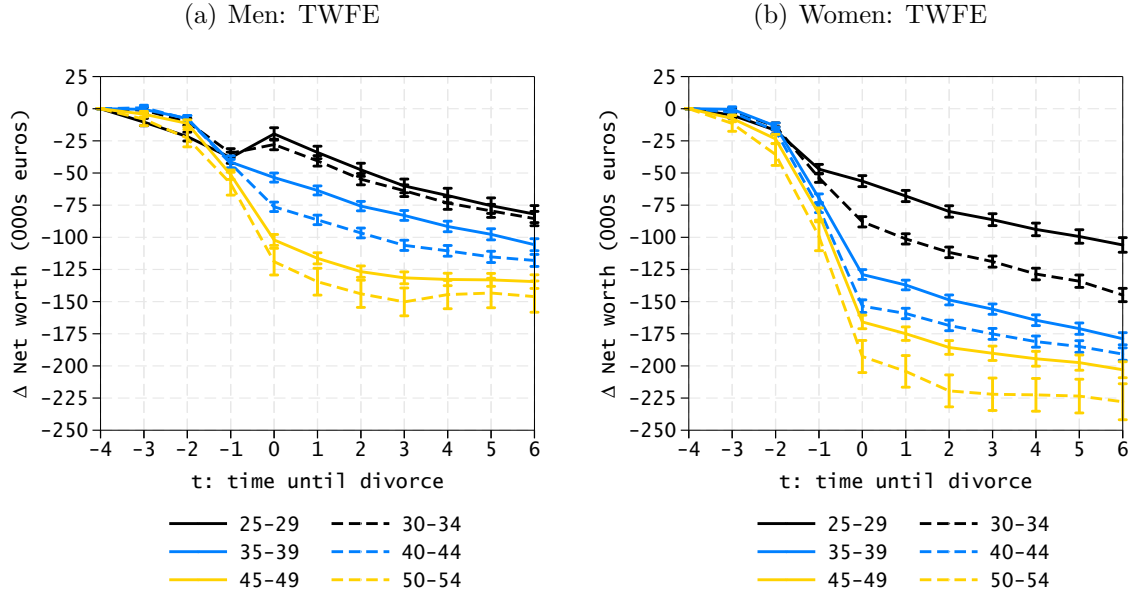
Age-specific effects of the consequences of divorce on net worth, shown in Figure 6, reveal a strong age pattern where older individuals have a larger reduction in wealth compared to younger individuals.¹² This is, however, explained by the fact of higher household asset holdings at older ages. To get an idea of the relative decrease in assets we again compare the coefficient of the TWFE model to the average net worth of those who stayed married six years after the divorce. This measure shows that the relative decline is comparable over age groups. For example, the relative difference six years after the divorce for individuals age 25-29 is 31 percent for men and 40 percent for women. For older individuals at age 50-54 this difference is 31 percent for men and 49 for women.

Figures 7 and 8 show the effects of divorce on the annualized accumulated pension wealth.¹³ As explained earlier, for accrued pension wealth, there is often a delay of up to

¹²Figure A7 in the Appendix shows the age-specific averages for married and divorced individuals.

¹³This is the annuitized annual pension entitlements given the accrued pension wealth up to the current year. Recall that due to data limitations we can only analyze a four year time-window. Figure A8 in the

Figure 6: Amount of net worth: Age profiles



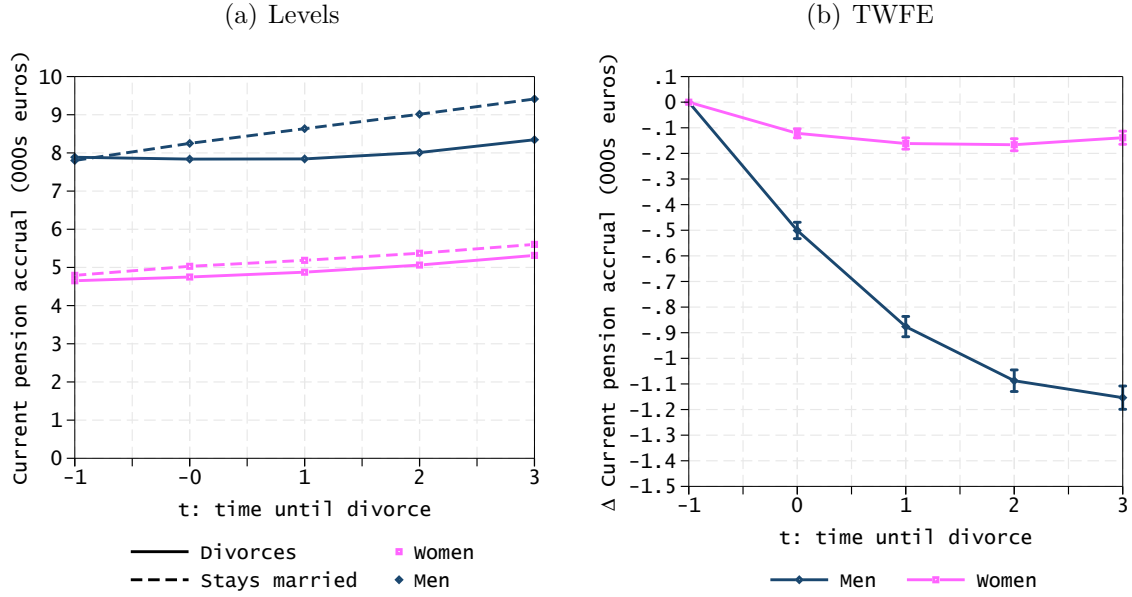
Notes: The figure depicts results from the TWFE estimation for different age groups. Panel (a) contains the age-specific profiles of the effects of divorce at $t = 0$ on the amount of total net worth for men. Panel (b) contains the age-specific profiles of the effects of divorce at $t = 0$ on the amount of total net worth for women.

three in reporting and administratively handling changes in pension wealth. We observe a strong difference over gender: for men, accrued pension wealth decreases by 1,122 Euro, or 12 percent relative to the annual pension rights of those who stayed married, three years after the divorce. For women, the effects are minor with only 117 Euro. Recall that our variable only measures the negative effect of the split in pension wealth while any gains in pension entitlements are not measured. Again, we can compare the differences of the averages between our matched married and divorced individuals. The relative difference three years after the divorce in annual pension entitlements is 12 percent for men and 2 percent for women. For men, this is a sizable effect. For example, claiming early retirement in the U.S. implies a reduction of benefits by 6.6 percent if claiming is one year before statutory retirement age. Hence, the negative effect of a divorce for men is quantitatively comparable with claiming just under 2 years before statutory retirement in the U.S.

Figure 8 shows an increasing age pattern, with men who are in their fifties having a

Appendix shows the age-specific averages for married and divorced individuals.

Figure 7: Amount of Pension Wealth



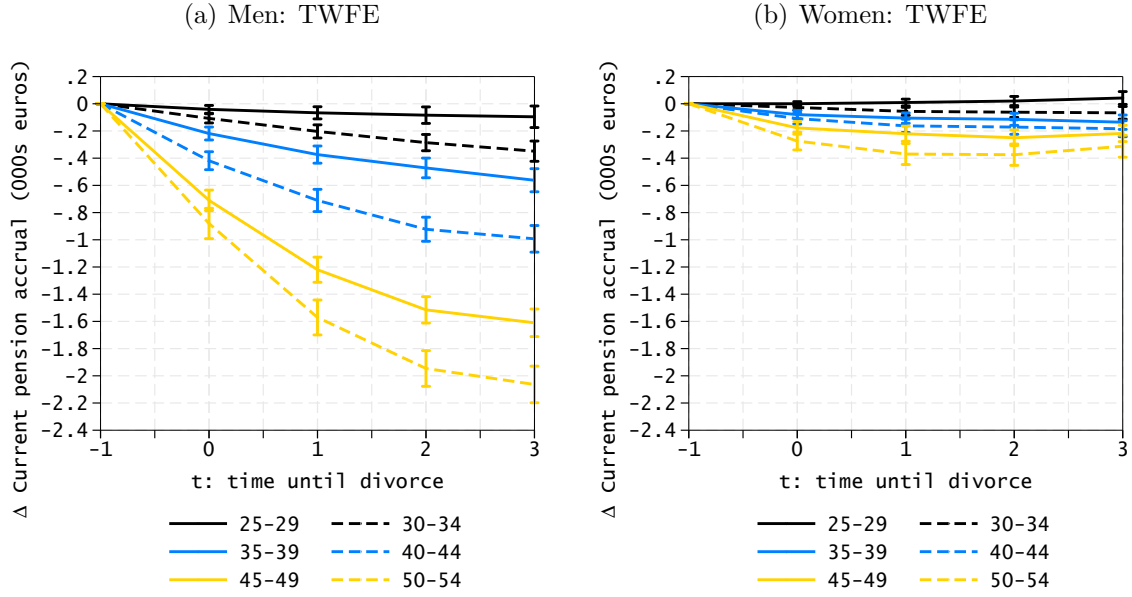
Notes: This figure shows the estimated effects of divorce on annual entitlements of pension wealth. Panel (a) contains the descriptive group means for the amount of annual entitlements of pension wealth among married and divorced men and women. Panel (b) contains the TWFE estimates of the effect of divorce at $t = 0$ on annual entitlements of pension wealth for men and for women separately.

reduction in accrued pension wealth of around 2,000 Euro. Comparing the relative difference for men between staying married and becoming divorced, the difference increases over age: at ages 30-34 the relative difference is 5.7 percent which grows to 15.1 percent for men at ages 50-54.

7.3 Asset Ownership and Portfolio Composition

Figure 9 reports the effect of a divorce on the ownership of several relevant asset classes, showing substantial reductions in ownership rates, particularly for women. Relative to an 85 percent homeownership rate among those who stay married, this asset class shows the steepest declines. One year after divorce, homeownership falls by 35 percentage points for women and by 16 percentage points for men (see Panel (a)). The drop is largest for younger women aged 30–34, whose rate is 10 percentage points lower than that of women aged 45 and older. For men, we find no age-related differences (cf. Figures A5 and A6 in the Appendix).

Figure 8: Amount of Pension Wealth: Age profiles

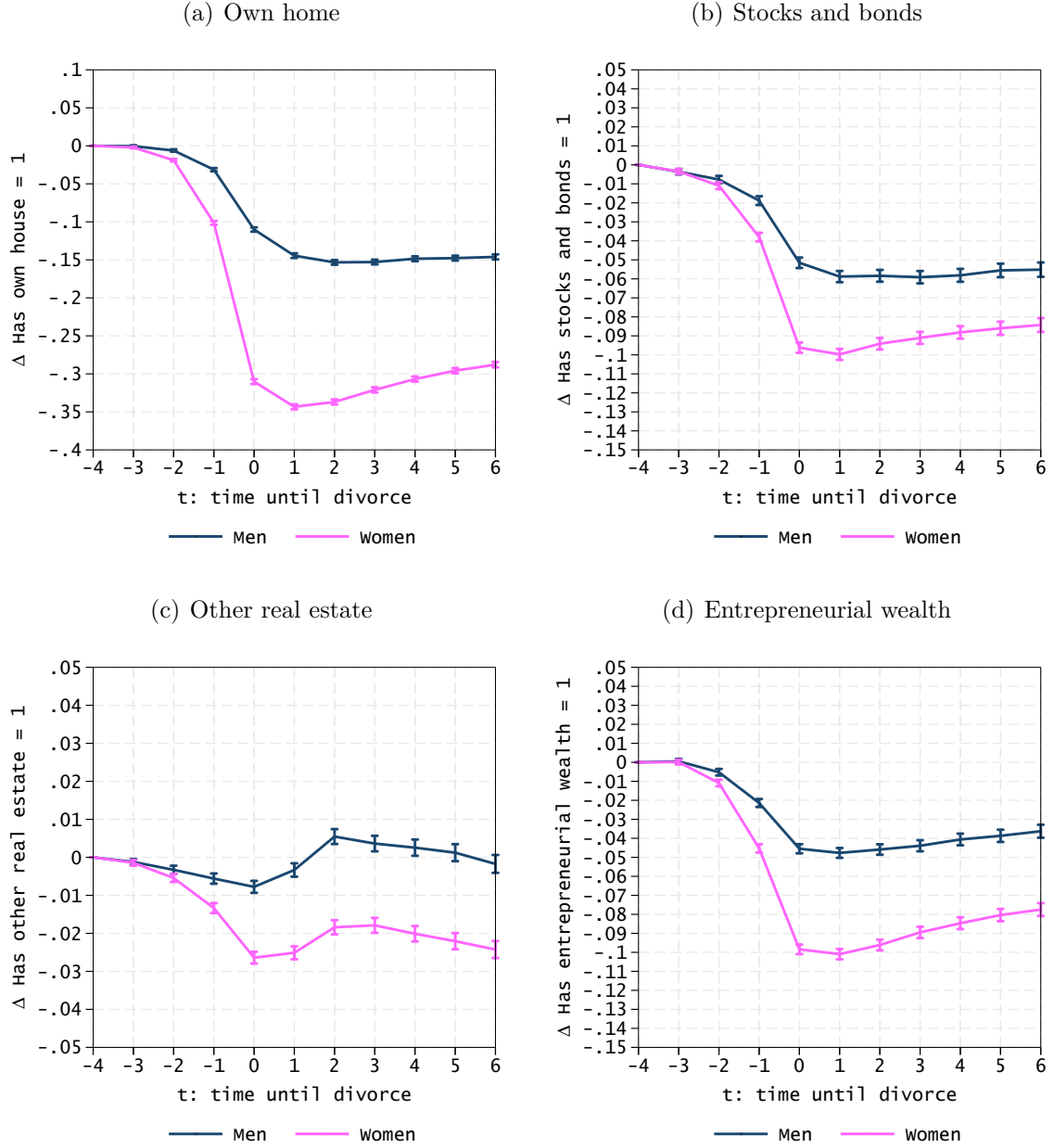


Notes: The figure depicts results from the TWFE estimation for different age groups. Panel (a) contains the age-specific profiles of the effects of divorce at $t = 0$ on the amount of annual entitlements of pension wealth for men. Panel (b) contains the age-specific profiles of the effects of divorce at $t = 0$ on the amount of annual entitlements of pension wealth for women.

Likewise, substantial reductions in other asset classes are found, especially for women (see panels (b)–(d) in Figure ??assets_TWFEfig_assets_TWFEock and bond ownership, in particular, falls by 10 percentage points – a notable drop from the roughly 21 percent ownership rate among women who stay married. For men, the corresponding decline after divorce is 6 percentage points. For women, other real estate drop by 2 percentage points, and entrepreneurial wealth by 10 percentage points. These decreases are overall lower for men with a 5 percentage point drop in entrepreneurial wealth and virtually no change in the ownership of other real estate.

Age-group heterogeneity shows a clear pattern for women: declines in ownership rates – with the exception of homeownership – grow larger with age. For men, significant age differences appear only in stock and bond ownership: men aged 25–29 experience a 2-percentage-point drop in the year after divorce, while men aged 50–54 reduce ownership by 8 percentage points (Figures ??assetsagem_TWFEfig_assetsagem_TWFEfig_assetsagef_TWFE in the Appendix).

Figure 9: Ownership of different asset classes (TWFE)



Notes: The figure depicts results from the TWFE estimation on the ownership rates of different asset classes, split by gender. Panel (a) contains the estimated effects of divorce at $t = 0$ on homeownership. Panel (b) contains the estimated effects of divorce at $t = 0$ on the ownership rates of stocks and bonds. Panel (c) contains the estimated effects of divorce at $t = 0$ on the ownership rates of other real estate. Panel (d) contains the estimated effects of divorce at $t = 0$ on the ownership rates of entrepreneurial wealth. All effects are computed and pictured for men and women separately.

8 Conclusion

This paper quantifies the financial consequences of divorce, tracking its impact up to six years after the event. Our findings highlight significant and lasting financial effects of divorce, particularly for women. The financial gap widens over time, affecting future wealth accumulation in housing, pensions, and other assets, for those who remain single. In the year of divorce, women’s total net worth drops by Euro 111,578, a difference of 49 percent, while men’s falls by Euro 60,464, or 27 percent]. Also accrued pension entitlements drop significantly by around 1,122 Euro for men, which is quantitatively comparable to a reduction in benefits when claiming almost 2 years before normal retirement age in the U.S. Homeownership rates decline sharply, by 16 percentage points for men and 36 for women, with significantly lower homeownership rates persisting even six years post-divorce. Stock market participation also drops significantly by 10 percentage points for women and 6 percentage points for men. Notably, most financial losses and declines in ownership, aside from homeownership, worsen with age. This trend underscores the importance of making divorce part of pension planning, particularly for those divorcing later in life but before retirement age, which is a growing number. Also, the reduction in the ownership rates of several asset classes following a divorce implies a reduction in portfolio diversification, also pointing to a significant problem for retirement readiness when getting divorced, in particular for women.

This research forms part of a broader research agenda exploring the implications of significant life risks on asset holdings and overall retirement readiness. Leveraging the extensive sample size of our administrative data, we are able to examine heterogeneous effects across highly disaggregated subgroups. Moreover, the methodology employed in this study can be adapted to investigate other major life shocks, such as the onset of disability or the birth of children. The findings of this study contribute to the data infrastructure supporting an online application developed in an earlier phase of this project.¹⁴

A pilot version of the so-called Pension Comparison Tool is accessible online at <https://pensioen.displaymagic.info/>. The application facilitates social comparisons of retirement savings, with the broader aim of nudging individuals toward more informed and proactive retirement-saving behaviors, as research highlights the importance of social

¹⁴This initiative was funded by a Netspar CLICKNL Impulse Grant. The Pension Comparison Tool was first introduced to the public during the Pension3daagse in 2023.

comparison in financial decision-making (Garcia et al., 2013) and that social comparison can effectively enhance saving behavior (Raue et al., 2020). The Pension Comparison tool comprises two main components. First, users can benchmark their pension and accumulated wealth against a peer group selected based on shared characteristics, essentially allowing them to "look over the shoulders" of their neighbors. Second, the tool provides insights into the financial impact of major life events experienced by peers, such as divorce, disability, or the birth of children.

This project delivers the foundational data that underpins the application and can be used by pension funds for determining more tailored investment risk profiles to participants based on their risk-bearing capacity and preferences, directly influencing their pension outcomes. We are currently seeking additional partners to further refine and expand the tool into a full-scale version. Netspar partners interested in collaboration are encouraged to contact us.

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Appendices

A Descriptive Statistics

	Men		Women	
	Divorces	Stays married	Divorces	Stays married
<i>Marital status</i>				
Unmarried = 1	0.04	0.04	0.04	0.04
Marriage = 1	0.86	0.86	0.87	0.86
Registered partnership = 1	0.03	0.03	0.03	0.03
Cohabiting = 1	0.07	0.07	0.07	0.07
Marital duration (cond.)	11.15	11.36	11.82	11.75
Has children = 1	0.78	0.79	0.80	0.79
Number of children (cond.)	2.01	2.02	2.03	2.01
<i>Age</i>				
16-24	0.04	0.04	0.08	0.08
25-29	0.1	0.09	0.12	0.12
30-34	0.15	0.15	0.17	0.17
35-39	0.23	0.23	0.23	0.23
40-44	0.25	0.25	0.22	0.22
45-49	0.19	0.19	0.15	0.15
50-54	0.04	0.04	0.03	0.03
<i>Year of birth</i>				
1955-1959	0.06	0.06	0.04	0.04
1960-1969	0.46	0.47	0.40	0.40
1970-1979	0.35	0.35	0.38	0.38
1980-1989	0.12	0.12	0.17	0.17
1990-1996	0.00	0.00	0.01	0.01
Equivalised household income (median, 000s euros)	31.15	30.96	31.02	31.10
Net worth (median, 000s euros)	167.21	165.91	171.11	167.52
Savings (median, 000s euros)	14.39	17.46	14.46	17.34
<i>Asset ownership</i>				
Has own house = 1	0.82	0.81	0.81	0.80
Has stocks and bonds = 1	0.27	0.26	0.26	0.26
Has other debt = 1	0.25	0.25	0.26	0.25
Has mortgage = 1	0.80	0.79	0.78	0.77
Has entrepreneurial wealth =1	0.16	0.16	0.17	0.16
<i>Main source of personal income</i>				
Employee = 1	0.80	0.80	0.73	0.73
Self-employed = 1	0.15	0.15	0.10	0.10
Social insurance = 1	0.03	0.04	0.06	0.07
Retiree = 1	0.00	0.00	0.00	0.00
Student = 1	0.01	0.01	0.03	0.03
No income = 1	0.00	0.00	0.07	0.07
Individuals	107,471	107,471	121,139	121,139

Table A1: Descriptive statistics over gender, divorced and matched married sample of divorces in 2009-2015. All statistics are computed at $t - 4$, i.e. four years before the year of divorce.

	Men		Women	
	Divorces	Stays married	Divorces	Stays married
<i>Marital status</i>				
Unmarried = 1	0.00	0.01	0.00	0.01
Marriage = 1	0.91	0.92	0.92	0.92
Registered partnership = 1	0.08	0.05	0.08	0.04
Cohabiting = 1	0.00	0.03	0.00	0.02
Marital duration (cond.)	13.62	17.17	14.01	18.53
Has children = 1	0.85	0.86	0.86	0.87
Number of children (cond.)	2.07	2.17	2.08	2.18
<i>Age</i>				
16-24	0.01	0.01	0.02	0.02
25-29	0.06	0.05	0.09	0.07
30-34	0.12	0.10	0.14	0.10
35-39	0.16	0.12	0.16	0.12
40-44	0.18	0.14	0.17	0.13
45-49	0.21	0.19	0.20	0.18
50-54	0.17	0.21	0.14	0.20
55-60	0.09	0.20	0.06	0.18
<i>Year of birth</i>				
1955-1959	0.03	0.09	0.02	0.08
1960-1969	0.34	0.42	0.27	0.39
1970-1979	0.36	0.29	0.36	0.28
1980-1989	0.23	0.18	0.28	0.20
1990-2000	0.03	0.02	0.07	0.04
Equivalised household income (median, 000s euros)	37.39	40.47	36.58	40.71
Net worth (median, 000s euros)	192.71	325.22	175.27	337.12
Savings (median, 000s euros)	12.70	28.56	12.70	29.49
<i>Asset ownership</i>				
Has own house = 1	0.83	0.90	0.77	0.89
Has stocks and bonds = 1	0.16	0.21	0.15	0.21
Has other debt = 1	0.54	0.42	0.53	0.42
Has mortgage = 1	0.80	0.84	0.78	0.83
Has entrepreneurial wealth = 1	0.20	0.21	0.17	0.21
<i>Main source of personal income</i>				
Employee = 1	0.74	0.76	0.72	0.71
Self-employed = 1	0.19	0.19	0.11	0.12
Social insurance = 1	0.06	0.04	0.10	0.06
Retiree = 1	0.01	0.01	0.01	0.01
Student = 1	0.00	0.00	0.01	0.01
No income = 1	0.00	0.01	0.05	0.09
Current pension accrual (median, 000s euros)	6.48	8.70	2.90	3.52
Individuals	32,647	2,392,637	35,463	2,660,644

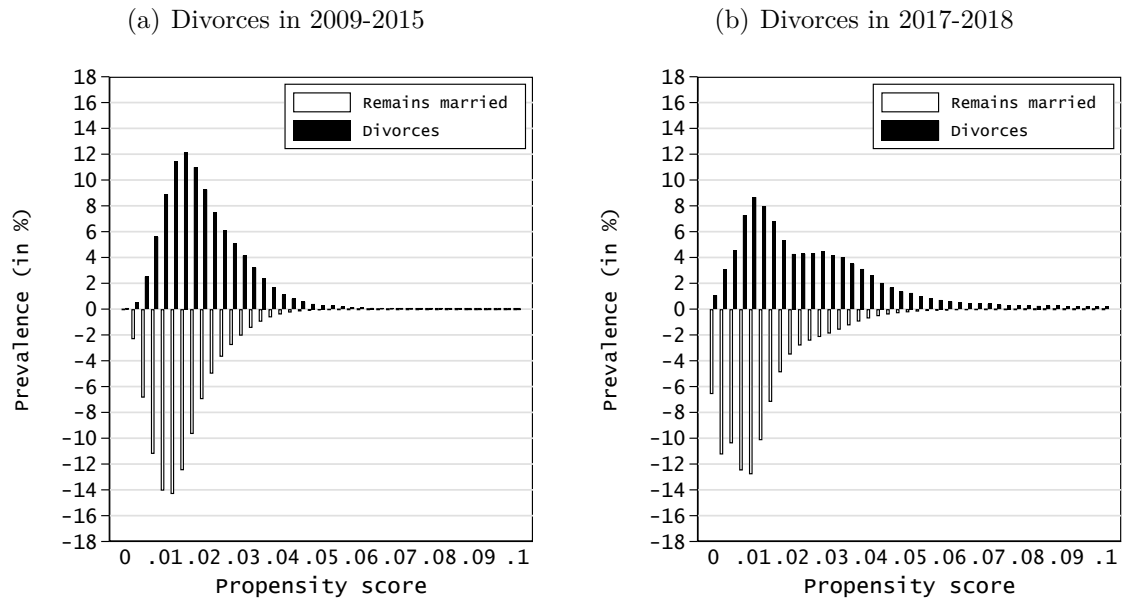
Table A2: Descriptive statistics over gender, divorced and unmatched married sample of divorces in 2017-2018. All statistics are computed at $t - 4$, i.e. four years before the year of divorce. The number of children and marital duration are conditional upon having children and being married, respectively. Married counts include repeated observations because these individuals can serve as potential matches for distinct years of divorce.

	Men		Women	
	Divorces	Stays married	Divorces	Stays married
<i>Marital status</i>				
Unmarried = 1	0.00	0.00	0.00	0.00
Marriage = 1	0.91	0.92	0.91	0.92
Registered partnership = 1	0.08	0.08	0.08	0.08
Cohabiting = 1	0.00	0.01	0.00	0.00
Marital duration (cond.)	13.62	14.20	14.01	14.51
Has children = 1	0.85	0.85	0.86	0.85
Number of children (cond.)	2.07	2.07	2.08	2.09
<i>Age</i>				
16-24	0.01	0.01	0.02	0.02
25-29	0.06	0.06	0.09	0.10
30-34	0.12	0.12	0.14	0.13
35-39	0.16	0.14	0.16	0.15
40-44	0.18	0.16	0.17	0.16
45-49	0.21	0.21	0.20	0.20
50-54	0.17	0.19	0.14	0.15
55-60	0.09	0.10	0.06	0.08
<i>Year of birth</i>				
1955-1959	0.03	0.04	0.02	0.03
1960-1969	0.34	0.37	0.27	0.30
1970-1979	0.36	0.34	0.36	0.34
1980-1989	0.23	0.22	0.28	0.27
1990-2000	0.03	0.03	0.07	0.07
Equivalised household income (median, 000s euros)	37.39	38.0	36.58	37.99
Net worth (median, 000s euros)	192.7	195.8	175.3	190.397
Savings (median, 000s euros)	12.70	17.95	12.70	17.59
<i>Asset ownership</i>				
Has own house = 1	0.83	0.80	0.77	0.79
Has stocks and bonds = 1	0.16	0.18	0.15	0.17
Has other debt = 1	0.54	0.54	0.53	0.54
Has mortgage = 1	0.80	0.79	0.78	0.79
Has entrepreneurial wealth =1	0.20	0.21	0.17	0.20
<i>Main source of personal income</i>				
Employee = 1	0.74	0.70	0.72	0.71
Self-employed = 1	0.19	0.21	0.11	0.12
Social insurance = 1	0.06	0.07	0.10	0.10
Retiree = 1	0.01	0.01	0.01	0.01
Student = 1	0.00	0.00	0.01	0.01
No income = 1	0.00	0.01	0.05	0.05
Current pension accrual (median, 000s euros)	6.48	6.64	2.90	3.11
Individuals	32,647	32,647	35,463	35,463

Table A3: Descriptive statistics over gender, divorced and matched married sample of divorces in 2017-2018. All statistics are computed at $t - 4$, i.e. four years before the year of divorce. The number of children and marital duration are conditional upon having children and being married, respectively.

B Propensity score matching

Figure A1: Predicted propensity scores to divorce among the divorced and married



Year of divorce:	2009-2015	2017-2018
<i>Marital status (ref: Married)</i>		
Unmarried	−0.3004***	−0.7426***
Partnership	0.1013***	0.1508***
Cohabiting	−0.1915***	−0.6901***
<i>Has children (ref: has no children and no cohabiting child)</i>		
Has children, has a cohabiting child	0.0739***	−0.1030***
Has children, has no cohabiting child	0.1421***	0.4354***
Has no children, has a cohabiting child	0.1105***	0.2969***
Number of children (cond.)	−0.0180***	0.0032
<i>Age (ref: 16-24)</i>		
25-29	−0.1467***	−0.0695***
30-34	−0.1940***	−0.1212***
35-39	−0.2164***	−0.1570***
40-44	−0.2488***	−0.1811***
45-49	−0.2765***	−0.1937***
50-54	−0.2979***	−0.2251***
55+		−0.2716***
<i>Year of birth (ref: 1955-1959)</i>		
1960-1969	0.0229***	0.0167
1970-1979	0.0470***	0.0247*
1980-1989	0.0828***	0.0519***
1990-2000	0.2026***	0.1080***
Equivalised household income (percentile)	−0.0014***	−0.0007***
Net worth (percentile)	−0.0035***	−0.0059***
<i>Asset ownership (ref: no owner):</i>		
Has own house	0.0040	−0.1607***
Has mortgage	−0.0652***	0.0310***
Has stocks and bonds	−0.0254***	0.0019
Has other debt	0.0806***	0.0901***
Has entrepreneurial wealth	0.0550***	−0.0457***
<i>Main source of personal income (ref: employee)</i>		
Self-employed: shareholder private or public limited company	0.0237***	0.0792***
Self-employed: entrepreneur	−0.0156***	0.0453***
Social insurance: unemployment	0.0838***	0.0404***
Social insurance: welfare	0.1688***	0.5783***
Social insurance: disability or sickness	0.1100***	0.0271***
Retiree	0.0500***	0.2172***
No income	−0.1170***	−0.2277***
Marital duration	Yes	Yes
Regional fixed effects	Municipality level	Province level
Individuals	15,030,366	5,121,391
Average probability of divorce:	0.015	0.006

Significance levels: *0.1%; **0.05%; ***0.01%. Predictors of divorce are measured four and one year before divorce in the years 2009-2015 and 2017-2018, respectively. Only the sign of β -estimates can be interpreted as the estimates are no marginal effects. We aim to build a predictive model rather than analyze the determinants of divorce, so we do not interpret the coefficients. Additional controls include gender, household average age, household year of birth, main income source of the household, year of divorce, ownership of other real estate, other shares, other assets, being a student, being employee of family business, receiving social assistance, and being self-employment of another type. The estimated marital duration and regional fixed effects are shown in Appendix Figures A2 and A3. The overlap assumption of the propensity score can be visually checked with Figure A1.

Table A4: Estimates for Probit model (1)

Figure A2: Estimated regional effects of Probit model (1) (divorces in 2009-2015)

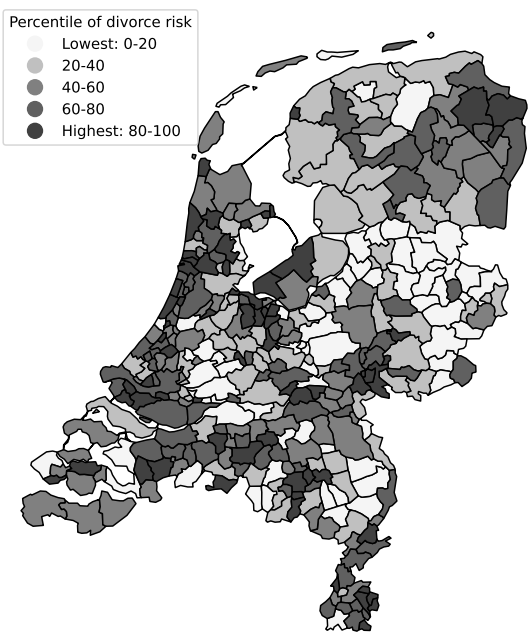
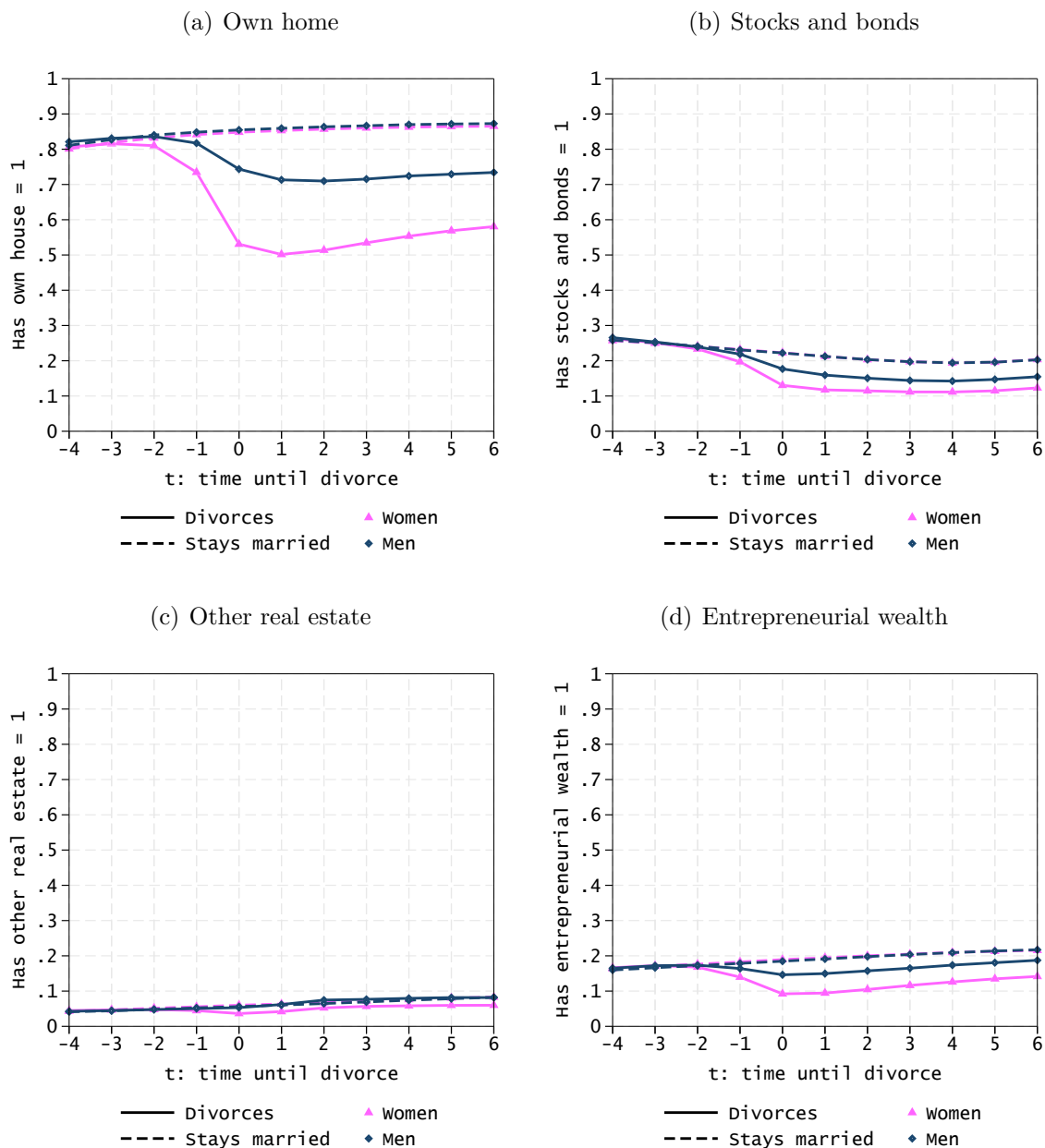


Figure A3: Estimated marital duration effects of Probit model (1)



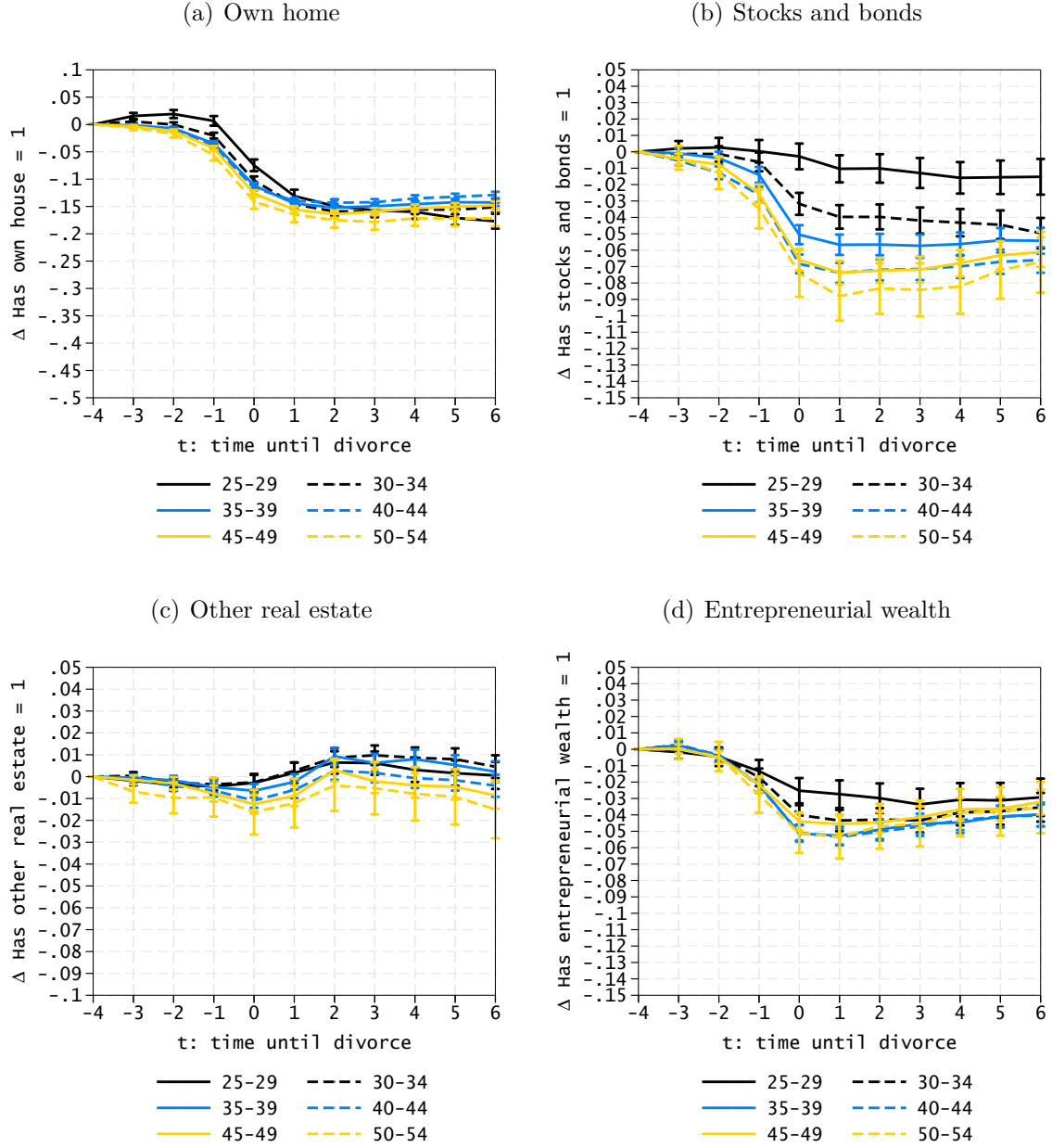
C Further results

Figure A4: Ownership rates of different asset classes of married and divorced people, split by gender



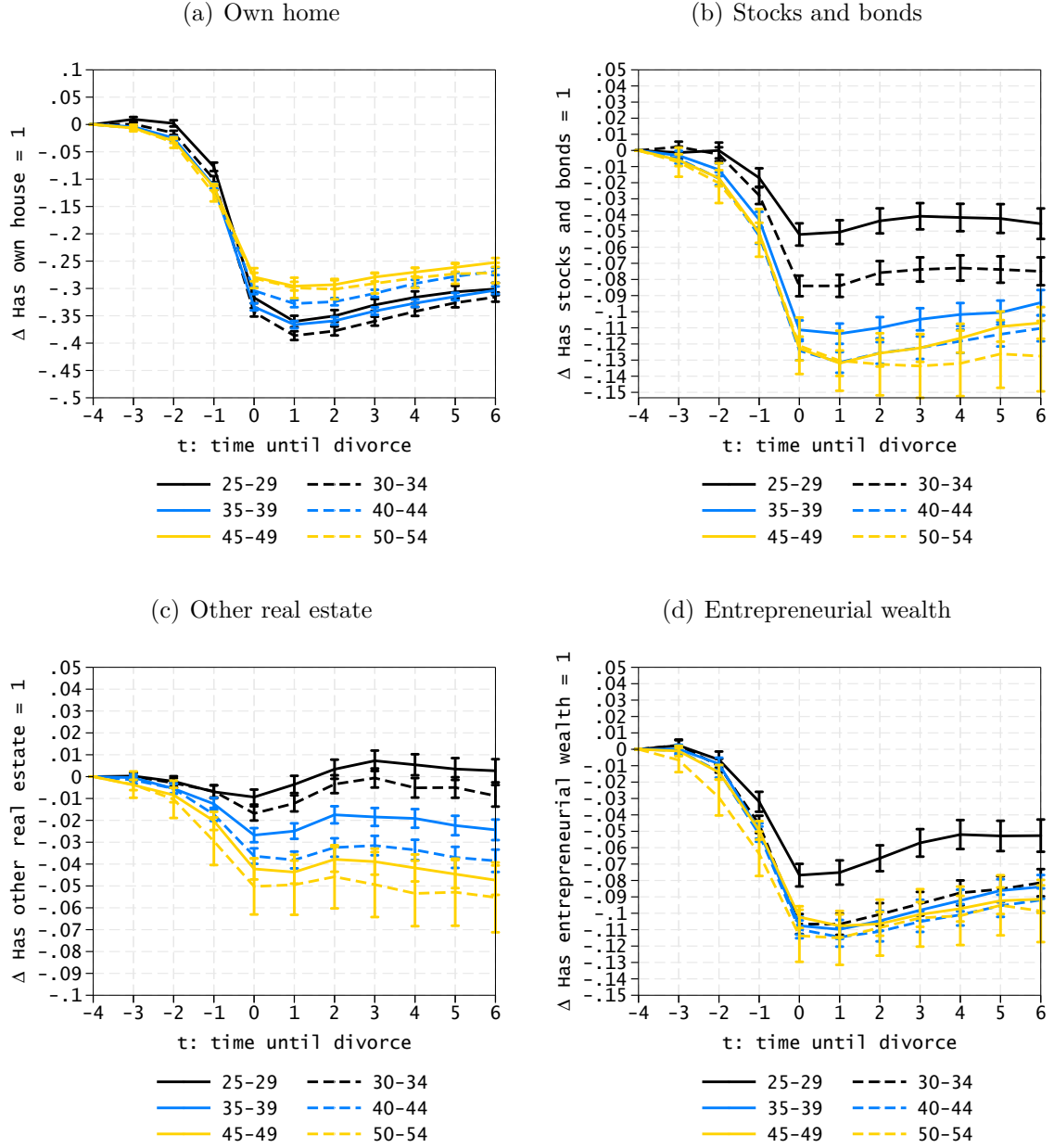
Notes: The figure depicts descriptive means of the ownership rates of different asset classes. Panel (a) contains the descriptive means of homeownership. Panel (b) contains the descriptive means of stocks and bonds. Panel (c) contains the descriptive means of other real estate. Panel (d) contains the descriptive means of entrepreneurial wealth. All descriptive means are plotted separately by gender and marital status.

Figure A5: Ownership of different asset classes (TWFE, male)



Notes: The figure depicts results from the TWFE estimation on the ownership rates of different asset classes for different age groups among men. Panel (a) contains the age-specific profiles of the effects of divorce at $t = 0$ on homeownership. Panel (b) contains the age-specific profiles of the effects of divorce at $t = 0$ on the ownership rates of stocks and bonds. Panel (c) contains the age-specific profiles of the effects of divorce at $t = 0$ on the ownership rates of other real estate. Panel (d) contains the age-specific profiles of the effects of divorce at $t = 0$ on the ownership rates of entrepreneurial wealth.

Figure A6: Ownership of different asset classes (TWFE, female)



Notes: The figure depicts results from the TWFE estimation on the ownership rates of different asset classes for different age groups among women. Panel (a) contains the age-specific profiles of the effects of divorce at $t = 0$ on homeownership. Panel (b) contains the age-specific profiles of the effects of divorce at $t = 0$ on the ownership rates of stocks and bonds. Panel (c) contains the age-specific profiles of the effects of divorce at $t = 0$ on the ownership rates of other real estate. Panel (d) contains the age-specific profiles of the effects of divorce at $t = 0$ on the ownership rates of entrepreneurial wealth.

Figure A7: Net worth averages by age, gender, and marital status at $t = 0$

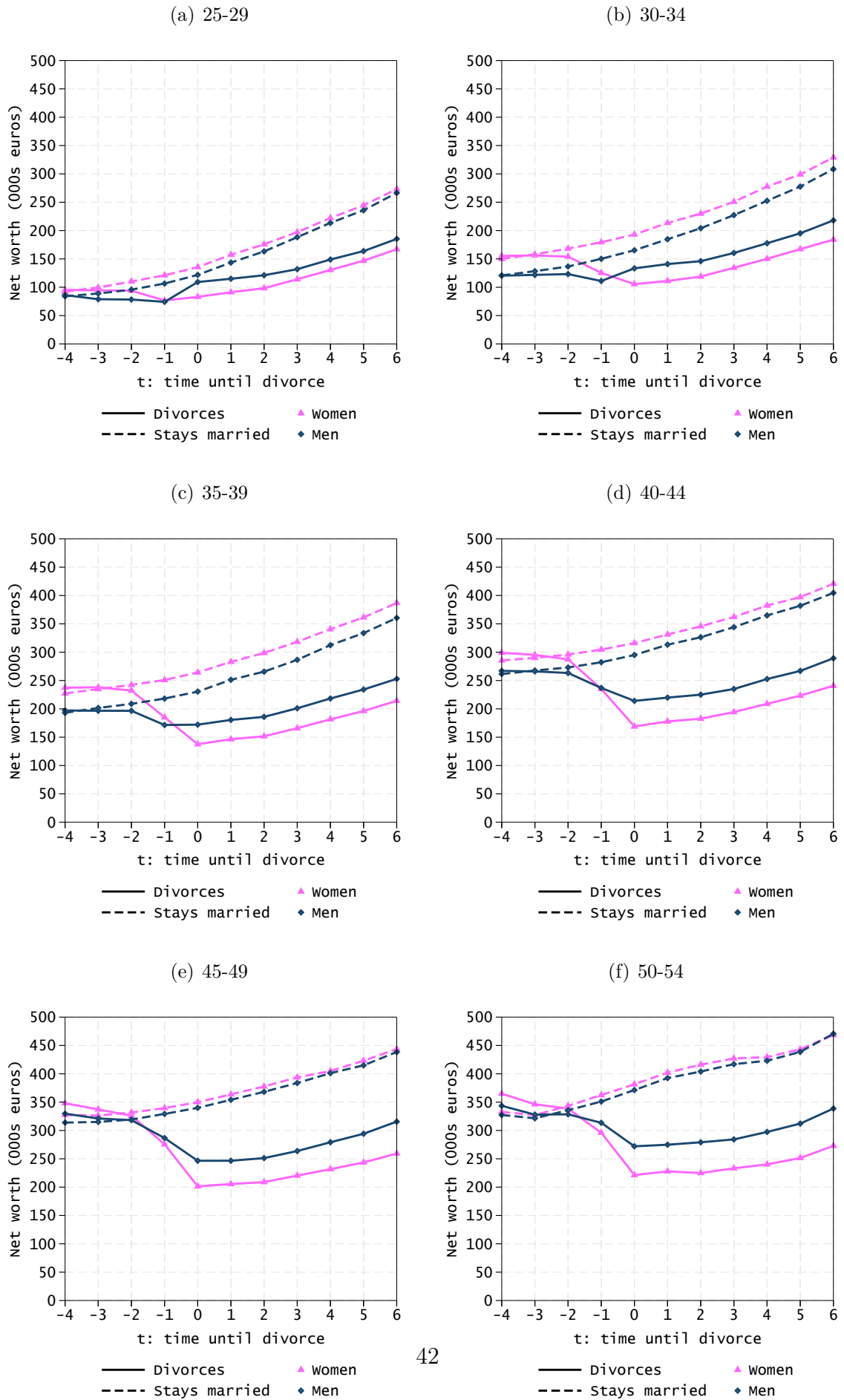


Figure A8: Average annual entitlements of pension wealth by age, gender, and marital status at $t = 0$

