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INFIDELITY

How Financial Infidelity Can Affect Your Gray Divorce

How to protect yourself, your adult children, and your grandchildren.

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THE BASICS
KEY POINTS

- Financial infidelity is about deception in marriage.
- Financial infidelity in gray divorce presents difficult challenges such as economic damage, emotional upheaval, and financial insecurity.
- Crucial steps to prevent financial infidelity include monitoring joint accounts closely and getting historical copies of monthly statements.

"Gray divorce" refers to couples 50 and older. To provide crucial financial information to gray divorce couples and their families, I spoke with **Lili Vasileff**, a Certified Divorce Financial Analyst, mediator, and litigation divorce financial expert, who is a nationally recognized speaker, practitioner, writer, and author of four books on divorce, including *Money & Divorce: The Essential Roadmap to Mastering Financial Decisions*.

Lili told me that older divorcing spouses are particularly vulnerable if their spouses are dishonest about money. She said that spouses might think that the older they are and the longer they are married, the harder it is to hide a big financial secret. But no: A recent major study in *The Journal of Consumer Research* surveyed people ages 19 to 83 and found similar rates of financial infidelity among young and old.

Source: NikolayF/Pixabay

CH: What is financial infidelity?

LV: Many professionals call financial infidelity “the new adultery,” although it rarely constitutes legal grounds for divorce.

Financial infidelity is about deception in marriage. It is not just about arguing over money. It is the secretive and purposeful act of spending money, holding secret accounts or stashes of money, borrowing money, or otherwise incurring debt unbeknownst to or against the will of one's spouse.

Financial infidelity may also include financial decisions made unilaterally by a spouse that may affect, burden, strain, or set back the financial planning of the relationship. Overspending and hidden spending are common, with data revealing that men tend to be the bigger spenders. Sometimes, it can be subtle, and the offending person might not even realize they are doing anything wrong, but then they are easily tripped up by a default or notice of exceeding a credit card limit.

Financial infidelity often starts small. Not every case involves millions of dollars, sexual infidelity, or is severe. It is usually a symptom of something much more profound. It may not be specific to financial issues. It might be a consequence of personality traits, low levels of consciousness, and power imbalances between the couple.

CH: How prevalent is financial deception?

LV: It is more common than many believe.

A recent Harris poll conducted for the National Endowment for Financial Education found:

- 85% of respondents said financial deception harmed or negatively affected their relationship.
- More than 70% of divorce couples in the U.S. cite money as the number one cause of their split.
- 52% said financial deception is worse than physical infidelity.
- 42% admitted to deceiving their spouses financially, for example, by hiding accounts, debts, or spending habits.
- 13% admitted much more serious deceit saying they lied to their spouse about the amount of money they owed or were earning.

CH: What financial deceits do spouses admit they commit?

LV: Even a trusted person can become a trust violator at any point during a marriage or relationship. Some people start lying and cheating right away, while others don’t show their true colors until years or decades into a relationship.

People often overlook the warning signs of how their partner can perpetrate financial infidelity. Ignorance about money issues is not an excuse. More than 70% of divorce couples in the U.S. cite money issues as the number one cause of their split.

The more red flags there are, the more likely there is something fishy about your family’s finances. Some examples of financial deceits spouses admit they commit are:

- 24% Hiding purchases or receipts.

- 23% Lying about a price paid.
- 22% Spending money on minor and adult children behind a spouse's back.
- 19% After paying full price, saying a purchase was on sale.
- 11% Secretly withdrawing money from savings.
- 11% Secretly getting a new credit card.
- 7% Covering up debt.
- 4% Hiding a raise or bonus.

CH: What unique challenges does financial infidelity present in gray divorce?

LV: Some of the most common challenges in gray divorce arising from financial infidelity are:

- Economic damages resulting from failure to disclose debts, hiding bills, personal bankruptcy.
- Emotional upheaval over expectations for a retirement lifestyle.
- Financial insecurity caused by overspending, hiding money, and selling assets.
- Limited time to recoup lost wealth or generate income.
- Being older, living alone, being inexperienced with money, or being depressed exacerbates financial planning on the cusp of retirement.
- Older single women have relatively low Social Security benefits; approximately 20 percent rely on public benefits and live in poverty.

CH: What should gray divorcing couples look for if they suspect their spouse may be committing financial infidelity?

LV: Some red flags are:

1. Excuses for irrational behavior around money and suddenly being stingy or uncharacteristically generous.
2. Secret shopping and spending.
3. Doctoring documents such as forging, hiding, or making false copies.

4. Moving or transferring assets or lending money to children, trusts, or relatives.
5. Only using cash, coupled with making unusual and repeated bank withdrawals.
6. Changing passwords online and changing where bills and statements are mailed to deny you access.
7. Concealing details of any financial transaction.

CH: How can divorcing spouses protect themselves from the devastating consequences of financial infidelity?

LV: According to a *U.S. News & Report* survey, only 8% of partners find out about financial infidelity via a confession. The more time passes, the more difficult it can be to access certain records or trace purchases. They should act immediately by consulting with a family law attorney or Certified Divorce Financial Analyst in their jurisdiction, who can view the situation professionally and suggest a way forward. They may advise them to:

1. Monitor all joint accounts as closely as possible, including online passwords, all transactions, and all transfers in and out of accounts.
2. Get historical copies of all monthly statements as far back as recommended.
3. Obtain credit reports from all three credit agencies for each spouse.
4. Be realistic about what can and can't be done to salvage your financial situation.
5. Follow professional advice about protecting their financial security to make their retirement years more financially secure.

This is the fourth post in a series about how to prepare and protect your financial well-being during and after a gray divorce. Read the previous posts [here](#).

References

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Morereferences