Confessions of a marriage counselor: 6 money lies that marriages

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In a recent poll of over 500 American adults who cited money as the cause for their divorce, MagnifyMoney (http://www.magnifymoney.com/) found more than half of respondents admitted that they or their spouse had lied about money during their marriage.

“Financial deception creates an environment where trust does not exist, which is extremely damaging,” says Dr. Laura Louis, a marriage counselor based in Atlanta, Ga.

Money conflicts can often be an indicator of more deeply rooted relationship conflicts. What a person values is usually right on par with how they will manage their finances. A 2013 Kansas State University study found (http://www.k-state.edu/media/newsreleases/jul13/predictingdivorce71113.html) arguments about money are the top predictor of divorce.

We reached out to marriage counselors, financial planners, family lawyers, and other experts who often see the fallout from money missteps in marriages. These are some of the most common money lies that can lead to big problems in a relationship, such as distrust, frequent arguments, and even divorce.

1. “I’ve Got Excellent Credit.”

This is a common lie that is usually uncovered at the most inconvenient times: when couples jointly apply for financing, whether it’s a mortgage or a car loan, or when couples simply begin the work of combining their finances. Even if a person doesn’t claim to have a great score, they may bend the truth by saying their credit score is much higher than it is.

A partner with a poor credit score can potentially hinder your ability to qualify for financing in the future. Mortgage lenders, for example, take both scores into consideration when considering candidates for a loan. And the lower your joint credit score is, the worse your mortgage rate will be. You could simply apply for a loan under your name alone (http://www.magnifymoney.com/blog/mortgage/apply-mortgage-without-spouse/); however, some people may be counting on the additional income of a spouse to help qualify for a loan large enough to suit their goals. It’s important to know where each partner’s credit stands before marriage so there are no misunderstandings. In addition to lowering your chances of getting approved for joint financing, poor credit can also be an indication that your partner hasn’t learned how to manage their finances properly, which can cause disagreements down the road.

Aside from inconvenience, family law attorney Alan Plevy (http://smolenplevy.com/lawyer/alan-plevy/) says a partner with a bad credit score can have even longer-term implications. While obtaining credit in one person’s name can be an immediate fix, it is a shortsighted strategy which can cause complications down the line, especially in case of divorce. He explains that the court “cannot transfer or split that debt between the parties.” However, depending on state laws, you can still be liable for a partner's debt if it's assigned to you in a divorce proceeding. Instead of introducing these credit complexities into a relationship, Plevy recommends that spouses pull, exchange, and discuss credit reports regularly to stay on top of credit issues.

2. "I don't make that much money, really."

This lie can go both ways: telling your partner you make more or less than what you really do is lying. In other cases, people can inflate their earnings to seem more desirable to a potential mate or show their spouse they are capable of handling more financial responsibility.

Rabbi Shlomo Slatkin, a certified marriage counselor based in Baltimore, Md., worked with a couple in this same scenario. A man (let's call him John) assured his fiancee, Julie, that he had excellent job prospects and a significant amount of savings. After they got engaged, Julie found out that he lied about his savings and was struggling to find a job. Although she went through with the wedding, their marriage started off on a foundation of broken trust. In the end, they divorced.

Misstating income isn't always due to bad motives. When a person has irregular income or isn't familiar with tracking income from self-employment, things can get shaky. The result is that they may overreport or underreport their earnings. It can be an innocent mistake. Whether innocent or not, it's best to find out, early on, the true state (with supporting documentation) of your partner's net worth and income.

3. "I'll pay all our bills on time."

Some couples maintain separate finances in terms of bank accounts and bill payments. For many, the arrangement is ideal and gives them a greater sense of organization around money planning. For others, it can be the spark that ignites the mother of all money fights: "I thought you paid that bill." It's not uncommon for a person to discover months of unpaid bills that they believed their partner to be paying all along.

Family law attorney and Certified Public Accountant, Matt Skarin of FMBK Law (http://www.fmbklaw.com/), sees this situation often when a couple is on the verge of divorce. The law community calls this move "building a war chest." The war chest is typically used to help finance divorce proceedings or fund a new life apart from a spouse. He's seen many cases where a person will stop paying large bills for shared assets like a mortgage, car note, etc. in order to stockpile cash.

Skarin also says that there can be innocent reasons for missing a bill payment: miscommunication, irregular income, disorganization, and the list can go on. He believes that it's important for couples to communicate to find the actual reason behind a missed payment to avoid big fights later on. Skarin recommends open, regular communication around money issues, which is how he handles money in his own marriage. "With regard to finances, we require full disclosure," Skarin says. "Each one of us needs to be apprised of what is going on."

4. "I kicked my shopping addiction a long time ago."

The common joke about women hiding shoeboxes, shopping bags, or receipts is a universal practice than affects men too. Secret spending in a marriage could mean many things, including infidelity, addiction struggles, or another life a spouse knows nothing about.

A spouse who engages in any secret activity around money risks destroying the trust factor in a relationship. Luis Rosa of HBA Wealth (http://www.hbawealth.com/) is a certified financial planner and works with couples to help them manage their finances.

In his experience, secret money moves can cause the offended partner to question the trustworthiness of their mate. "They wonder what else the other is lying about, and it puts a big dent in the trust, which can lead to serious problems down the line, like divorce," Rosa says.

To curb secret spending, Rosa creates a joint budget for his clients and includes money for each spouse to spend without consulting the other. According to him, "this allows each one of them to have the feeling of independence and nonjudgment from the other yet maintain a balance in the budget." Rosa believes this strategy to be key in preventing money fights.

5. "Business is going great."

When one party in a relationship owns a business, it can be easy for the other person to be in the dark about what's happening with their business finances. If that person also manages the household finances, it can be a doubly-veiled situation and have twice the impact on the financial well-being of the marriage.

A partner that has control of both the personal and business finances could be prone to draining personal assets to support the business or hiding assets if their business is profitable. Either way, this arrangement is not ideal unless the couple is staying in constant communication about the state of both the business and the family pocketbook.

6. "These are all the assets I have."

A common scenario is when a spouse says they are contributing to a retirement account or other savings vehicle, when instead the contributions stopped a long time ago, were withdrawn secretly, or never began. A lie like this could potentially derail or greatly delay a couple's retirement plans.

Another person might have hidden bank accounts, collectibles, or other valuables they don't want a partner to know about. There could be many reasons for hiding assets, including locking out a spendthrift spouse, personal financial goals, or even plans for divorce.

Coming Clean

Money lies don't have to be the end of a marriage. The key is transparency, communication, and teamwork. One of the best ways to avoid financial secrecy in a relationship is to preempt it with regular discussions about money. These discussions should include the current state of each spouse's credit score, outstanding debt, and assets, along with personal and mutual financial goals.

So though money lies and fights seem commonplace in today's marriages, they can be dealt with like almost any other relationship strain: with open, honest communication. Money talk can be difficult at first, but it can also be crucial to preserving both the future of your marriage and your finances.

MagnifyMoney (http://www.magnifymoney.com/) is a price comparison and financial education website, founded by former bankers who use their knowledge of how the system works to help you save money.

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