



Helping clients deal with financial infidelity

Those keeping financial secrets from partners may surprise you

By Liz Skinner | *March 18, 2015 - 11:25 am EST*

Not surprisingly, financial infidelity can destroy relationships, but advisers in some cases can help clients work through the problem. In other cases, however, more than just a financial professional is needed.

Financial infidelity, when one partner keeps purchases or bank and credit card accounts secret from the other, occurs in about 30% of relationships where the pair has combined finances, according to a 2014 survey by the National Endowment for Financial Education.

The NEFE survey found that financial deception had an impact on that relationship in 76% of the cases.

Lili Vasileff, a financial adviser and founder of Divorce and Money Matters in Greenwich, Conn., said when a person is hiding spending from a partner, “it's a symptom of something much deeper.”

One of her clients was taking out \$1,000 a week, and it turned out he had a gambling addiction, she said.

In fact, addictions to drugs or gambling are common reasons for financial infidelity, as well as marital affairs. Advisers should ask additional questions when these concerns are suspected.

Another of **Ms. Vasileff's** clients was spending hundreds of thousands of dollars a year buying “collectibles” from the QVC Channel. She had them delivered to a storage unit so her husband wouldn't find out. But he did find out about the financial infidelity and now the couple is in marital counseling to see if they can work it out, Ms. Vasileff said.

The causes of secret spending can have to do with a couple not communicating emotionally, or something sparking an old feeling of insecurity, she said.

MORE SERIOUS DECEIT

About 13% of adults in the NEFE survey admitted to even more serious deceit, saying they had lied to their partner about the amount of money they owed or were earning.

A second report dispels the myth that most financial infidelity instances involve women hiding expensive shopping habits from husbands.

About 25% of men admit to having spent \$500 or more on a purchase without letting their partner know, according to a survey taken in January 2015 by CreditCards.com. By comparison, only 14% of women said they had done the same thing.

“A lot of people are hiding spending and accounts that they probably shouldn't be keeping from each other,” said Matt Schulz, CreditCard.com's senior analyst. “In a lot of the data, we find men tend to be the bigger spenders.”

SURVEY HIGHLIGHTS

1/5 spend

\$500 or more without their partner's knowledge

Who is doing it



Their ages



Who thinks it's OK



1/3 think

spouses shouldn't spend **\$100** or more without telling each other

76% say

financial deceptions have affected their relationship

Broken down by age, millennials (age 19 to 29) were the most likely to say they have spent \$500 or more without telling their partner, Mr. Schulz said.

That may be due to a lack of experience with relationships, he said, suggesting that as people get older “they learn this isn't the right thing to do.”

It's acceptable for couples to keep their finances separate, but the important thing is to be honest and open “because if you're not, it opens up a whole can of worms,” Mr. Schulz said.

Partners who discover financial infidelity may then suspect that additional deception is going on, he said.

ADVISERS AS MEDIATORS

Advisers can [act as mediators](#) and help couples have open discussions about how much each partner can spend without letting the other know

about it. But clients often need more help than advisers can provide alone, **Ms. Vasileff** said.

“It's not as if you have to disclose 100% of everything you spend in a marriage to have a transparent, happy marriage,” she said. “But when secretive spending becomes a behavior that's pervasive, then there's something negative happening in the marriage.”