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The Complex Relationship Between Money and Divorce

By Carmela M. Miraglia | January 02, 2019

Family Law Divorce

Divorce attorney Carmela M. Miraglia examines the relationship between money and divorce.

Of all of the factors that can trigger marital tension and lead to divorce, money is probably the most common. A recent report on *CNBC* (Being Rich May Increase Your Odds of Divorce) reveals that there are several financial signs that can increase the chances of a divorce, ranging from income disparity to each spouse's respective credit score – and perhaps even the macro economy in the U.S.

However, despite the title of the report, simply being wealthy does not necessarily increase your risk of divorce. The truth is far more nuanced.

Strained Finances Lead to Stressed Relationships

Financial strain in a relationship, though not guaranteed to lead to divorce, is commonly present when couples are struggling in their marriage.

According to a study by SunTrust Bank, 35% of people in their survey said that finances were the primary trouble spot with their partner. In other words, money problems are often – but not always – a factor in a divorce. For the sake of comparison, the survey found that the second most commonly cited reason for a strained relationship was a partner's annoying habits, and only 25% of the respondents said that their relationship was stressed because of them.

In one of the Bank's surveys, nearly half of the people polled said that they save and spend money differently than their partner or spouse. Further, people in strained romantic relationships blamed their domestic troubles on finances 35% of the time. For couples between the ages of 45 and 54, finances were even more polarizing: 44% of the respondents blaming money problems for their strained relationship. (Financial issues seem to be particularly acute when children reach college age, when the dual strains of college expenses and empty-nest syndrome hit.)

Income Disparities and Tense Relationships

Another common source of tension in a relationship is high income disparity between spouses. When one spouse earns the income while the other stays at home—even if they are staying home to raise children—the difference can quickly create tension in the relationship. This is especially true if the bread-winner thinks that he or she deserves to exert more influence over financial decisions because he or she is the one making the money. When an income disparity creates a power imbalance in a relationship, the chances of the relationship surviving diminishes.

This tension is often increased if the working spouse works long hours and/or travels. The time away from home builds tension, the non-working spouse spends a greater share of the available income, and distrust grows with the physical separation.

Widely Different Credit Scores Can Lead to Divorce

Another indication of potential marital tension is a wide gap between spouse's credit scores – or if both spouses have low credit scores.

A report by the Federal Reserve found that couples with huge disparities between their respective credit scores—i.e. with one spouse having a good score, while the other had a very poor one—tended to have a more strained relationship. The study went so far as to suggest that the greater the difference in their credit scores, the more likely a couple would break up within the first five years of the relationship.

The report also revealed that couples with high credit scores were the most likely to form long term and stable relationships. According to the study, the level of trustworthiness that a high credit score represents is even more important in a marriage than it is in professional success: "Because households are subject to fewer formal, contractual restraints and use more implicit contracts that can be difficult to enforce, trust and trustworthiness are all the more important in maintaining committed relationships."

Of course, this last finding tends to conflict with the notion that wealthier couples are more likely to divorce. Higher credit scores are easier for people to build when they have the financial means to pay down debt. For those whose income is more limited, financial uncertainty can quickly lead to credit problems and a lower credit score.

(The relationship between high credit scores is a classic case of correlation vs. causation. On the one hand, individuals with higher credit scores tend to form steadier relationships. On the other hand, these same individuals tend to excel in many areas of life compared to their lower-scored peers. It may be that increasing one's credit score does not lead to strengthened relationships so much as that higher credit scores tend to correlate with greater stability, better personal finances and higher levels of happiness and satisfaction – which all contribute to stronger marriages.)

Divorce and the American Economy

Finally, the economic state of the country can play a factor in a couple's decision to break up or stay together. Contrary to expectations, when the economy grows couples tend to divorce. When polled by the American Academy of Matrimonial Lawyers, divorce attorneys overwhelmingly agreed that divorce filings decrease during an economic downturn.

While surprising at first glance, a bad economic climate can make spouses stay together through the hard times, relying on each other's financial support until things get better. Once the economy recovers and it is easier to make ends meet, underlying tensions—particularly those regarding spending and money management—resurface with renewed vigor.

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Schedule a consultation with Carmela M. Miraglia today at (781) 253-2049 or send her an email.

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