Five Common Financial Mistakes People Make When Getting Divorced

They spend too much money right away. They underestimate their expenses. They act from their heart and not their head. And more.

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As everyone knows, money often matters during divorce. But despite all the attention paid to financial issues, divorcing spouses frequently commit the same financial blunders.

“People making such mistakes often regret it long term, because they can be irreversible,” says Bari Weinberger, owner of Weinberger Divorce & Family Law Group in Parsippany, N.J.

Both genders can suffer sustained financial harm from broken marriages, though women generally are the most vulnerable because they tend to earn less.

Here are some of the costliest financial mistakes people make when divorcing, according to lawyers and financial experts—and the lessons you can learn from them.

1. You spend too big

Heavy spending is a common blunder after marriages end. Some former spouses use sizable divorce settlements for celebratory entertainment splurges, while others buy luxuries like unaffordable new vehicles to relieve the pain of a tense breakup.

Rushing into a purchase of a home is another common misstep. Divorce coach Liza Caldwell encourages divorcing partners to postpone buying a residence until their lives and finances stabilize. Among the financial risks if you purchase a home too soon: You may overpay out of an urgency to start again, or become house poor, limiting your financial flexibility, says Caldwell, co-founder of SAS for Women, a company that assists women undergoing divorce.

In other instances, couples ignore the risks of costly outlays just before their marriage finally fails. Luxury vacations, big-ticket gifts, home purchases and new joint debts during a looming breakup can become expensive burdens that complicate dividing marital assets during divorce, Weinberger cautions.

2. You don’t consider hidden assets

Some spouses hide assets in advance of seeking a divorce and submitting mandatory financial disclosures, so they can win an advantage in a settlement.

One common tactic involves giving funds to friends or relatives for safekeeping until the breakup is made final. Mirtha Valdes Martin, a certified public accountant in Ormond Beach, Fla., regularly sees small-business owners use this gambit. It’s even harder to find hidden assets if couples keep part or all of their finances separate.

Among the subtle signs of this pre-divorce strategy: Your spouse avoids discussing financial matters, says Justin Burns, managing partner of financial-investigation firm Space Coast Forensics in Melbourne, Fla.

You can uncover hidden assets by hiring a private investigator or a forensic accountant.

Martin recommends clients anticipate asset concealment by filing first for divorce and by negotiating divorce settlements that require even division of assets discovered afterward.

3. You let emotions prolong the process—and the cost

Emotional battles over child custody, property or both can further inflate the tab of a divorce by prolonging the process.

Consider Maggie Kim, a musician and writer of "Divorce or Die," a Substack newsletter. The Santa Monica, Calif., resident says she spent $500,000 on legal fees for a protracted divorce. Under a 2024 settlement, Kim says, she gained custody of her two children and received a six-figure sum. But that money was spent clearing debts—including six maxed-out credit cards—that she accrued because the divorce took so long.

"Emotions were the biggest reason that my divorce and custody fight took seven years," says Kim, who became a certified divorce coach in January. One piece of advice she gives clients: Shorten the process by regulating your emotions with assistance from your "support army" of personal connections. And don't ask your lawyer for emotional support. Treating your divorce lawyer like your therapist won't feel good "when you get a five-figure bill later because you spent two hours sobbing in their office—again," Kim says.

4. You mishandle illiquid marital assets

Illiquid assets—such as stock options, individual retirement accounts and real estate—often make up a large portion of divorce settlements. But illiquid assets often can't be rapidly converted into cash without losing value. Selling them also can be costly because of transaction fees or, in the case of early withdrawals from retirement accounts, extra taxes and penalties. In addition, it may be difficult to find a buyer.

All of that complicates their distribution in a divorce settlement. Stacy Francis, head of Francis Financial, a New York advisory firm, urges divorcing spouses to take liquidity constraints into account when deciding how they want marital assets to be divided.

For instance, Francis says one client wanted to accept her husband's proposed even split of a 401(k) retirement fund, brokerage accounts and largely illiquid private-equity holdings. Francis persuaded the stay-at-home mother to take only the liquid brokerage accounts, because she could more easily sell their holdings to supplement her future income.

In other cases, though, illiquid assets may constitute too big a chunk of a couple's assets for one spouse to give up any claim to them. In that situation, "it may indeed be worth waiting until they vest, mature or are able to be sold" without taking a loss or incurring substantial fees or taxes, Francis says. "Negotiating for structured payouts or even a co-ownership agreement can be a creative workaround," she says.

5. You underestimate post-divorce living expenses

People accustomed to having two incomes to cover household expenses frequently underestimate how much they will need to pay for things on their own. This includes housing, health insurance, post-divorce family counseling, restaurant meals, child care and lawn services.

Alison Myers of Friendswood, Texas, occasionally had trouble paying utility bills after her divorce. She says her power got turned off about six times between 2018 and 2023. She mainly blames her reliance on child support—and not planning for its reduction when the oldest of four offspring turned 18.

Rick Jones, managing partner of Goldberg Jones, a Seattle divorce law firm focused on men, says some “fathers paying full or partial child support don’t anticipate the additional cost of having a home big enough for their kids’ visits.”

That happened to Joseph Goldy, a certified financial planner. The one-bedroom home he rented upon leaving his wife in 2017 proved inadequate for sometimes housing two growing sons, so he ended up renting a four-bedroom house. “It was challenging to support two households with what I was making,’’ says Goldy, who now works at Highland Financial Advisors in Wayne, N.J.

He suggests that divorcing individuals create realistic cash-flow projections and closely monitor discretionary outlays such as music streaming subscriptions.

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