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DAILY NEWS

Getting house just 1 option in Splitsville

The Money Pros are standing by to take your questions.

Q. I am over 50 and getting a divorce. What do I need to do to protect my retirement savings?

A. With only 10 to 15 years until retirement, 50-plus "suddenly singles" have to plan carefully during what can be a difficult time in their lives.

In my practice, where I specialize in financial planning in divorce situations and retirement planning, I've seen first-hand the difference that careful planning makes when done during divorce negotiations.

Here are three tips to consider at the time of divorce to minimize damage to your retirement:

• **Don't automatically choose the house over other financial assets.**

How often do we hear comments such as "she or he got to keep the house" to imply that there was a fair settlement?

Comparing the value of a home to a retirement account is comparing apples to oranges.

With a home, its future value is more of a question mark and it most likely cannot be used to fund retirement, even if you downsize.

Look carefully at your own situation and consider the appreciation value of the house and tax consequences of both assets to see what makes the most sense for you.

• **Think carefully before rolling your retirement assets out of your spouse's 401(k) into an IRA immediately after divorce.**

There is a one-time opportunity for divorcing couples to withdraw savings from their spouse's traditional 401(k) or 403(b) retirement account – as long as the assets have been allocated to them under the qualified domestic relations order – without having to pay the 10% withdrawal penalty if one is under age 59½.

• **Think about what funds you might need now to pay unavoidable divorce expenses.** This is your one-time chance to withdraw money from your retirement savings without paying a penalty, so use this opportunity wisely.

On the flip side, resist the urge to dip into retirement savings early beyond what is absolutely necessary to get a divorce finalized.

Sometimes people fall into the trap of thinking that access to retirement savings at divorce without the 10% withdrawal penalty, gives them free rein to take out more than they need.

I have to remind my divorcing clients, especially those over 50, that they need to live on these savings for 20 to 30 years in retirement and may not have enough time to rebuild their nest egg.

Marilyn Timbers

Timbers is an ING retirement coach and has designation as a certified divorce financial analyst. Do you have a question for the Money Pros? Send it to pfurman@nydailynews.com.