

## Divorcing after 50: The financial hazards

Jeanie Ahn • Yahoo Finance

Breaking up is hard to do no matter when it happens. But getting divorced later in life can be especially traumatic, both emotionally and financially.

There are now more divorcees over the age of 50 than ever before. In 1990, just one in 10 people who got divorced was over 50; today, it's one in four, according to "The Gray Divorce Revolution," an analysis of federal statistics conducted by researchers at Bowling Green State University.

For this age group, some of the biggest challenges include divvying up accumulated assets and learning how to take control of their finances, often for the first time.

Lisa Baio, 53, was married for 27 years but knew she wanted to get divorced when her fourth child, Jade, now 19, was a toddler. Jade was born with a bone disease that requires special medical care, and Baio, who devotes much of her time to her daughter's caretaking, felt she wouldn't be able to support her children on her own. So she waited to divorce until her husband retired so she could collect part of his pension.

"The long wait to get divorced was difficult because I kept thinking, 'When am I going to have a chance to do what I want to do?' However, the responsibilities of having children don't end just because you want something," Baio told Yahoo Finance.

Despite mounting credit card debt and filing for bankruptcy in 2004, Baio did what she could to financially prepare for the eventual split. "Throughout the marriage I was trying to play catch-up and he was spending," said Baio. Three years ago — at age 50 — she was finally ready to file for divorce.

Baio is one of an increasing number of baby boomers doing so. More than 600,000 Americans 50 and older got divorced in 2010, compared to about 200,000 in 1990.

Certified estate planner Jean Ann Dorrell says getting a divorce later in life requires dealing with situations that you don't have to think about when you're younger: Who gets the house? How will retirement plans get split? How will a divorce impact your future Social Security benefits?

Here are her tips on how to handle the most challenging money issues in a later-in-life divorce:

### 1) Avoid tax penalties when splitting up assets

Longer-married couples have typically built up substantial savings in several retirement plans. And unless a careful analysis is done, important provisions and the value of various retirement plans may be overlooked.

To split up some assets, a divorcing couple will need a Qualified Domestic Relations Order (QDRO) issued by a judge, which changes or splits up the ownership of a retirement plan to give a divorced spouse his or her share of the asset. QDROs should protect both spouses from tax penalties when retirement funds are transferred from one to another.

### 2) Real estate: Who gets the house?

The house is often a source of emotional attachment — for both husband and wife — with neither wanting to give it up. But financial factors — like continuing to pay off the mortgage if there is one and upkeep — should be considered when it comes to this asset. It may make more sense to sell the house, pull out the equity and buy something smaller, Dorrell says. Or consider a reverse mortgage to make it financially possible to keep the house.

### 3) Be knowledgeable about debt

Full disclosure about all debts and assets is crucial. The best thing you can do is get a credit report on both of you. Credit reports are updated regularly, so it would be good to keep checking on it before the divorce is finalized. Your divorce attorney should be able to help give each spouse the other's debt information and make a plan to get the debt taken care of, Dorrell says.

### 4) Plan for gaps in health insurance

If you are currently covered by your spouse's health insurance through a family policy, you may face a gap in coverage until Medicare kicks in at age 65. One option is to purchase coverage through the health insurance marketplace; since the passage of the Affordable Care Act, insurers are not

allowed to charge higher rates for people with pre-existing conditions, and subsidies can make insurance even more affordable. Another option is COBRA, a continuation of your employer's group plan for up to 36 months; with COBRA you can receive the same coverage you had when you were married, but it is expensive. Perhaps a last-resort option, Dorrell says, is to consider legal separation instead of a divorce if neither of those alternatives are affordable.



### 5) Social Security benefits

It's important for divorcing couples to remember that you can collect your ex-spouse's Social Security benefits. If your marriage lasted 10 years or more and you're 62 or older, you can collect retirement benefits on your former spouse's Social Security record (if you're unmarried), and it won't impact your former spouse's benefits, Dorrell says.

You may be eligible to draw benefits of up to 50% of your former spouse's benefit. Check out the Social Security Administration's website for more information about filing for benefits if you're divorced.

