

# CANDID CONVERSATIONS: LGBTQ+ PLANNING

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Exploring ways to create an inclusive financial planning practice



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# An inclusive vision of financial well-being

Financial planners are well-positioned to serve the LGBTQ+ community—the fastest growing minority segment in the U.S. at **7 percent of adults, with nearly \$1.4 trillion in spending power**.<sup>1,2</sup>

For those seeking to support LGBTQ+ people through planning, this guide offers valuable insights from financial research and techniques from the counseling field. By applying this knowledge, you can create a warm and inclusive space for clients.

LGBTQ+ people are diverse, and their goals reflect that need for individualized solutions. Nearly **63 percent** of people in the LGBTQ+ community feel most advisors don't understand their financial challenges, and **48 percent** of LGBTQ+ Americans have experienced discrimination by someone in the financial services industry.<sup>3,4</sup> Changing these figures can start here.

Drawing on the insights of advisors in the LGBTQ+ community, LGBTQ-affirming advisors, and financial wellness experts from eMoney, this guide explores:



## THE FINANCIAL PRIORITIES YOU CAN HELP PLAN FOR

From family creation to estate planning, you can learn how to proactively support your client in building the future they envision.



## HOW TO CREATE A MORE INCLUSIVE PRACTICE

Asking a prospective client for their pronouns is one of many ways to create a positive and comfortable environment that is welcoming to all.



## WAYS TO SUPPORT CLIENTS' FINANCIAL WELL-BEING THROUGH FINANCIAL PSYCHOLOGY

Listening intently for clues to what your client is feeling can lead to thoughtful decision making.

Our goal in sharing these simple and effective techniques is to enhance the financial planning process in a way that honors the unique lived experiences of LGBTQ+ people.

<sup>1</sup> Gallup. "U.S. LGBT Identification Steady at 7.2%," February 22, 2023.

<sup>2</sup> The Pride Co-op. "2022 annual Q+ Report," March 28, 2022.

<sup>3</sup> Nationwide Retirement Institute. "LGBTQ Finances Flash Poll," June 1, 2022.

<sup>4</sup> The Motley Fool. "LGBTQ+ Finances: A Survey of 2,005 Americans," July 14, 2022.



**MARCI BAIR, CFP®**  
PRESIDENT AND FOUNDER,  
BAIR FINANCIAL PLANNING

*"There aren't enough LGBTQ+ financial professionals to serve all the LGBTQ+ individuals who need financial advice. It will take an industry-wide effort to fully serve this community."*

Read more of Marci Bair's insights →

# The growing need for LGBTQ-inclusive financial planning

**28%**

Increase since 2020 in the number of American adults who identify as LGBTQ+<sup>1</sup>

**50%**

Number of LGBTQ+ individuals who aren't confident they'll be able to save enough for retirement<sup>2</sup>

**63%**

Number of LGBTQ+ people who say working with an advisor who is an ally is important<sup>3</sup>

<sup>1</sup> Gallup. "U.S. LGBT Identification Steady at 7.2%," February 22, 2023. <sup>2</sup> Nationwide Retirement Institute. "LGBTQ Finances Flash Poll," June 1, 2022. <sup>3</sup> Employee Benefits Research Institute. "2022 Retirement Confidence Survey," April 2022.

## What this eBook is ...



**A choose-your-own-adventure style resource**



**Evidence-based tactics that can improve client conversations**



**Examples and sample dialog for connecting with clients**

## ... and what it isn't.



**A how-to on becoming an armchair therapist**



**A psychology textbook**



**A guide to creating a financial plan for an LGBTQ+ client**

## PART 1

# Understanding the Full Spectrum of Goals for LGBTQ+ People

After *Obergefell v. Hodges* made marriage equality the law of the land in 2015, some in the industry began to question the need for LGBTQ-specific financial advice. Marriage equality is not a cure-all, however. Though LGBTQ+ people have the right to marry in the U.S., they continue to face discrimination. That means these clients may struggle to find a financial planner they trust to reveal their closely held goals and dreams.

For more evidence that differentiation is still needed, consider the Accredited Domestic Partnership Advisor<sup>SM</sup> designation. It was created to help same-sex couples in the U.S. who couldn't legally marry with the unique challenges of domestic partnerships.

Many thought the need for the designation would wane after 2015, but it turns out that making the choice to marry is much more complex. Some object to involving the government in matters of the heart. Others see the downside of filing taxes jointly at a higher rate, the so-called "marriage penalty."

The result is that many same-sex couples still need guidance for the distinct planning differences of domestic partners. The designation was relaunched in 2021.

While we explain nuances of planning related to LGBTQ+ identities, we also acknowledge that no identity exists in isolation. The best way to learn more about your clients' identities is to ask. Given that, on the following pages we explore the dynamics of family, retirement, and legacy planning from the standpoint of allyship.



**JACOB NUNO**, MS, CFP®, EA  
FINANCIAL PLANNER,  
I•FINANCIAL

*“The LGBTQ community lives by its own rules and objectives. Sometimes traditional financial planning objectives and assumptions do these clients a disservice.”*

See Jacob Nuno's planning insights + a bonus video



## PART 1

# Parenthood: Exploring Ways to Create a Family

The decision to raise a family is one area where financial planning can potentially play an important role for an LGBTQ+ individual. That's because family creation methods such as adoption and surrogacy can cost tens of thousands of dollars.

Some quick facts about LGBTQ+ families from the U.S. Census Bureau:<sup>2</sup>

**14.7%**

of same-sex couples in the United States had at least one child under 18 in their household (versus 37.8 percent of opposite-sex couples)

**22.5%**

of female same-sex couple households surveyed had children under 18

**6.6%**

of male same-sex couple households surveyed had children under 18

The number of LGBTQ+ families is forecast to increase. Research from the Family Equality Council shows **63 percent of LGBTQ Millennials are thinking about expanding their families**, either as first-time parents or by having additional children.<sup>2</sup>



## Tech Tip:

Try “what if” scenarios to help clients visualize decisions.

While family planning decisions will factor in much more than finances, having this data illustrated for a client in a planning platform can help them balance competing financial priorities.

Click to learn how to build dynamic stress tests



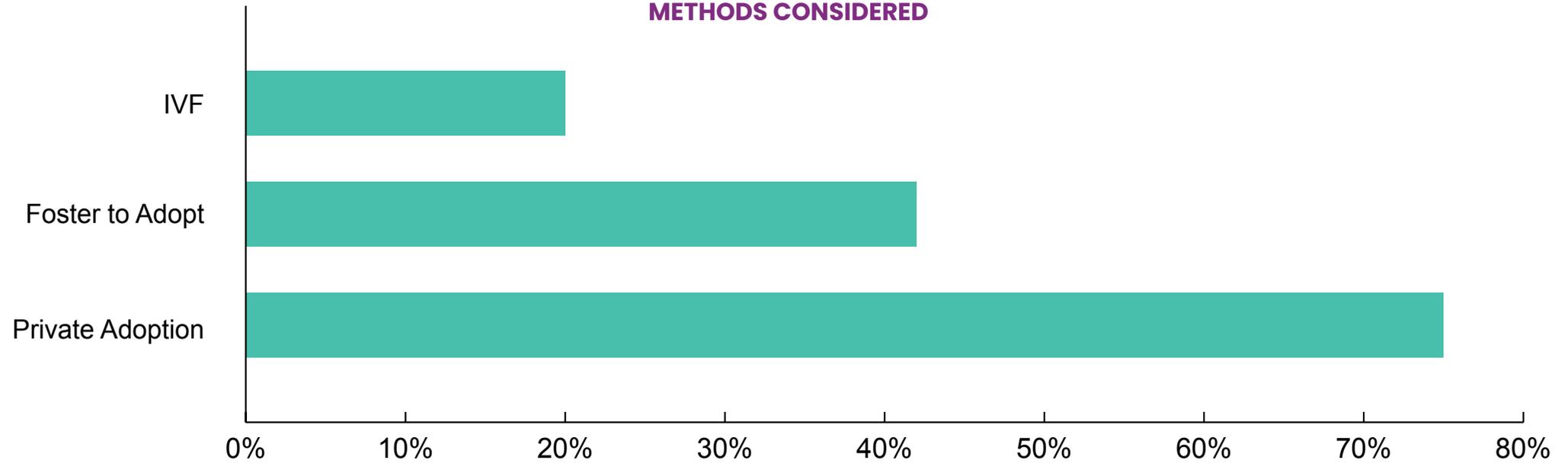
## 3 Essential Resources to Bookmark

1. [familyequality.org](https://www.familyequality.org): Go to Family Equality’s site for state-by-state guides to legal issues for LGBTQ+ families.
2. [hrc.org](https://www.hrc.org): Turn to The Human Rights Campaign for updates on legislation impacting the community.
3. [sageusa.org](https://www.sageusa.org): Visit SAGE, a national advocacy and services organization, for the latest news affecting LGBTQ+ elders.

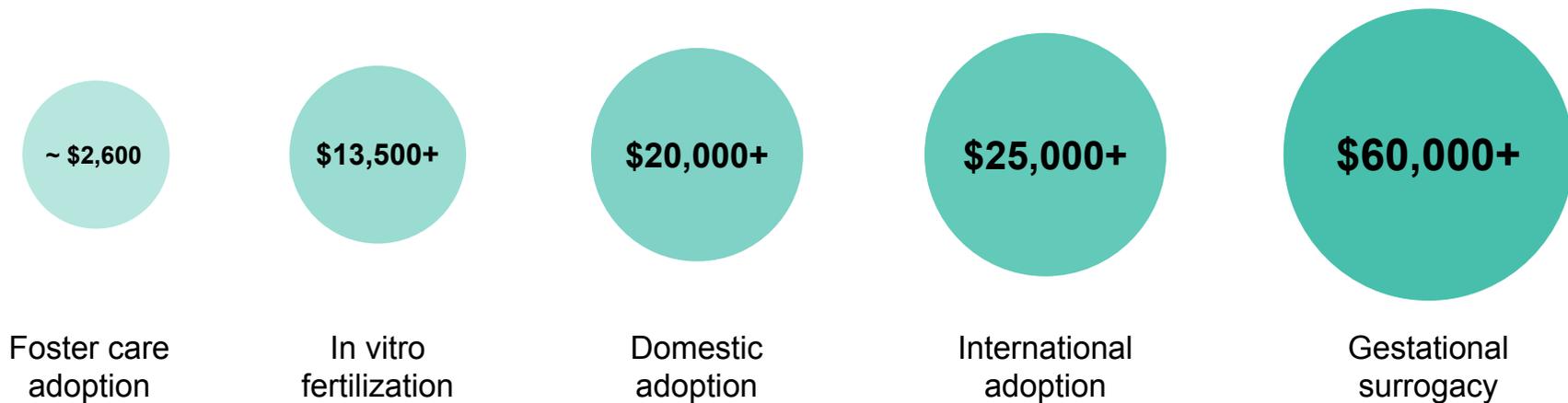
## LGBTQ+ Family Planning

LGBTQ+ households with annual income over \$100,000 are considering the full range of options for becoming parents:

### METHODS CONSIDERED



### AVERAGE POTENTIAL COSTS



## PART 1

# Retirement: Facing Challenges and Opportunities

From retiring ASAP to working well past 65, there is a wide range of attitudes toward retirement among LGBTQ+ individuals. Many share the concerns of all Americans, such as how to approach long-term care and not outliving retirement savings. Where planning for this phase becomes more nuanced is in the areas of:



**Familial caregiving support as an elder (less likelihood of receiving care from an adult child)**



**Access to senior housing (some LGBTQ+ elders fear discrimination at senior centers); and**



**Dealing with a higher cost of living (places with legal protections often come with a high price tag)**

Uncertainty about aging support influences the types of financial solutions an individual may be interested in. For example, according to recent research from EBRI, more affluent LGBTQ Americans prioritize having stable income over maintaining principal.

## Tech Tip:

**Use Monte Carlo simulations to instill confidence.**

A planning platform with this capability can consider the effect of uncertainty on retirement savings, modeling a range of different outcomes and taking longevity risk into account. This type of interactive planning can provide a better picture of when a client might start to be in danger of outliving their savings so they can make informed decisions about when and where to retire.

[Click to explore the impact of Monte Carlo simulations](#)



*“Yes, LGBT early retirement is possible for those who take the necessary steps. The LGBT community has some financial challenges when it comes to money, but for those of us who are doing well, we also have many advantages.”*

—David Rae, CFP®, AIF®  
President and Founder,  
DRM Wealth Management

## Preparedness for Retirement

- **39 percent of high-income LGBTQ Americans say retirement savings is not a priority** relative to their current spending needs, versus 25 percent of non-LGBTQ Americans.<sup>1</sup>
- Around **65 percent of LGBTQ+ Americans report living paycheck to paycheck** most of the time.<sup>2</sup>
- They're also more likely to agree that **they don't know who to turn to for solid retirement planning advice** as compared with their heterosexual counterparts.<sup>1</sup> As previously noted, **almost half of LGBTQ+ people have experienced discrimination by someone in the financial services industry.**

## LGBTQ+ Aging Issues

There will be an estimated

**7 million**

LGBTQ+ people age 50 and over by 2030<sup>3</sup>

They are

**2 to 3 times**

more likely to live alone<sup>3</sup>

They are

**4 times**

less likely to receive care from an adult child<sup>3</sup>

They are

**4 times**

more likely to depend on a friend as caregiver<sup>3</sup>

**82%**

are concerned about having enough family and social supports to turn to as they age<sup>4</sup>

**41%**

are worried about having to hide their identity to access suitable housing as they age<sup>4</sup>



**LAURA J. LaTOURETTE, CFP®**  
FOUNDER,  
FAMILY WEALTH MANAGEMENT GROUP

*“We as financial professionals can help our LGBTQ+ elders as thoughtful advocates. In my experience, spending time preparing the right questions to address our elders’ unique needs—and truly hearing their responses—can make all the difference in their world.”*

<sup>1</sup> Employee Benefits Research Institute. “2022 Retirement Confidence Survey,” April 2022.

<sup>2</sup> Nationwide Retirement Institute. “LGBTQ Finances Flash Poll,” June 1, 2022.

<sup>3</sup> SAGE National Resource Center on LGBT Aging. “Facts On LGBTQ+ Aging,” March 2021.

<sup>4</sup> AARP. “Dignity 2022: The Experiences of Older LGBTQ Adults,” June 14, 2022.

## PART 1

# Leaving a Legacy: Taking a Purposeful Approach

Americans are generous people and want to make an impact—and LGBTQ+ Americans are no exception. A recent study of affluent LGBTQ+ individuals found they're much more likely to have private foundations, donor-advised funds, and a will with at least one charitable provision.<sup>1</sup> Financial planning strategies that maximize the amount a client can give to charity are of great interest.

Another pressing need for LGBTQ+ clients is estate planning. Though same-sex marriage was legalized in this country in 2015, **only 10 percent of LGBTQ+ Americans are married to a same-sex spouse and enjoy the rights that come along with that.**<sup>2</sup> That includes the ability to pass assets to their spouse after death without a heavy federal estate tax attached. The vast majority of LGBTQ+ individuals are unmarried, meaning estate planning strategies are needed to protect a domestic partner or nonbiological children.

LGBTQ+ individuals are also more likely to be estranged from their families of origin.<sup>3</sup> This can make their estate planning vulnerable, so regular updates of the plan are essential. For example, an unsupportive family member could in the wake of their death or incapacity contest their will or start a custody battle over nonbiological children. To ensure your client's wishes are carried out, it's crucial to understand how assumptions in current law will affect them.

## Estate Planning and Charitable Giving

Affluent LGBTQ+ people are:

- Much more likely to have a **will with at least one specific charitable provision** than others (33 percent versus 15 percent)<sup>1</sup>
- More likely to have a **donor-advised fund** (17 percent versus 6 percent)<sup>1</sup>
- More likely to have a **private foundation** (16 percent versus 4 percent)<sup>1</sup>
- More likely to have a **qualified charitable distribution from an IRA** (19 percent versus 7 percent)<sup>1</sup>

## Tech Tip:

### Employ a secure client vault for holistic planning.

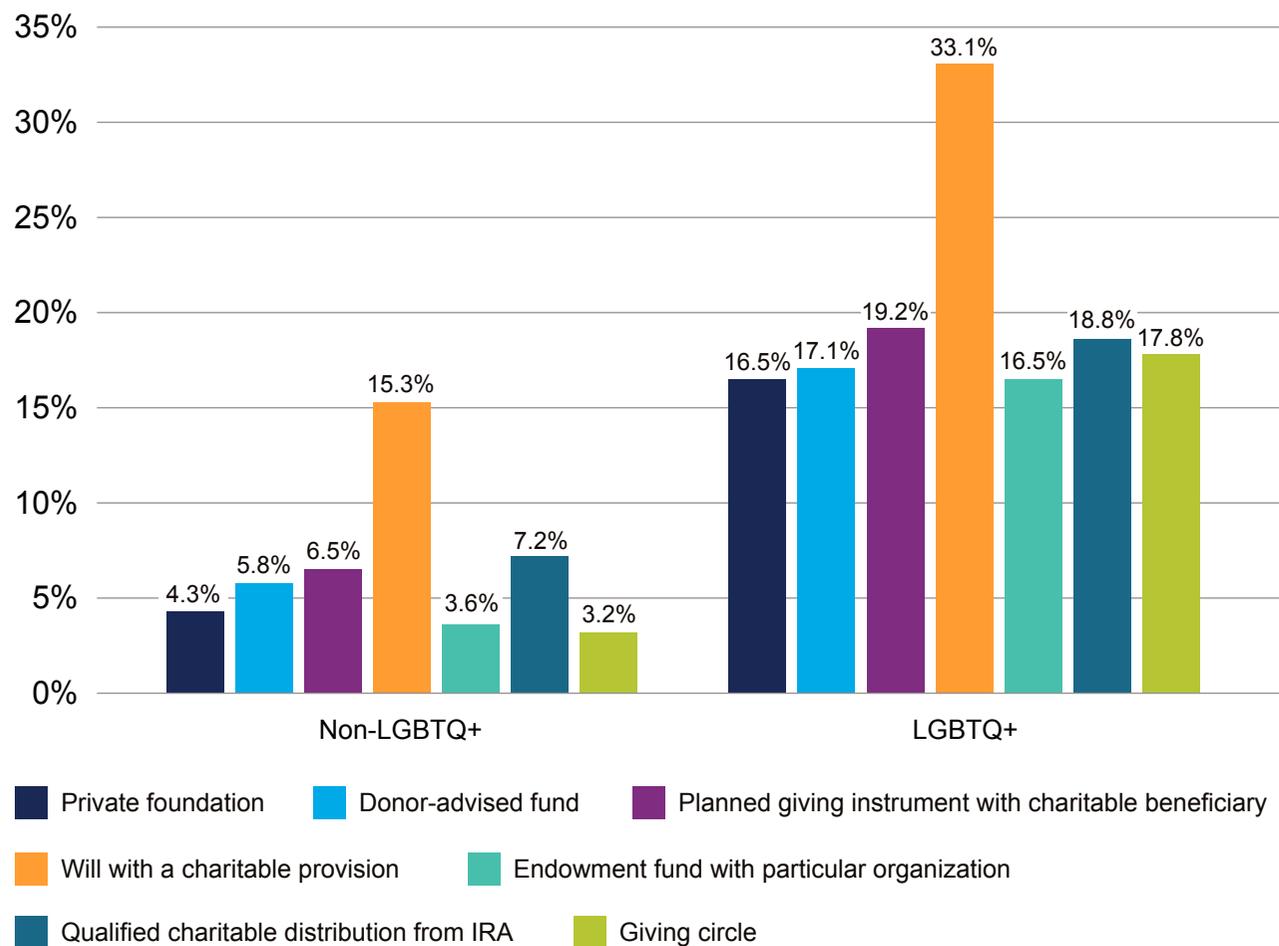
A planning platform with secure file sharing can encourage clients to regularly update you on their estate planning for an all-encompassing approach.

[Click to see insights on using a client vault](#)

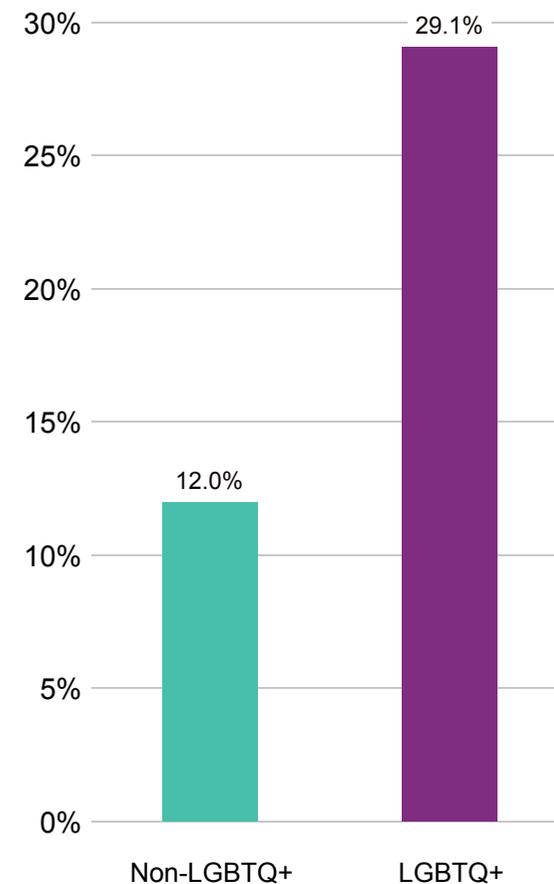


## Affluent LGBTQ+ Americans Prioritize Making an Impact

### PERCENT WITH GIVING VEHICLES



### PERCENT OF IMPACT INVESTORS



Source: Bank of America. "2021 Bank of America Study of Philanthropy: Charitable Giving by Affluent Households." September 29, 2021.

#### Section Sources:

1. Bank of America. "2021 Bank of America Study of Philanthropy: Charitable Giving by Affluent Households." September 29, 2021.
2. Gallup. "LGBT Americans Married to Same-Sex Spouse Steady at 10%," February 2022.
3. Reczek, R., Stacey, L., and Thomeer, M. B. Parent-adult child estrangement in the United States by gender, race/ethnicity, and sexuality. *Journal of Marriage and Family*, 85(2), 494–517. December 2022.

## PART 2

# Helping All Clients Feel Respected and Safe

For planners who want to serve the LGBTQ+ community, there are a few best practices to follow in your intake process and beyond to welcome a wide variety of people.



### 1. HONORING NAMES AND PRONOUNS

Developing a systematic way of asking about and using a person's chosen name and pronouns as early as the first prospect meeting can set the tone for a thoughtful, personalized client experience. This could be as simple as asking whether there is anything they want you to know about their pronouns and name in your meeting request form so it's easy for them to communicate how they want to be recognized.



### 2. RESPECTING CLIENT CONFIDENTIALITY

It's also best practice to put your prospect or client at ease, letting them know that you take information security seriously and the data they provide will be kept confidential. An LGBTQ+ client may fear rejection, harassment, or the loss of their job if their identity is revealed to the wrong person.



### 3. A THOUGHTFUL APPROACH

To create an effective financial plan, you need to know a client's dreams and goals for their life. You and your staff need to be prepared to discuss those goals without judgment. There are also many offensive and outdated terms to avoid in conversation; the [GLAAD media reference guide](#) is one resource you can use to ensure your terminology is up to date.



### 4. EXPLAINING YOUR NEED TO KNOW

It's important to understand that a client may not be open about identifying as LGBTQ+ and may be reluctant to share details about their life. If a client asks why you want to know a certain detail, you should be prepared to explain that you serve a diverse community and don't want to make assumptions that could lead planning astray.



**WOODY DERRICKS, CFP®, ADPA®**  
PRESIDENT AND PARTNER,  
PARTNERSHIP WEALTH MANAGEMENT

*"I've seen what people go through and I want to make sure that everyone feels comfortable. ... I'm the least diverse person in the office. It's not a big deal to me to change how I say something to help someone else feel significantly better."*

Read about Partnership Wealth Management winning a 2022 InvestmentNews Excellence in Diversity, Equity & Inclusion Award for their work with LGBTQ+ clients [here](#). The team won again in 2023!



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## PART 3

# Applying Financial Psychology for Effective Communication

So far, you've gained an understanding of the unique needs of LGBTQ+ clients and how you can welcome them into your practice. To take it a step further, you can apply practical tools and techniques from psychology to help clients open up, own their financial plan, and take steps toward the future as they picture it.

### An Empathetic Ear

As a planner, you're bound to one day have a client who has had a completely different set of life experiences or beliefs. Research from Helen Riess, associate clinical professor of psychiatry at Harvard Medical School and author of *The Empathy Effect*, shows that we may not be able to feel the same emotions as that person. However, the empathy and compassion that drew you to this helping profession can be your guide in putting yourself in that client's shoes to grasp what they're going through.



**BETH JONES, RLP®, AIF®, CeFT®**  
PRESIDENT,  
THIRD EYE ASSOCIATES

*“Clients appreciate the safe space to learn and understand how they relate to their money. It’s really about meeting people where they are, so they feel comfortable opening up and sharing with us what matters to them.”*

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## PART 3

# Simple Strategies for Better Conversations

## Mirroring

Humans are social creatures, and we unconsciously imitate each other's mannerism and patterns of speech to gain acceptance. That's why repeating back a key word or phrase a client has communicated can work well to draw out more of the story.

### EXAMPLE

**Client:** *Now that we've decided not to marry, I just worry about what might happen.*

**Advisor:** *What might happen?*

## Minimal Encouragers

To maintain an impartial, nonjudgmental stance when your client is explaining an issue, try neutral phrases and sounds that prompt the speaker to elaborate (hmmm, that's interesting, go on). You might even try a momentary pause while making eye contact to allow the client space to explain their thinking.

### EXAMPLE

**Client:** *When I look over my financial picture with you, I'm reminded of how expensive it is to live in this city. It really makes me wonder about how that will affect when my partner and I can retire.*

**Advisor:** *Tell me more.*

## Making a Verbal Observation

This technique, sometimes called labeling, is a way to draw out information without your client feeling like they're being interrogated. You make a statement based on what they've told you, and that gives them a chance to respond and elaborate.

You can use verbal observation for emotions, which is a helpful technique that can help someone accept and process what they're feeling. Dr. Daniel Siegel, founding co-director of the Mindful Awareness Research Center at UCLA, has dubbed this "name it to tame it."

### EXAMPLE

**Client:** *I'm really focused on getting the right insurance in place, so I don't leave a financial mess for my partner. He gives so much of himself to raising our son, I want to take care of him.*

**Advisor:** *It seems like you want to make it a priority to help your family.*

**Client:** *I guess I do, yeah. My family means the world to me.*



## ROLE PLAY SCENARIO

# Handling a Windfall Inheritance

**Advisor:** Nice to see you again, Ari. What's on your mind today?

**Ari:** Well, I don't really know how to say this, but my mother died.

**Advisor:** Ari, I'm so sorry to hear that. I know I had other plans for this meeting today, but this takes precedence. When you're ready, do you want to tell me a little about her?

**Ari:** Thanks, it's been rough. She was a saint of a mother; she shielded me from a lot. She worked hard, invested, volunteered, and led a wonderful life. I was hoping to talk to you about the money she left me. It's ... it's really hard to talk about.

**Advisor:** Hard to talk about?

**Ari:** I know she said she would leave me an inheritance; she said it was to keep our family line strong. But I just don't have children. My partner and I never plan to. I don't know what to do with the money. It's millions of dollars.

**Advisor:** It sounds like this has stirred up strong emotions for you. She sounds like an amazing woman, and I can tell she meant a great deal to you.

**Ari:** Yes, she was my rock. There are so many things I haven't even thought about.

**Advisor:** Well, it's important for you to know that you don't need to rush into making decisions about the money yet. Is there anything I can do today to help you breathe easier about this?

**Ari:** Knowing that I don't have to make this decision quickly does ease my mind a bit. I've been trying to think of ways to use the money to honor her memory but haven't figured out how.

**Advisor:** That's perfectly normal following such a significant loss. Take your time to grieve, and when you're ready we can discuss ways to honor her memory.



## Scenario analysis

### What went well:

- The advisor used mirroring and verbal observations that moved the conversation forward. (“Hard to talk about?” and “It sounds like this has stirred up strong emotions for you”)
- The advisor used open-ended questions. (“What’s on your mind today?”)
- They took an empathetic approach, creating time and space for the client to grieve instead of jumping to solutions.

### What needs improvement:

- The advisor could have suggested a referral to an LGBTQ-affirming grief counselor.

# A brighter financial future

Access to quality financial advice has historically been a challenge for many in the LGBTQ+ community. That's why financial planners have an important role to play. By applying the knowledge and techniques from this guide, you can create space for clients to share their hopes and dreams in pursuit of financial well-being.

When you develop an understanding of lived experiences and make space for clients to be their authentic selves, you open the door to greater possibilities.



## REFINE YOUR SOFT SKILLS

Read more about financial psychology on the [eMoney Heart of Advice blog](#).

## Your skills checklist

Use this checklist to deepen conversations with LGBTQ+ clients:

- Display recognizable symbols of LGBTQ+ support to break down barriers
- Use mirroring to help clients feel heard
- Try minimal encouragers to create room for expression
- Leverage technology to visualize scenarios and encourage collaboration

To learn how eMoney can help you build more personalized financial plans, visit us at [emoneyadvisor.com](https://emoneyadvisor.com).