

Lesbian, Gay Boomers Confident but Under-prepared for Retirement

By [Donna Mitchell](#)

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When clients walk into Dana Levit's office at Paragon Financial Advisors in Newton, Mass., she encourages them to sit down and think about the realities of aging and retirement.

Will they have to work longer? Can they or should they rely on spouses and children to provide long-term care? And who will make critical medical decisions if they cannot?

These questions aren't unique, but they are especially critical to Levit's clients because many of them are lesbian, gay, bisexual or transgender individuals and couples that are often single, childless and even when they do form families, have no nationally guaranteed legal provisions to help them work through critical issues surrounding aging and retirement.

Compared with traditional couples, gays and lesbians are less likely to accumulate wealth, because of restrictive tax and inheritance laws in most states and on the federal level, said Levit, who is also president of PridePlanners, an organization of financial planners who share education and strategies on how to serve LGBT clients.

Gay clients often have to draft a series of proxy agreements to secure inheritances and other benefits that are automatically extended to heterosexuals. Levit said her clients often joke that they will have to work until they are quite old to pay for a comfortable retirement.

But that quip sheds light on complex financial planning needs of LGBT clients, According to a survey by the MetLife [\[MET\]](#) Mature Market Institute, LGBT clients have a lot of work to do as they prepare for aging and retirement.

These realities also present opportunities for financial planners.

"Marriage is an economic unit, but LGBTs plan more as individuals living parallel lives," Levit said.

Just 38% of LGBT respondents said they have living wills, and 34% said that they have a durable power of attorney, according to the study, which was conducted in December of 1,201 lesbian, gay, bisexual and transgendered Baby Boomers and 1,206 from Boomers in the general population.

Ten percent of gay clients have documents designating rights of visitation if they are hospitalized. That is better than the 28% of the general population with living wills, 19% with durable powers of attorney and 1% with visitation rights, according to the study.

“This is the first piece I put into place for gay couples,” Levit said. “The provisions are not there for inheritance and visitation.”

But there are ways to circumvent those hurdles. If one member of a gay couple cannot leave their pension or Social Security benefits to his or her partner, Levit will suggest alternatives like buying life insurance with an annuity. It is hard enough for anyone to talk about health care and death, but the discussion becomes more complex for LGBT clients who are often isolated from their biological families and have to rely more heavily on friends to make critical decisions during a crisis, Levit said.

Indeed, MetLife found that 16% of general population boomers are more likely to rely on an adult child caregiver, compared with 7% of LGBTs. Also, LGBT boomers said they are more likely to expect care from friends (8%) and paid in-home caregivers (7%) than the general population who said the same (2% and 4%, respectively).

Having experienced and fought discrimination, 55% LGBT boomers (and 39% of others) say they feel confident that health care professionals will treat them with dignity and respect. Nevertheless, anecdotal accounts from health care workers suggest that LGBT clients are wary of disparaging remarks and other forms of discrimination when they are most vulnerable, Levit said.

“Some are concerned about whether they’ll have to go back into the closet,” said Barbara Howard, the director of gerontology at the MetLife Mature Market Institute. “That is not what most people want.”

Levitt said that fear has given rise to more nursing homes dedicated to caring for LGBT clients.

But there are a couple of areas that unite LGBT and other respondents. MetLife found that 60% of LGBTs and 58% of others worry about being unable to care for themselves. Twenty-nine percent of LGBT clients and 26% of others worried about outliving their income. Both groups are woefully under informed about funding long-term care, according to MetLife. About 30% of both groups say they expect to rely on Medicaid. Saying that respondents from both groups have built their long-term care plans on a “myth,”

MetLife found that 57% of LGBT boomers and 49% of the comparison group say they are relying on Medicare to fund those expenses.

“People have ignored or not taken the time to find out about long-term care,” Howard said. “They tend to be focused on the here and now and worry about the tomorrow later.” That attitude among clients presents a huge opportunity for advisors to educate them and help plan. Long-term care should be part of the retirement planning conversation, Howard said.