



**DIVERSE VIEWPOINTS:
EXPLORING WEALTH
IN THE LGBTQ+
COMMUNITY**



A MESSAGE FROM MERRILL

At Merrill, we've always focused on putting our clients first and understanding them as individuals and as members of their communities. This body of research furthers our commitment to understanding the diverse experiences and financial paths of the communities in which we live and work. We've partnered with Ipsos, a global market research and consulting firm, to explore how our cultural, racial, sexual orientation, and gender identity and expression influence our perspectives on wealth, money, and success. A lot has happened since we conducted this research in 2019, and the work is even more relevant and important as a result of events in 2020, including the COVID-19 pandemic and the protests surrounding racial injustice.

Our research explores the experiences of the Black/African American, Hispanic/Latino, and LGBTQ+ communities. We spoke with thousands of individuals from different backgrounds and professional experiences —we even immersed ourselves in peoples' homes in 2019, listening to the personal stories reflected in their surroundings. We spent a lot of time listening, and through those deep conversations, interactive discussions and surveys, we heard a breadth of diversity and range in stories of success and wealth creation. Notably, we also heard how these experiences are often missing from the cultural narrative and popular discourse. To begin to address this gap, we are sharing many firsthand stories and research findings here with you. Our attempt is a humble one: to ignite a conversation, fueled by the lives of real people.

We look forward to the conversations this sparks and the relationships that are further enriched from here.

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INTRODUCTION

Diversity & Wealth

The LGBTQ+ community represents approximately 10% of the American population.¹ And over the last five years, there has been an increase in the size of the affluent segment (household income of \$125,000+) in the LGBTQ+ community of around 76%, compared to 53% growth for the affluent general population.² Additionally, we've seen the size of the LGBTQ+ identifying population grow with each successive generation.¹ To best serve the LGBTQ+ population, it is critical we better understand the experiences, motivations, and goals of this community.

¹Ipsos Affluent Study 2015-2020, 2020

²Forbes: The Growing Demographic Marketers Don't Know About, 2019

The population that identifies as 'exclusively heterosexual' is decreasing¹



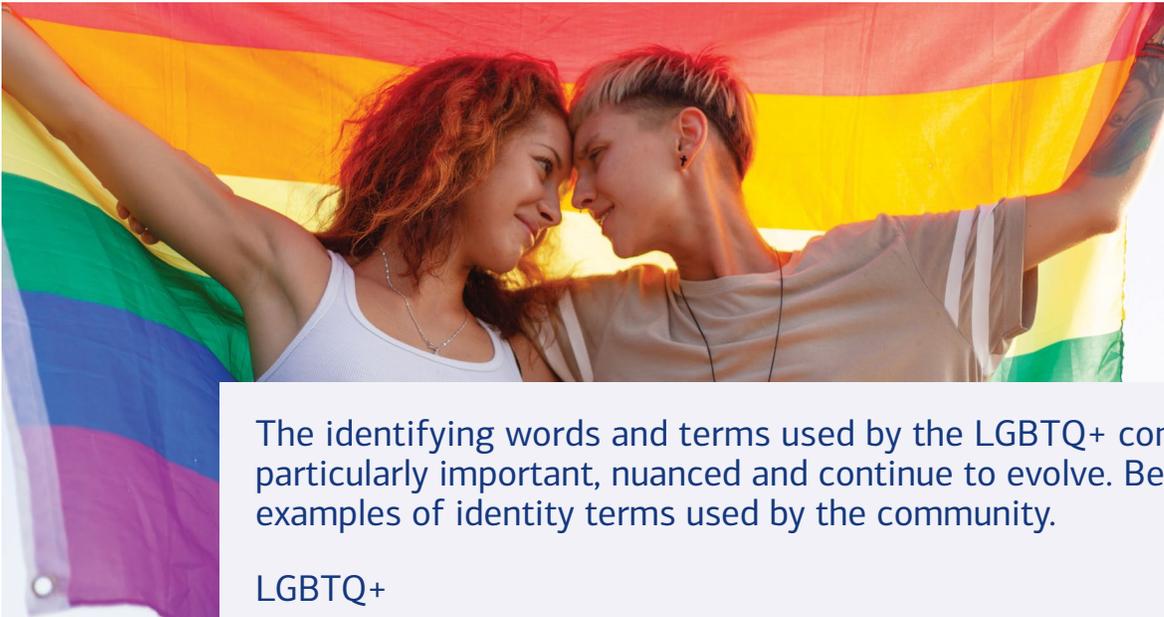
Understanding the viewpoints of individuals in the affluent LGBTQ+ community begins with grounding ourselves in individual stories, circumstances and experiences. We often hear the stories of individuals in this community who achieved success at the top of their field, like Tim Cook, CEO of Apple; Laverne Cox, actress and advocate; or Karamo Brown, author, television host, and activist. While the visibility and success of these figures is important, there are so many untold stories, ones driving the 76% increase in the affluent segment of the LGBTQ+ community. This paper explores those stories of successful individuals who have not created wealth from the world of celebrity or fame, but who also need to be celebrated for the inspiration they are and what they represent.



A Note on Confirmation Bias.

Confirmation bias is a well-studied human tendency to only embrace new information that confirms pre-existing ideas, worldviews, or personal experiences. This suggests, therefore, there is a tendency to ignore or reject new information that does not support our worldviews. We encourage readers of this paper to keep this in mind as they explore the data and stories shared.

Through our in-person conversations, online discussion forums and survey, we immersed ourselves in the lives of affluent members of the community to understand their unique and individual experiences. We organized insights around three major themes — Our Lives, Our Community and Our Future. This paper dives into each (modifying the individuals' personal details for privacy) in hopes that it will start a larger conversation around how we can better serve our increasingly diverse client base.



The identifying words and terms used by the LGBTQ+ community are particularly important, nuanced and continue to evolve. Below are a few examples of identity terms used by the community.

LGBTQ+

An acronym for Lesbian, Gay, Bisexual and Transgender. The ‘+’ is an intentional way of representing different identities and experiences, including those who identify as queer, intersex, asexual, non-binary, gender fluid, questioning, and many more.

Cisgender

A gender identity that aligns with the sex assigned at birth.

Gender Expression

The ways in which people—trans or not—choose to convey their gender identity through dress, verbal communication styles, and other outward behavior.

Gender Identity

How an individual understands their own gender, regardless of the sex assigned at birth.

Gender Nonconforming

A term referring to an individual whose behavior or appearance does not conform to prevailing cultural and social expectations and norms about what is appropriate to their gender.

See the Human Rights Campaign’s Glossary of Terms for more information about each of the identities that make up the LGBTQ+ community.

With first person stories and data points in hand, we organized insights around three major themes:



OUR LIVES

“Our lives are structured differently, with different milestones.”



OUR COMMUNITY

“We are a fractured group, but we are united by our care for the community.”

“Actions speak louder than rainbow flags.”



OUR FUTURE

“Our legacies and responsibilities go beyond just the people we know.”



We fielded a survey to a representative sample of 509 affluent LGBTQ+ Americans. Here is a bit more about the affluent LGBTQ+ individuals we spoke to:

AGE

13%	20-34
26%	35-54
62%	55+

INVESTABLE ASSETS

24%	\$100K – <\$250K
24%	\$250K – <\$500K
24%	\$500K – <\$1M
28%	\$1M+

HAVE CHILDREN

21%	Have or adopted a child/children under 18 in the household
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RELATIONSHIP STATUS

47%	Married
28%	Single, never married
28%	Living with a partner
6%	Divorced or separated
3%	Widowed

EMPLOYMENT STATUS

59%	Employed
39%	Retired

EDUCATION LEVEL

5%	High School
54%	College or some college
41%	Post-Bachelor's degree

OUR LIVES

“Our lives are structured differently, with different milestones.”

The dramatic changes the LGBTQ+ community has gone through over the last several decades have had significant impact on their financial views. Older generations may be cautious because it's very likely they've had to live most of their lives closeted. Meanwhile younger members of the community may be more open because it's more likely they've been able to be out from an early age.

“As someone in their 60s, I feel like I have had a totally different life than what someone who is 25 now will have. Starting with Stonewall 50 years ago, the AIDS epidemic, violence against our community, the fight for marriage equality—there have been tremendous changes that have impacted our community and having lived through these really impacts your perspective. Having lived through the AIDS epidemic in the 80s, there were many who didn't start saving until they knew they would live.”

- Marc, Author, 65

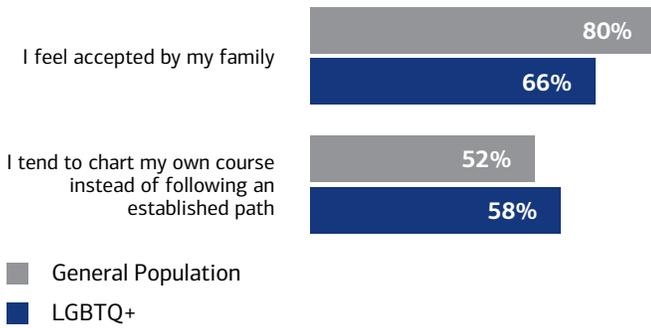


While individuals in the LGBTQ+ community may have similar financial milestones as non-LGBTQ+ people (first job, buying a home, marriage, starting a family), affluent LGBTQ+ are more likely to achieve several life milestones later in life compared to the general population. And for LGBTQ+ individuals, some milestones can have greater weight. For example, some in the LGBTQ+ community viewed financial independence as a prerequisite for being able to live their life authentically.

“I know many people who (rightly or not) stayed in the closet until graduating because of parents or family. It's a tough choice between being who we are or hiding ourselves for financial security.”

- Andy, Therapist, 29

Members of the LGBTQ+ community are 19% less likely to feel accepted by their family, an experience that profoundly shapes their desire to attain financial independence, particularly at a younger age. And because of this, they're 11% more likely to say they've had to chart their own path, rather than being able to follow an established plan.



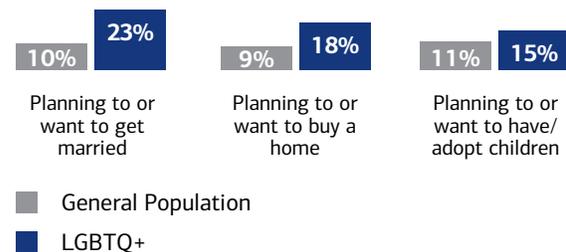
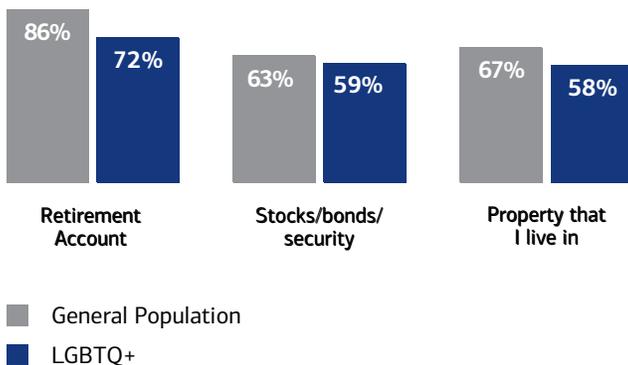
“I didn’t come out to my parents until a few years after college. I needed to make sure I had a good amount of savings and was settled in my own place, because I honestly wasn’t sure what would happen when I told them. I know so many people in our community who have come out and then get kicked out of their homes. I had to make sure I could afford to come out, and it drove my need for financial independence at an early age.”
 - Taylor, Financial professional, 37



While financial independence is a milestone that might come earlier for some, building a financial plan or funding a retirement might be even further away for some in the LGBTQ+ community. More than 1-in-5 affluent LGBTQ+ individuals are not investing in the market, and this is an untapped potential source of income that could help achieve greater financial independence and power.

In terms of financial milestones, affluent LGBTQ+ are less likely to have invested in a retirement account or property they live in

Affluent LGBTQ+ individuals are planning to achieve certain life milestones and are optimistic about their future





Recent landmark rulings have opened up opportunities that weren't necessarily available to the LGBTQ+ community. In 2015, the Supreme Court ruled that states cannot prohibit same-sex marriages, paving the way for same-sex couples to marry across the nation. Still, it does not change that creating a family for the LGBTQ+ community can be more difficult and more expensive than for a heterosexual couple. Financial planning is a necessary first step for most LGBTQ+ couples that want to start a family. According to the Family Equality Council, a LGBTQ+ rights advocacy organization, when the costs of a paid surrogate, an egg donor and legal fees are combined, LGBTQ+ couples can expect the cost of having a child to exceed \$100,000.³ And while many Lesbian couples may not have to work with a surrogate, there are other steps required which can cost several thousand dollars.

Because the privilege of having or adopting children has only recently become an achievable and viable option for many in the LGBTQ+ community, having a child is currently one of the most important financial goals for 13% of affluent LGBTQ+ 20-34 years old compared to just 5% of affluent LGBTQ+ 35-54 years old. And this impacts considerations around inheritance planning, with affluent LGBTQ+ 20-34 years of age stating that being able to leave an inheritance to family is one of their most important financial goals.

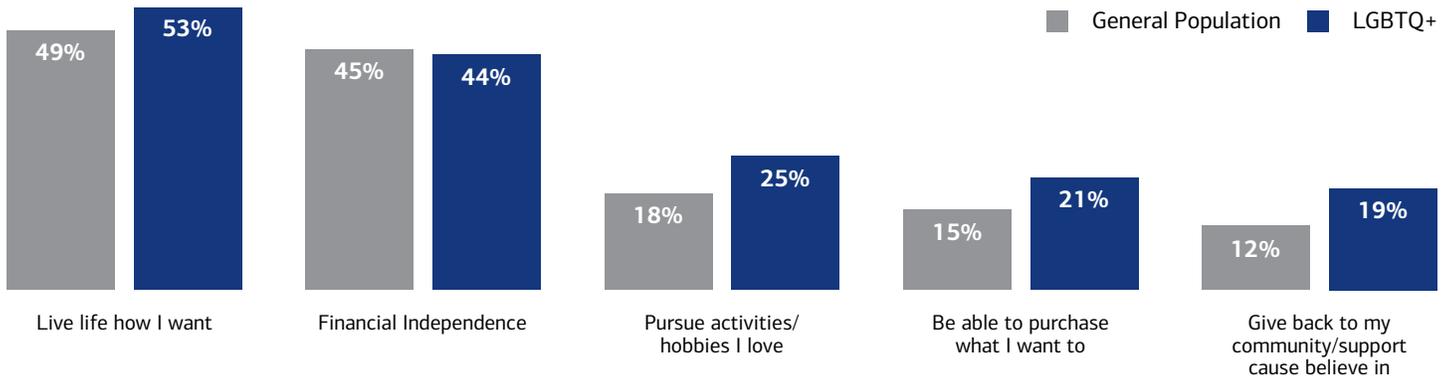
³Family Equality Council: Building LGBTQ+ Families: The Price of Parenthood, 2019

“It took me and my partner 5 years to have a baby. It seems like it should be a simple decision, but for two women—it’s not. We had started talking about it a while ago, discussing with friends who had kids their process. Then we found out that for the IVF process, we needed to first save \$125,000—and for a gay couple that’s close to \$200,000. That’s also why you see so many older LGBTQ+ couples with kids—it takes a long time to save that much, and we don’t know about that until we’re starting to even think about kids.”

- Christine, Graphic designer, 38



We asked members of the affluent LGBTQ+ community about their financial priorities — many are focused on being able to live authentically by pursuing activities they love or simply living life the way they want.



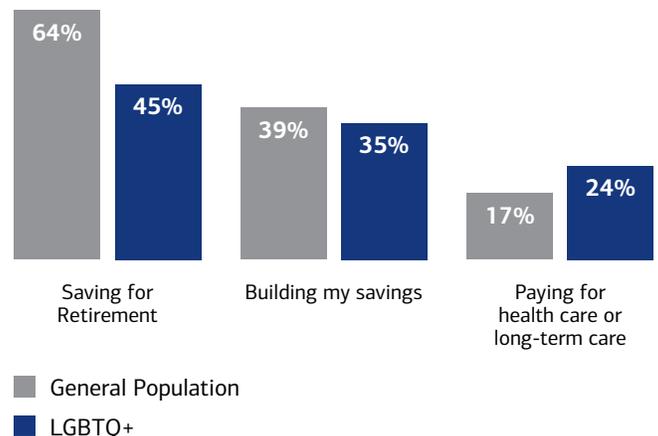
Members of the LGBTQ+ community are 35% less likely to list saving for retirement as one of their most important financial goals. The LGBTQ+ community is also 57% less likely to prioritize leaving an inheritance for family. Instead, many affluent members of the LGBTQ+ community prefer to live in the moment and are 34% more likely to say they want to spend their money on enjoying life now — they’ve worked hard and feel they have earned the right to celebrate and enjoy their success. But retirement for those in the LGBTQ+ community might mean more financial challenges than the retirements of their non-LGBTQ+ counterparts.

Long-term care at an advanced age can be made cheaper with a spouse to care for them. However, as LGBTQ+ are less likely to be married, they are more likely to face higher long-term care costs. In addition to the increase in healthcare costs, members of the LGBTQ+ community may face unique challenges. As an example, individuals in the LGBTQ+ community may have to consider how to pay for long-term care related to HIV/AIDS, or not having children to rely on as caregivers. Naturally, LGBTQ+ individuals are 30% more likely to list paying healthcare as a main source of financial stress.

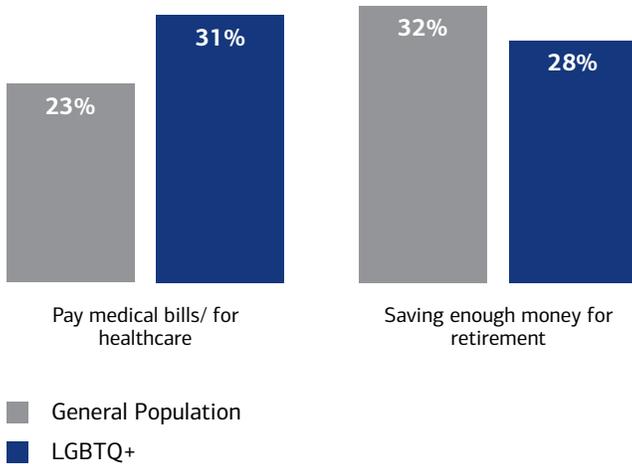
“For many my age in the community, retiring is just not an option. Being part of the gay community, especially in big cities, there is this social pressure to live a certain way — with brunches and nights out. Part of that is possible because often we don’t have a spouse or children until later on in life. Because that’s who people see, there’s a stereotype that gay men live extravagant lifestyles because they are all rich. This is not true for the vast many men who live this way. So, as we get older, and think about retiring — we aren’t ready to, because many of us didn’t have the right help in setting ourselves up for that.”

- Arthur, Financial professional, 51

Financial Goals



Paying medical bills and saving enough for retirement are among the top financial stresses for affluent LGBTQ+



And there are other reasons paying for health care is top of mind for the LGBTQ+ community. Costs of gender affirmation procedures and the added complexity of things like voice and hormone therapy make the needs of many in the transgender community more acute. Beyond the physical cost of transitioning, there are systemic challenges around changing names, identification documents, etc., that create a layer of additional difficulty.



“People have asked me about my decision to transition, but it wasn’t really a decision. That implies there was some choice to it. There was no choice; this was what needed to happen for me to truly be myself. Transitioning is not just one surgery—it is a long journey to become the real you. There are medications, there is therapy, and there is speech training. And then the legal process to change your identity takes time and money. It took everything I had—emotionally, physically, and financially. In the trans community, we are hit on both sides of earnings and savings—we tend to earn less and spend a lot out of pocket to transition.”

-Amber, Higher education administrator, 58

Though divorce rates among same-sex couples and opposite-sex couples are similar, there are challenges unique to the dissolution of a same-sex marriage.

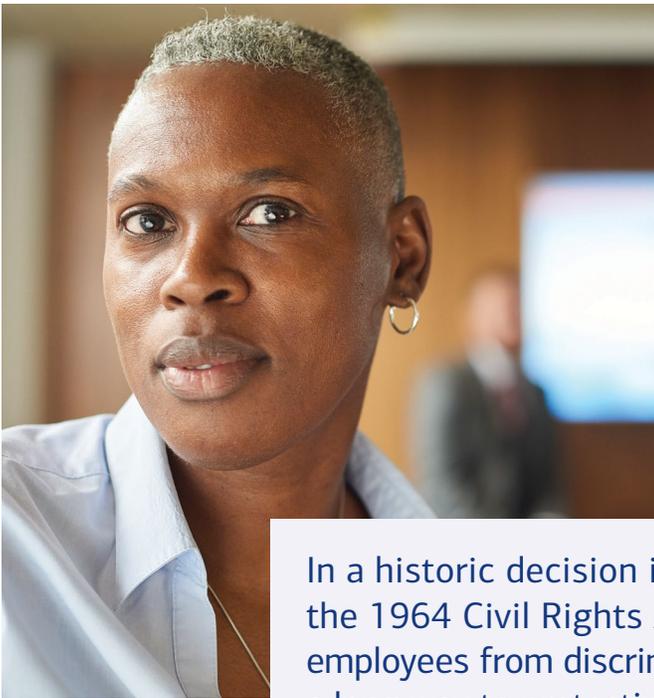
For example, determining the length of the duration of the relationship: A same-sex couple may have been cohabitating for 25 years, but their marriage may have only been recognized for the past five years. The duration of a relationship is important because it influences what property will be on the table to distribute during a divorce. It also impacts alimony.

Source: McKinley Irvin Family Law, 2020.

OUR COMMUNITY

“We are a fractured group, but we are united by our care for the community.”

While those on the outside might see the LGBTQ+ community as singular, there is tremendous diversity within the community. Moreover, there is recognition that experiences differ widely across the LGBTQ+ community. Some may benefit from garnering mainstream attention, while others, especially transgender and LGBTQ+ people of color, do not.



In a historic decision in 2020, the U.S. Supreme Court ruled that the 1964 Civil Rights Act protects gay, lesbian, and transgender employees from discrimination based on sex. While this ruling will go a long way to protecting LGBTQ+, there is still much more progress to be made. Transgender individuals continue to face discrimination in healthcare, employment and housing.

Beyond their specific identities, there is tremendous economic range in the LGBTQ+ community. Among older LGBTQ+, for whom discrimination in the workplace was common and advancement opportunities were rare, success was often found in less traditional career paths, in the arts, in media, in entrepreneurship, or in LGBTQ+-focused businesses—other sectors of the economy that have not always allowed for the accumulation of wealth. And even though today more LGBTQ+ individuals have been able to succeed in more “traditional” corporate fields, there can still be stark differences in income and financial barriers. For example, 52% of affluent LGBTQ+ individuals say they do not have any barriers to achieving their financial goals. At the same time, 10% and 17% of LGBTQ+ say they face medical bills that are too high or do not make enough money to achieve their financial goals, respectively.



“There is a disparity in wealth that should be addressed as a way of talking about financial responsibility in the LGBTQ+ community. We aren’t all entitled and carefree.”

- Jasmine, Accountant, 39

“I know I am where I am professionally because of my community. I make it a point to be out— even the way I present [short hair, masculine dress] makes it clear that I’m part of the LGBTQ+ community. I think that’s part of why I’ve been able to attract a largely LGBTQ+ client base— because I’m being authentic to who I am and what I believe.”

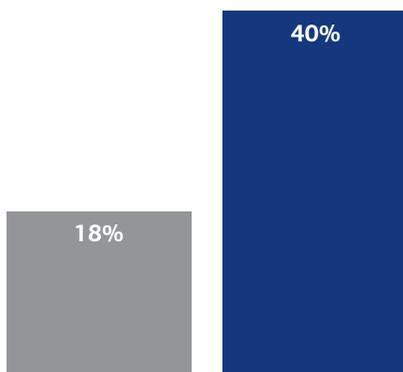
- Adrienne, Financial professional, 39

Meanwhile, there is a compounding negative effect on earnings based on gender, sexual orientation, and race, which impacts those within the LGBTQ+ community at varying degrees.

There is a strong desire to give back and support less privileged members of the community. As cohorts of this group have increasingly gained prominence and wealth, we see that many are using their voices to advocate for the more marginalized members of their community. Above all, though, what we see in the LGBTQ+ community, regardless of generation, is a strong desire to “pass it on” and help their community prosper.



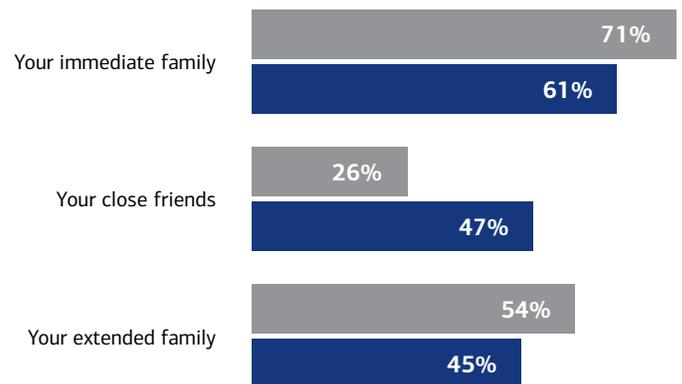
Being able to help their community is one of the most important financial goals of affluent LGBTQ+ individuals



It's important that I am able to help my community

■ General Population
■ LGBTQ+

Friends and Community Matter: LGBTQ+ have a broader sense of what family means and are more likely to identify their close friends as members of their family



■ General Population
■ LGBTQ+

OUR COMMUNITY

“Actions speak louder than rainbow flags.”

When discussing how organizations demonstrate their commitment to the LGBTQ+ community’s needs, authenticity repeatedly came up. A skepticism exists in the LGBTQ+ community around acceptance and inclusion among institutions. Many shared stories of acquaintances or colleagues who were open and friendly in direct communications, but then heard or observed homophobic comments from those same people when they were not around. Therefore, it is critical that organizations demonstrate true authenticity and commitment.



“It’s honestly very frustrating to see companies that only care about the LGBTQ+ community during Pride month. Don’t slap a rainbow on your logo and call yourself LGBTQ+ friendly. We are going to do our research, and, if there are inconsistencies between what you say and what people in your organization do, we will find out. That level of understanding is critical for us because we’ve heard false promises before, and we need to protect ourselves.”

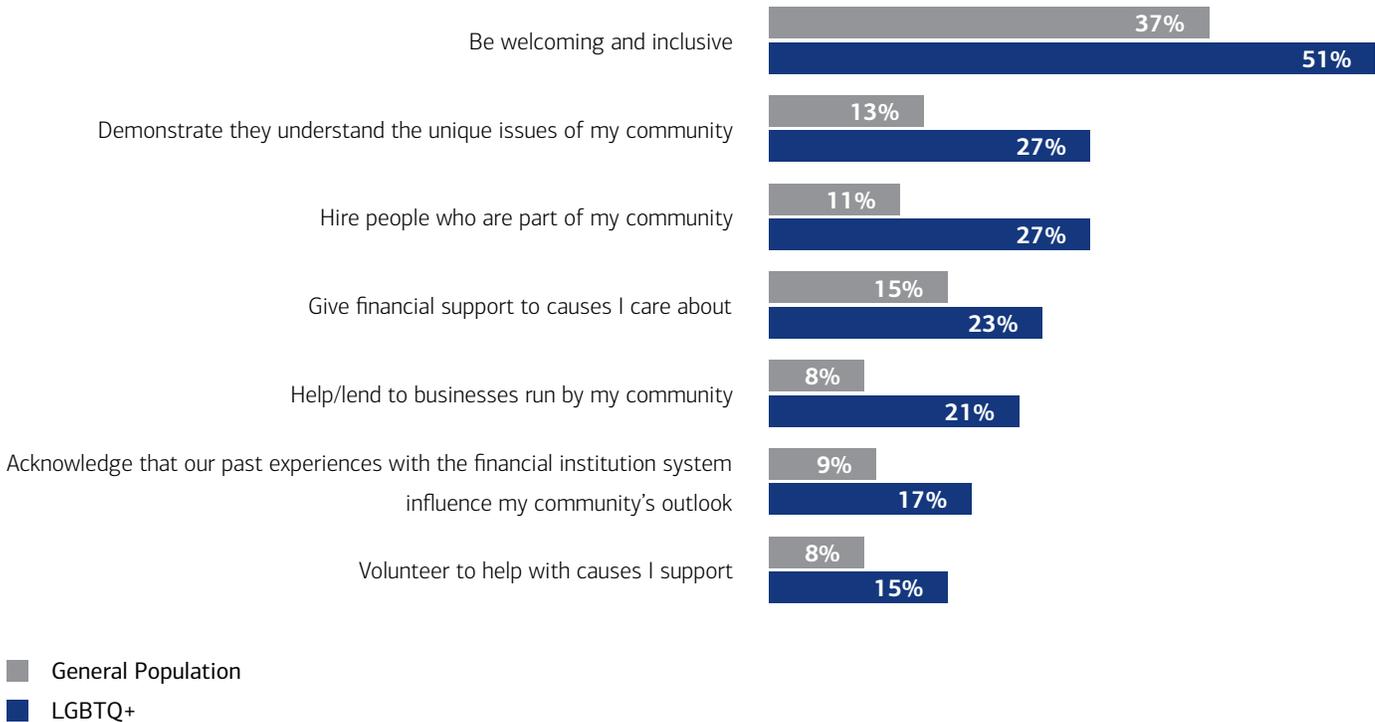
- Richard, Designer, 33

“I think the problem occurs when institutions don’t look at societal factors and exclusionary practices against our community that have contributed to our financial journey and current situations. There’s a skepticism from those experiences that impacts our ability to trust.”

- Joe, Marketing director, 49

How Financial Institutions Can Build Trust

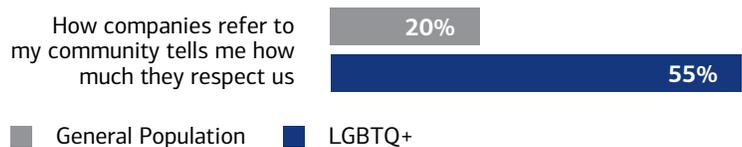
(% who agree)



Feeling represented in company advertising has a great impact on LGBTQ+ individuals and helps them determine where they do business. However, commitment to the community needs to go beyond stated support; it has to reach into the organization's practices, people, and policies.

Representation and communication matter

(the chart below shows the percentage in each community who agree with the statement)



"We've worked very hard to succeed, both individually and as a group, but discrimination has held many of us down. We already know women make \$0.80 to the dollar in general. LGBTQ+ women make even less because they don't put themselves up for promotion and avoid the spotlight because they don't want to draw extra attention that might come to their personal lives. And on top of that, minority LGBTQ+ women make the least because they are doubly hit by discrimination on their sexuality and ethnicity or race. That's why I try to get my clients who are in any or many of these categories to start building wealth as soon as possible to get to where they should be."

- Michelle, Financial advisor, 38

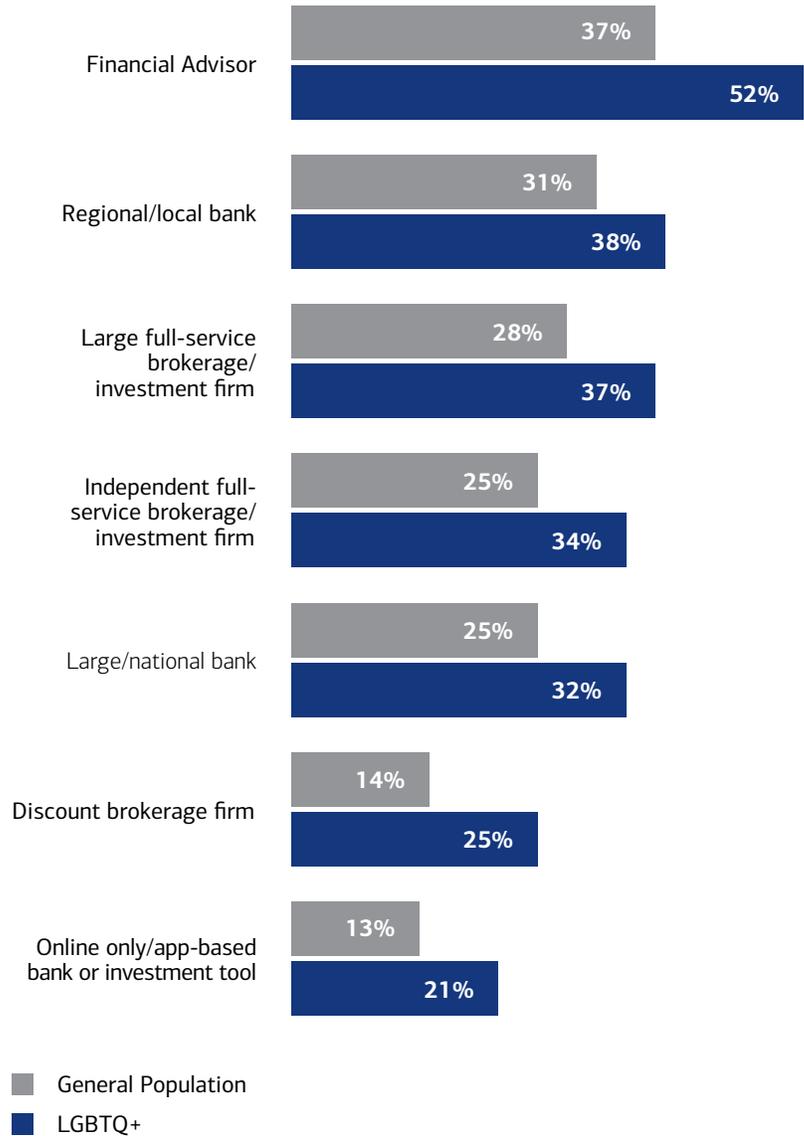


“LGBTQ+ are shown as being well off, and it’s totally inaccurate, and it encourages reckless spending, debt and financial collapse. We have more disposable income, partly because many of us don’t have children, but there are many in our community who live way beyond their means who need the most help. It would be great if financial institutions could have programs that help us focus on long-term planning, retirement, health planning and the next generation.”

- Jonathan, Sales director, 37

Trust Matters

(% who trust in each institution)

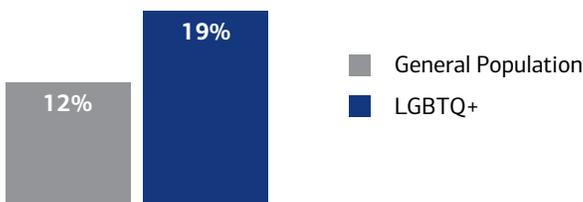


OUR FUTURE

“Our legacies and responsibilities go beyond just the people we know.”

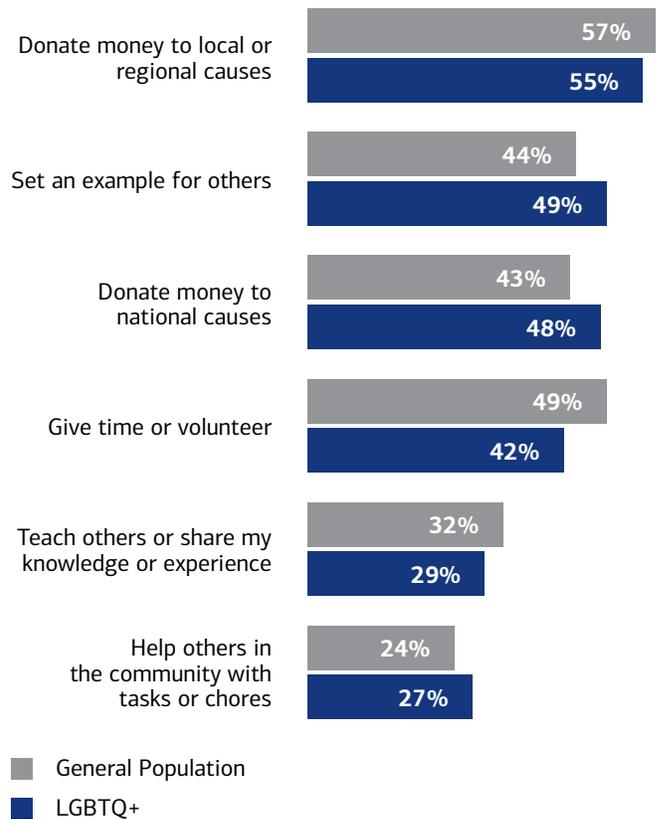
Legacy—be it financial or otherwise—is considered by many to be greater than just one’s family and includes commitments to improving the lives and future of the LGBTQ+ community. With the acknowledgment that homophobia may likely always exist, and that LGBTQ+ youth are amongst the most vulnerable populations, many spoke to the importance of a legacy to ensure that life is easier for future generations.

The affluent LGBTQ+ community is 45% more likely than the affluent general population to view giving back to and supporting their community as a top priority



It’s important that I am able to give back to my community (% who agree)

How LGBTQ+ individuals give back to the community



Many LGBTQ+ individuals we spoke with discussed the importance of working in the community. While only 9% of the LGBTQ+ respondents said they would prefer to work with financial advisors from their community, they all cited the importance of their advisor having a deep understanding of LGBTQ+ concerns and perspectives.



Consequences of being ignored

There is a lot written about how for some in the LGBTQ+ community, there have been times when they felt they couldn't be themselves or felt ignored. The consequences of this isolation is something the community at large is focused on improving. Despite these efforts, members of the LGBTQ+ community are susceptible to substance abuse, while many struggle with thoughts of suicide and homelessness:

Substance abuse

20% to 30% of the LGBTQ+ community states that they abuse substances, compared to only 9% of the general population.⁴

Suicide

LGBTQ+ youth are nearly 5x as likely to have attempted suicide compared to non-LGBTQ+ youths. 40% of transgender adults reported having made a suicide attempt. 92% of these individuals reported having attempted suicide before the age of 25.⁵

Homelessness

LGBTQ+ youth make up to 40% of the total unaccompanied homeless youth population, while they only represent 10% of the overall youth population.⁶

⁴ Addiction Center: LGBTQ and Addiction, 2022

⁵ The Trevor Project: Preventing Suicide: Facts About Suicide, 2021

⁶ Human Rights Campaign: New Report on Youth Homeless Affirms that LGBTQ Youth Disproportionately Experience Homelessness, 2017

“My partner and I chose to not have children. Over the years we’ve enjoyed our life and built a good amount of wealth, and we were recently talking about what will happen to it all when we’re gone. It’s always been important to me — especially since I came out — to be connected to the LGBTQ+ community, so we’ve been tossing around some ideas like a scholarship for LGBTQ+ teens or investing in an institution that serves our community.”

- James, Media consultant, 52



LGBTQ+ are twice as likely to list community as one of the top three most important aspects of life. And despite the lower rate and barriers to having children, 30% of the LGBTQ+ community who are 65 or older plan to establish a will in the future, making them 30% more likely to do so than the general population.

Beyond the legacy and commitment to future generations, there is also a deep pride for those in the community who fought to help LGBTQ+ people to achieve the level of recognition and rights they have today: those that stood up at Stonewall, Harvey Milk, Marsha Johnson, James Baldwin, or Edith Windsor. Many in the community speak to the legacies that these trailblazers have left (or are leaving) and are committed to ensuring their work and efforts are not lost.



“I know so many people in my community who are trailblazing every day. We’re out there, petitioning politicians, hosting events, creating change. I think it’s important to take the money and any influence you have now and use it to spend time with people and make things better for them. It’s more about the present and using my wealth to continually improve the community one day at a time rather than leaving money behind when I’m gone.”

- Neil, Doctor, 34



CONCLUDING THOUGHTS

When we embarked on this project, we knew it would be a rich area of discourse and that we were just scratching the surface. We learned that for many in the LGBTQ+ community, financial independence means more than having enough money — it's about being able to live authentically. And while there is tremendous diversity within the community, there are common causes, goals, challenges, and experiences that unite them.

The challenge that often occurs when we delve into sensitive realms such as sexuality, gender, race, identity and money is that they get so complicated, intertwined, and difficult to unpack that we end up not addressing them at all — conversations left to be had another day. That is not what we want to happen here. Our intention is to provide enough context to serve as the foundation for relationship-building dialogue. It is through that dialogue, with our expertise as a financial community, layered with our desire to better serve clients from all backgrounds, that we strive to build a stronger, more inclusive financial experience.

To get the conversation started, here are a few questions to ask your financial advisor:

I have a full life to live, but I need to live within my means. What budgeting and savings habits could I adopt to help me pursue my long-term goals?

I don't have housing and employment protections in every city and state. In the event I lose my job or home, what can I do financially to prepare?

What are some ways I can save for family planning expenses, such as fertility treatment, surrogacy and adoption?

How can I determine how much I can give, and what are some of the most effective ways to give to the causes I'm passionate about?

How can I align my investment portfolio to my beliefs around topics such as the environment or gender equality?

I'm married now. What changes for me and my spouse financially?

I may or may not have a traditional family structure to support me as I age. What are some ways I can prepare for my long-term care and healthcare expenses?

What planning steps do I need to take to ensure my family, extended family or friends know my end of life wishes?



Ipsos is the third-largest market research company in the world, present in 90 markets and employing more than 18,000 people. Merrill or any of its affiliates are not affiliated with Ipsos. In partnership with Merrill, Ipsos conducted multiple waves of research throughout 2019, employing a variety of research methodologies, starting out by interviewing Merrill stakeholders who serve and represent the diverse communities. In parallel, they synthesized and reviewed an array of publications and academic research on the topics of diversity, wealth and inclusion in financial services and beyond.

- The Online Community and the In-Home Qualitative research was conducted from July to September 2019. We spoke with n=6 respondents from each of the three affluent communities in their homes and hosted an Online Community of n=20 respondents from each of the three communities.

- The Quantitative research was conducted from September to November 2019. We spoke with n=450+ members of each of the three communities and compared them to a representative sample of the n=1000 respondents from the affluent general population. We surveyed: n=455 members of the affluent Black/African American Community, n=512 members of the affluent Hispanic/Latino Community, n=509 members of the affluent LGBTQ+ Community.

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