



# RETIREMENT STRATEGIES FOR LGBTQ+ CLIENTS IN PRIDE MONTH AND BEYOND

Yes, marriage equality allows for rollovers, portability, and Social Security spousal benefits. But long-term planning challenges often still exist for the LGBTQ+ community. Understanding these challenges can strengthen client relationships and create a growth opportunity for your business.

The basics of retirement-planning advice apply for all clients, given changes in law and the clarity brought by the Respect for Marriage Act in late 2022. The Act ensures federal recognition of same-sex marriage and requires that states recognize same-sex marriages performed in other states. Like any other clients, LGBTQ+ people and same-sex couples need to start saving for retirement as early as possible and protect against key risks such as inflation, outliving their incomes, and the possibility of poor sequence of returns.

## Important Facts that Can Impact Planning for LGBTQ+ Clients

Here are a few facts to keep in mind when helping your LGBTQ+ clients plan for their financial futures. First, **median household incomes of same-sex married couples are more than that of opposite-sex married couples.**<sup>1</sup> However, **LGBTQ+ individuals are less likely to have 401(k) savings.** They also are saving less of their overall paychecks.<sup>2</sup> In addition, these individuals may face more eldercare challenges.

Significantly **fewer same-sex couples have children** (14.7%) compared to opposite-sex couples (47.8%).<sup>3</sup> This means that informal care typically provided by family may need to be replaced by caregivers.

These facts can have an impact on financial stability and the resources available for long-term goals such as [generating income in retirement](#). Financial professionals who are aware of the facts and challenges their LGBTQ+ clients face may be better positioned to help with long-term planning.

## Some Planning Strategies and Tools to Consider

- **Optimize Social Security retirement benefits.**

An illustration from a tool such as the [Social Security Analyzer](#) can help you discover the appropriate Social Security claiming strategy for a client. You can illustrate a variety of scenarios such as early claim, full retirement age (FRA) claim, or delayed claim, as well as various joint-filing options, and adjust defaults for life expectancy. With every strategy there are trade-offs, and knowing those ahead of time can reduce some stress around the decision.

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It's also a good idea to look at Social Security retirement benefits when the first spouse passes away. Remember, the survivor of the couple is eligible for the greater of his/her own or the survivor benefit. If the drop in income will be significant, early planning can help.

- **Utilize tax-deferred vehicles such as IRAs and 401(k)s.** Encourage these clients to take advantage of employer-sponsored or other qualified retirement vehicles, if available. Review the accounts of your LGBTQ+ clients. If their employers do not offer 401(k)s, or if they have small businesses, discuss adding a traditional or Roth IRA to their plans.
- **Explore annuities to help fill income gaps.** An annuity with an optional benefit can help fill any gaps that might be left when Social Security retirement benefits, pensions, and savings won't be enough. An annuity also can help build assets more quickly through the power of [tax deferral](#), which may help offset lower savings nest eggs for some LGBTQ+ clients and, later, provide reliable income that can be used for eldercare costs.
- **Plan for healthcare and health insurance, including long-term care.** Many couples are surprised about the cost of healthcare in retirement, often assuming it's cost-free with Medicare. Providing Medicare information, using tools such as our [Healthcare Analyzer](#) to help project healthcare costs, and breaking down those costs to annual or monthly payments can help position healthcare as part of the couple's basic retirement expenses, which can be covered by a reliable cadence of retirement income.

## Pride Month Is a Great Reminder to Review Your LGBTQ+ Clients' Accounts

With lower total savings and 401(k) participation, along with other specific challenges that may hinder financial wellness, helping your LGBTQ+ clients review and update their retirement planning is important. It's a great reason to reach out during Pride Month!

### Actions You Can Take Right Now

- Review Social Security statements to determine if retirement benefits will cover essential expenses.
- Evaluate qualified-plan savings to determine potential income gaps.
- Discuss adding savings options such as IRAs and nonqualified annuities if a 401(k) plan is not an option.

### Additional Resources and Links

[Social Security Analyzer Fact Finder](#)

[Social Security and Longevity: It's a Match!](#)

[Healthcare Analyzer Fact Finder](#)

More about [Annuities](#) and [IRAs](#)

For more information about retirement planning,  
please contact our Retirement Strategies Group at  
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<sup>1</sup>Glassman, Brian. "[Census Bureau Implements Improved Measurement of Same-Sex Couples.](#)" Census.gov. September 17, 2020.

<sup>2</sup>Schmidt, John. "[Retirement Guide for LGBTQ Americans.](#)" Forbes Advisors. June 3, 2022.

<sup>3</sup>Taylor, Danielle. Census.gov. "[Same-Sex Couples Are More Likely to Adopt or Foster Children.](#)" September 17, 2020. Last accessed 6/12/2023.

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VLQ3076-0623W

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