

Wealth Management Challenges and Opportunities For Affluent Same-Sex Couples

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For couples in committed long-term gay or lesbian relationships, these have no doubt been challenging times. First, like everyone else, we've all had to make our way through the recent major recession, this country's and the world's worst financial crisis in 80 years. Second, while there are certainly progressive political currents afoot—a handful of states have legalized same-sex marriages or now recognize those from other states—there are significant regressive trends as well.

In particular, 1996's federal "Defense of Marriage Act" ("DOMA"), along with recent political setbacks in California and elsewhere, highlight the need to continue to garner popular support, gather monetary resources, and galvanize political action. In the historical long run, it seems inevitable that gays and lesbians will be given (or will assert) their full human and legal rights, but it's also likely that intermittent episodes of overt cultural disapproval and institutional discrimination will continue to occur.

If you happen to be a member of an *affluent* committed same-sex couple—if you, your partner, or both of you are high-income earners, or one or both of you have a high net worth through inheritance or otherwise—then you have additional concerns. With substantial wealth comes not just the security and lifestyle that money can buy, but the opportunity to proactively coordinate one's financial situation so that such wealth is intelligently used, preserved, and then ultimately disposed of in a desirable manner.

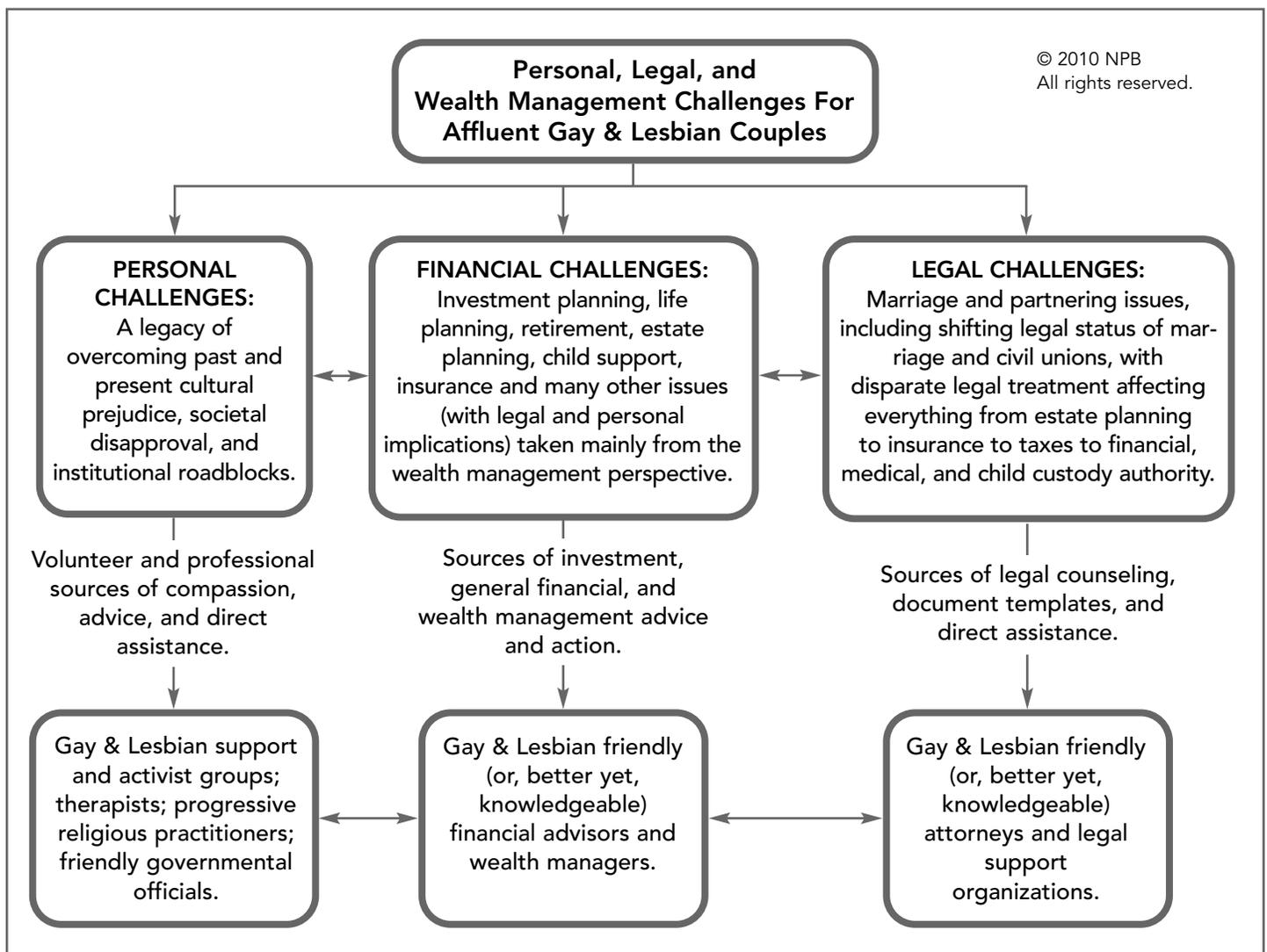
This is the first in a series of articles written specifically for affluent same-sex couples. Unfortunately, while effectively stewarding one's wealth can be difficult even for affluent straight couples, it's often much more difficult for same-sex couples. Affluent same-sex couples often have a nagging feeling that they face unique and complex issues, but they aren't sure exactly what these are or where to begin. Three types of challenges often emerge, which will be described next. We'll then turn first to a general description of the types of professional assistance that are available, and will conclude with specific recommendations as to the ideal type of assistance to seek out.

Three Types of Challenges

The chart on the following page shows the three main types of wealth management challenges faced by affluent gay and lesbian individuals and couples. First, there is a history or legacy of overcoming *personal challenges*. Today, in many metropolitan areas and progressive states, cultural disapproval, institutional roadblocks, and overt prejudice are no longer the norm. However, younger and geographically isolated gays and lesbians must often still grapple with the difficulties of coming out, and older and more well-established individuals may find themselves called on to lend a hand or may otherwise be stimulated by memories of what they once went through.

Fortunately, for those currently needing assistance, there are now many gay and lesbian support groups (both real world and online), experienced therapists, and an increasing numbers of progressive religious practitioners and friendly governmental officials. With the help available from such groups and individuals, and with the LGBT community's vibrant overall legacy of personal empowerment and political action, today's younger gays and lesbians are typically able to much more rapidly embrace and transcend any personal challenges that arise. While more often than not, those who can benefit most from professional wealth management have generally moved through these types of personal challenges, it's important to recognize that their current outlook and needs have been shaped by their past history.

The next area is the multitude of complex *legal challenges* faced by those in committed same-sex relationships. According to the U.S. General Accounting Office, in concert with DOMA, there are over 1,100 legal and economic benefits that are reserved for married different-sex couples and that are denied to same-sex couples who are married, in a civil union, or in a domestic partnership. These denied legal and economic benefits are of tremendous importance, and affect everything from property rights to insurability to questions of child custody and emergency medical authority. And, unfortunately, it's not just state and local governments that follow the



federal government in this, but there are also many private institutions—from insurance companies and banks to hospitals and places of worship—that deny committed gay and lesbian couples full recognition, equal treatment, and far too often, essential services.

Political, legislative, and attitudinal shifts on the federal, state, and local level, as well as ongoing litigation challenges by groups such as Lambda Legal (see <http://www.lambdalegal.org>) and GLAD (Gay and Lesbian Defenders, see <http://www.glad.org>), result in an ever-changing set of legal rules and considerations.

Fortunately, there are many support and activist organizations in the overall LGBT community that provide regular updates enabling interested parties to stay abreast of the legal landscape. These groups have also excelled at providing educational information and document templates enabling individuals to quickly and effectively move forward with the most pressing legal issues facing them. For wealthier gays and lesbians, whether or not part of a committed couple, it often makes sense to work with an explicitly gay or lesbian friendly attorney on legal matters, or better yet, an attorney or law firm with extensive experience in this area.

The third area of challenges lies in the domain of *personal finances* and *comprehensive long-term wealth management*. Suppose that personal challenges and issues encompass the interior or psychological domains of life, while legal challenges and issues provide the exterior or real-world societal landscape that you must navigate within. The domain of financial challenges and opportunities, then, is the in-between place where these two meet, and therefore has significant personal and legal implications.

Unfortunately, even those affluent gays and lesbians who have fully addressed the other challenges and opportunities in their lives have a tendency to ignore the wealth management realm. But if you are a wealthy gay or lesbian, whether or not in a committed relationship, it's important to realize that you can make better financial-related decisions if you are fully informed. That is, you want to make sure that your finances are organized in a way that both suits where you are today, and where you want to get to in the long run.

Comprehensive Wealth Management

Comprehensive wealth management addresses investment planning, life planning, retirement, estate planning, child support, tax issues, insurance issues (life, medical, disability, etc.), and charitable giving. Going further, the best wealth managers will also keep a number of “advanced planning” perspectives in mind, including:

- **WEALTH ENHANCEMENT:** Ways to maximize the tax efficiency of current assets and cash flow while achieving capital growth and preservation goals.
- **WEALTH CONSERVATION:** Legally structuring the future disposition of current assets to minimize taxes and maximize the benefits to chosen beneficiaries.
- **ASSET PROTECTION:** Using insurance and other strategies to make sure your wealth is not unjustly taken from you, your partner, or your children.
- **CHARITABLE GIFTING:** Maximizing your charitable intent so you can best support important causes, including those related to gay and lesbian rights.

Wealth management challenges and opportunities are often seen as a kind of afterthought, something to fit in between the cracks after any remaining personal or legal challenges are fully addressed. For truly affluent couples or individuals, however, proactively addressing wealth management issues can make a world of difference. In short, *moving forward primarily from the wealth management perspective can result in a comprehensive long-term set of solutions that might otherwise never be considered, no less put into place and maintained.*

The many aspects of comprehensive wealth management, including the advanced perspectives mentioned above, can best be addressed with the help of someone who is (a) a dedicated wealth manager in the first place, and (b) is at minimum friendly to, but better yet deeply knowledgeable of and experienced with, the special needs of individuals in committed same-sex relationships.

The Final Challenge

The final challenge, then, is *three-fold*. As an affluent gay or lesbian, whether or not presently in a committed relationship, you must *first* recognize that wealth management is its own critically important domain, situated between and joining together the realms of personal challenges and opportunities and legal ones. *Second*, to move from knowing that you *should probably* be doing more to comprehensively address your long-term finances to actually doing something about it, you can explore different ways to further educate yourself, such as taking a local seminar or conducting online research. And *third*, depending on the complexity of your situation and how much wealth is involved, you very well may want to work with someone—a financial advisor or dedicated wealth manager—who not only understands this realm generally, but who is specifically oriented towards and experienced with assisting affluent gay and lesbians individuals and couples.

In the final article in this series, we'll look more closely at how to identify the kind of financial advisor or wealth manager you might want to work with. In the next article, however, we'll turn specifically towards a more detailed analysis of the personal and legal issues—both the challenges and the opportunities—directly bearing on marriage, civil unions, and domestic partnerships. There are pros and cons for gay and lesbian couples who wish to assert the highest allowable level of legal relationship available in their particular state, and viewing these pros and cons primarily from the wealth management perspective will help shed light on important choice points. Awareness yields knowledge, knowledge enables effective action, and effective action produces both peace of mind and a world that's more closely in alignment with your long-term goals, dreams, and intentions.

