



LGBT retirement preparations amid social change

In the Netherlands, we are fortunate to live in a predominantly tolerant society, where people are accepted for who they are. Throughout history, this has not always been the case, and is still not the case in many countries around the world. Until recently, the lesbian, gay, bisexual and transgender (LGBT) community has faced legal discrimination as well as prejudice in the workplace and in wider society. This has impacted all aspects of life and in many cases prevented people from forming relationships, building a career and attaining financial security in retirement. While great progress has been made in the past 50 years, how is the legacy of past, as well as present social change impacting the LGBT community's retirement preparations?

This edition of De Actuaris magazine focuses on preparations for older age, a topic we spend a lot of time researching at the Aegon Center for Longevity and Retirement. Earlier this year, we published 'LGBT: Retirement Preparations Amid Social Change' based on research conducted in nine countries¹ around the world.

Many of the findings in the report are a positive testament to the changes that have occurred in society. A key message from the research is that the LGBT community share similar aspirations for their retirement compared to the heterosexual community, but the road travelled to retirement is often different. As a result, the LGBT community faces a greater risk of failing to achieve a financially secure retirement compared to the heterosexual community.

LIFESTYLE AND FAMILY CIRCUMSTANCES

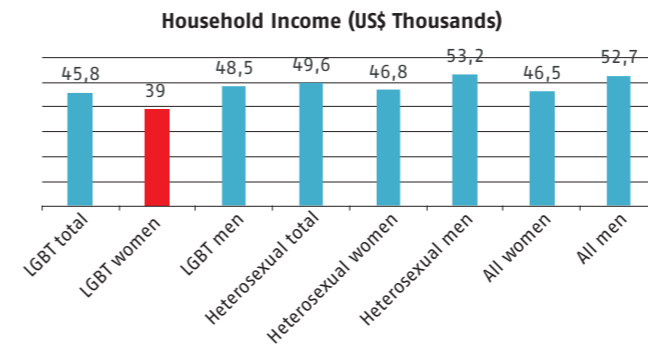
In more and more countries, LGBT people are able to marry and start a family. This means that LGBT spouses receive survivor rights when it comes to inheritance, pensions and other benefits. Although these changes represent a social shift in including the LGBT community into wider society, it is worth noting that these rights are relatively recent for many people and it will take time for family structures to change.

While there are bisexuals who live in what is considered 'traditional family' structures, gays and lesbians are less likely to be in relationships with dependent children. Only 22 percent of heterosexuals are single compared to 40 percent of LGBT people, the proportion of singles rises to 34 percent of lesbians and 56 percent of gays. LGBT people are also less likely to have dependent children – 63 percent of LGBT people have no children compared to 57 percent of heterosexuals.

LGBT people lead more 'solo' lifestyles through adult life and this is reflected in their aspirations for how they will spend their time in retirement. On the other hand, LGBT people are more likely to provide support to aging parents in retirement than their heterosexual counterparts (22 percent compared to 15 percent).

LGBT PEOPLE STILL FACE CHALLENGES IN THE WORKPLACE

The workplace plays an important role in helping people save for retirement both through the salaries they earn and the benefits they are offered. Many large companies now promote and support diversity and inclusion policies and practices. However, the legacy of discrimination and prejudice mean that people may still feel uncomfortable about being open about their private lives in the office and putting themselves forward for leadership positions. This can result in their failing to access partner benefits, promotions and career opportunities that can result in lower lifetime earnings and therefore, lower retirement savings. Our survey finds that LGBT households typically earn around eight percent less per year than heterosexual households.



The pay gap is even wider among LGBT women, a segment of society in which inequality in gender and sexuality intersect. While the survey finds that women earn 12 percent less than men in general, LGBT women have a household income that is 17 percent less than that of heterosexual women, and 27 percent less than heterosexual men. The lower household income of LGBT women is influenced by two factors: they are more likely to live in a household with a single rather than a dual income, and are likely to live with another woman.

The lower earning power of LGBT people and especially LGBT women undermines their ability to save for their own retirement, and have less access to occupational benefits such as workplace pension plans.

SAVING AND PLANNING

In conducting our research, we identified five different types of retirement savers and three types of planners. We found that two groups have the brightest outlook when it comes to preparing for retirement. The 'habitual savers' who say that they are always preparing for retirement and the 'retirement strategists' who have a written plan for retirement. Both are more likely to be confident about

retiring in a lifestyle they consider comfortable and are more likely to know how much they have saved for retirement.

There are differences between the LGBT and the heterosexual communities in these important aspects of preparing for retirement. LGBT workers were more likely than their heterosexual counterparts to be retirement strategists (20 percent compared to 16 percent) but are less likely to be habitual savers (37 percent compared to 41 percent).

While it is encouraging to see that LGBT workers are doing better at putting their retirement plans down on paper, it is a concern that only one-in-five are actually doing so. More can be done to encourage the 38 percent of LGBT workers who have an unwritten plan to formalize their strategies, and also help the 38 percent who have no plan at all.

PARTING THOUGHTS

In many countries, the LGBT community enjoys a level of legal protection and social acceptance unheard of a generation ago, or even when I entered the workforce 30 years ago. It takes time for a community that has felt marginalized to feel confident about the changes that have occurred and take full advantage of the progress that has been made. Governments have a role in continuing to implement public policy promoting equality. Employers can help by providing inclusive workplaces and ensuring that workplace benefits and retirement savings plans are open to LGBT partners and children the same way as they are to heterosexual families. LGBT people themselves have a responsibility to research their access and eligibility to pension and retirement benefits offered through their employer and from the government. They also need to make sure that they create a long-term financial plan that addresses their (and their family's) current and future needs.

¹ – Australia, Brazil, Canada, France, Germany, the Netherlands, Spain, the UK and the US



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