



In October 2016, CMI surveyed a diverse group of 1,300 adults aged 21 and over who identify as LGBTQ. All participants have household incomes of at least \$50,000 and investable assets of \$25,000 or more, with a few exceptions. To compensate for younger adults not having as many assets, the research somewhat oversampled Millennials to include younger LGBTQ people, typically aged 28–31. Additionally, all coupled participants indicated that they share in the financial decision-making in their household. The survey has a margin of error or $\pm 2.68\%$ at a 95% level of confidence.

The equality economy

A LOOK INSIDE THE CHANGING LIVES OF LGBTQ INVESTORS AND HOW YOU CAN BEST HELP THEM REACH THEIR FINANCIAL GOALS

EXECUTIVE SUMMARY

The LGBTQ community in the U.S. has grown each year since 2012 currently representing 4.1% of the total population¹ with an estimated buying power of \$917b². This community is expected to grow even more as changing attitudes and laws allow individuals to live more authentic lives. As an example, 20% of millennials currently identify themselves as LGBTQ compared to 7% of Boomers³.

The sheer size and buying power of this group make them an important market for financial services. To better understand the financial behaviors of the community, T. Rowe Price conducted primary research through Community Marketing & Insights (CMI). The research consisted of an online survey of 1,300 LGBTQ adults. Specifically, we surveyed individuals over 21 with investible assets over \$25,000. We also took a focused look at affluent individuals (AIs) with more than \$500,000 in investible assets.

THREE THEMES ABOUT THE LGBTQ COMMUNITY AND THEIR INVESTMENT BEHAVIORS CAME THROUGH IN THE STUDY:

1 They are self-reliant investors.

The median age of participants is 51, which means they grew up in an era when marriage equality and same-sex benefits were not universal. Culturally, this created a population with a mindset that they have to look out for themselves when it comes to planning for long-term financial security. Our research shows that 80% of LGBTQ adults are actively investing assets to provide for long-term needs. For affluent individuals, that percentage goes up to 95%.

2 They are open to guidance.

Along with self-reliance, this community places a high value on the advice of

experts. More than half (54%) currently work with a financial professional and 47% use social media to seek out different perspectives to inform financial decisions. While they are willing to listen and learn from the experts, 71% ultimately want to make investment decisions for themselves.

3 They feel underserved.

Despite their willingness to work with financial professionals, our survey found low affinity for the financial services industry. This group has a strong preference to work with a firm that is known to be supportive of the LGBTQ community, but fewer than 10% could identify any investment firm as particularly LGBTQ-friendly.

¹ <http://news.gallup.com/poll/201731/lgbt-identification-rises.aspx>

² <http://www.nlgja.org/outnewswire/2016/07/20/americas-lgbt-2015-buying-powerestimated-at-917-billion/>

³ http://glaad.org/files/aa/2017_GLAAD_Accelerating_Acceptance.pdf

Cultural and legal uncertainty means LGBTQ individuals are motivated to be self-reliant when it comes to long-term savings. Specific behaviors indicate they start saving early and contribute to savings plans:

One half of participants started saving for retirement before the age of 35.



The majority of participants (88%) take part in an employer-sponsored retirement plan such as a 401(k).



More than half (56%) contribute 10% or more of their income to their plan.



In addition to saving for retirement, LGBTQ individuals are actively investing in funds to increase their net worth and ensure their fiscal self-reliance.

While this study is focused specifically on financial behaviors of the LGBTQ investor, we recognize that this segment is part of a bigger community we call the **Equality Economy**. This includes the ever-increasing pool of allies who value diversity and expect equality for LGBTQ friends and family. It also includes the

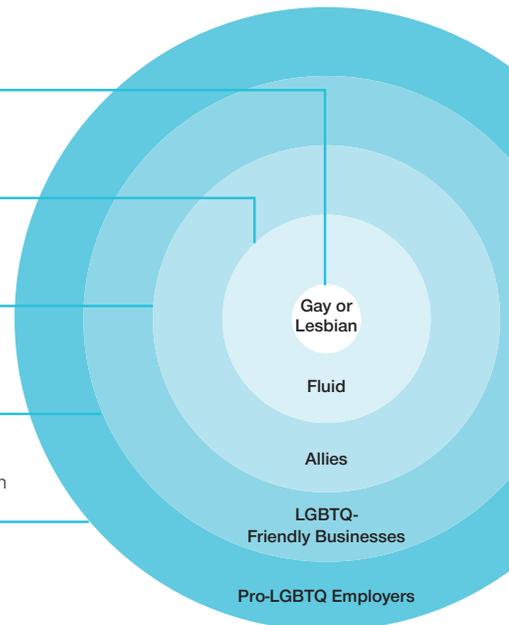
growing trend toward cross-culturalism where people are becoming less likely to identify as any one segment, but rather see themselves as a mix of identities. Serving the Equality Economy is a strategic imperative for financial professionals seeking to grow their practice.

Equality Economy

As the number of LGBTQ, gender-fluid and ally individuals grows, it is creating a greater demand for inclusivity and a strong preference to do business with companies known to be LGBTQ-friendly — and businesses are responding. Nearly all Fortune 500 companies have

adopted pro-LGBTQ policies in order to address the needs of the group we are calling The Equality Economy, the ever-increasing pool of LGBTQ individuals and allies who value diversity and expect equality for LGBTQ friends and family.

- 4%** Americans identify as LGBT⁴
- 35%** Gen Z (ages 13–20) identify as bisexual or fluid in their sexual orientation⁵
- 50%** Adults say gay people have the same rights as everyone else⁶
- 64%** Adults who identify as LGBT allies say they are more likely to spend money with brands that are LGBT inclusive⁷
- 92%** Fortune 500 companies have a non-discrimination policy based on sexual orientation⁸



Self-reliance

LGBTQ INVESTORS PROVIDE FOR THEMSELVES

LGBTQ adults came of age during a period of instability regarding their legal rights and cultural acceptance. For Baby

Boomers and Gen Xers, there were no guarantees that same-sex couples would receive spousal benefits or have family

⁴ <http://news.gallup.com/poll/201731/lgbt-identification-rises.aspx>

⁵ <https://www.jwtintelligence.com/2016/03/gen-z-goes-beyond-gender-binaries-in-new-innovation-group-data>

⁶ http://www.glaad.org/files/2016_GLAAD_Accelerating_Acceptance.pdf

⁷ <https://www.prnewswire.com/news-releases/lgbt-inclusive-advertising-is-driving-business-yet-consumers-demand-authenticity-according-to-ogilvy-survey-300481056.html>

⁸ https://assets2.hrc.org/files/assets/resources/CEI-2017-Final.pdf?_ga=2.127271181.1460064740.1519744789-235034912.1519744789

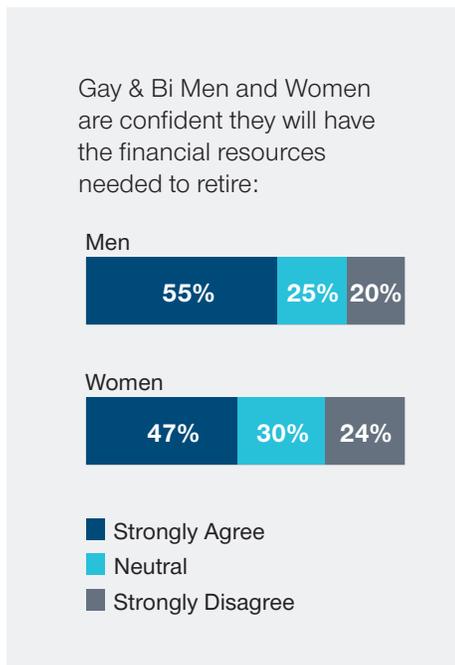
members to care for them in old age. As a result, most learned about financial planning themselves often without the

support of family, government policy, or employer benefits.

EARNING MONEY FOR RETIREMENT IS THE PRIMARY OBJECTIVE FOR SELF-RELIANT LGBTQ INVESTORS.

INVESTMENT OBJECTIVE	ALL LGBTQ	GAY AND BI MEN	LESBIAN & BI WOMEN	MILLENNIALS	GEN X	BOOMERS	ASSETS \$500K+
To earn more money for retirement	77%	75%	80%	86%	82%	75%	76%
To increase my net worth	63%	65%	56%	64%	62%	63%	75%
To assure that I am always fiscally self-reliant	57%	59%	55%	48%	51%	65%	69%
To preserve my wealth and assets	53%	56%	48%	47%	44%	60%	68%
To assure my partner or spouse has enough money*	43%	39%	49%	28%	42%	47%	50%
To preserve my active lifestyle	36%	40%	30%	26%	31%	42%	47%
To retire early	23%	24%	21%	31%	27%	21%	27%
To leave money to family or friends *	16%	16%	15%	14%	14%	17%	20%
To leave more money to charity	11%	11%	12%	7%	8%	14%	16%
To assure my children have enough money*	8%	5%	12%	6%	9%	9%	9%
Other	4%	2%	5%	6%	3%	3%	2%
		IDENTITY		GENERATION			

Base All LGBTQ n=1,056; Gay & Bi Men n=630; Lesbian & Bi Women n=401; Millennials n=155; Gen X n=337; Boomers n=486; Assets \$500K+ n=436
 Note: *Choice text included "if I die" or "after my death" at the end.



CONFIDENCE

Self-reliant behaviors contribute to a greater sense of confidence about their financial well-being. Most (77%) feel positive to very positive about their finances. That percentage jumps to 95% confidence for affluent individuals in this community.

More than half (55%) of gay men and nearly half (47%) of lesbians say they are very confident they will have the financial resources needed to retire. Similarly, 54% of men and 45% of women responded that they are satisfied with their current financial situation.

Despite an overall feeling of confidence, nearly 20% expressed anxiety about issues that could affect their financial health. These issues include the current political climate, a sudden drop in the market, high taxes, or unemployment.

Financial professionals working with this community are likely to find they are willing to take risks if it can help them grow their portfolio. They will also want a financial professional to help protect their assets against uncertainty in the market due to political and economic influences.

LIFESTYLE DIFFERENCES BETWEEN GENERATIONS

Boomers:

- Least likely to have children.
- Dual income.
- Focused on retirement.

GenX:

- Lesbians are more likely to have kids.
- Some concern for elder care.
- Actively planning to support themselves during retirement.

Millennials:

- Most likely to want kids.
- Most concerned about elder care.
- Beginning to save for retirement.

Affluent individuals (AI) are even more likely to work with a financial professional:

Nearly all (95%) of LGBTQ AI use a financial professional.

95%

Over half (54%) say they always seek advice from financial professionals before making investment decisions.

54%

More than a third of AIs (38%) prefer to delegate investment decisions.

38%

INDEPENDENT TOGETHER

Recent changes in federal law guarantee marriage equality, but this does not necessarily mean members of the LGBTQ community will stop being self-reliant when it comes to their finances. Workplace discrimination, shifting cultural attitudes, and politics can add to financial stress for the LGBTQ community. About 1 in 4 participants said they fear discrimination at work because of their sexual orientation. That number goes up to almost a third of LGBTQ millennials, indicating that younger employees feel less secure about their work environment.

These challenges are further complicated as LGBTQ people navigate marriage and family dynamics. Fifty-five percent of the AI participants are currently married and nearly half (48%) have been in a coupled relationship for more than 20 years. These long-term couples likely have legacy workarounds in place to financially protect their family,

and unravelling these protections may not be a priority for same-sex couples, even once they marry.

Many LGBTQ couples act financially independent. Sixty-eight percent of gay men and 52% of lesbian women responded that they keep some level of financial independence from their partner. More than half (59%) of those with assets above \$500,000 act financially independent from their spouse at least partially.

As with all couples, getting married, having kids, and caring for elderly parents have an impact on financial decisions, but those attitudes may be different based on the age of the individual. For example, 35% of Millennial LGBTQ community members want to have kids in the future; at the other end of the spectrum, 1 in 5 Boomers are currently providing care for an elderly parent.

Open to guidance LGBTQ INVESTORS ARE RECEPTIVE TO ADVICE

Most participants (77%) feel positive about their finances. Of those who feel positive, 81% work with a financial professional, and nearly half (47%) use social media to inform financial decisions. This indicates that the LGBTQ community is open to financial guidance and sees value in working with a financial professional.

Drawing on this, it's not surprising to see that more people (44%) consider themselves to be "validators," people who seek outside assistance to confirm their financial decisions, than the "soloists" (27%) who make all financial decisions without outside consultation. They may value the

expertise and perspective provided by a financial professional, but ultimately, this community tends to be self-reliant and therefore more inclined to make independent decisions.

Financial professionals who work with affluent LGBTQ clients should anticipate a more active partnership to help them achieve long-term investment goals. While some may delegate decisions, the majority of LGBTQ investors seek a trusted financial professional to inform their decisions.

What is important to LGBTQ investors:

Investment performance



Financial professional identifies as LGBTQ



Preservation of assets



HOW IMPORTANT ARE THESE LGBT-RELATED REASONS FOR CHOOSING A FINANCIAL PROFESSIONAL?

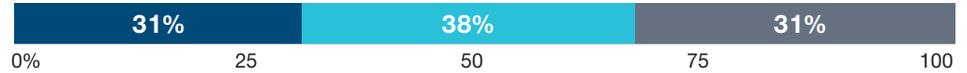
Among LGBTs with a Financial Professional

■ Not Important ■ Somewhat Important ■ Very Important

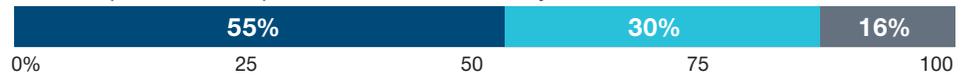
Works for a company known to be supportive of the LGBT community



Has other LGBT client experience



Financial professional is part of the LGBT community



Gives to LGBT causes



Base: Have a Financial Professional n=716

When hiring a financial professional, the majority (94%) rank trust as the most critical factor while 70% of respondents say they also look for someone who can fully understand their unique financial situation. The importance of trust and a need for understanding is also reflected in the 80% who prefer to work with

firms that are supportive of the LGBTQ community. A firm that demonstrates a commitment to inclusion signals to clients that the firm understands the unique needs of the community, which helps build trust in the financial professional/client relationship.

There is an important distinction to be made, and one that cannot be overstated: members of the LGBTQ community do not expect a financial professional to identify as LGBTQ themselves, only that they are supportive of the LGBTQ community. LGBTQ investors place more importance on performance than identification, with 54% ranking investment performance as the most important outcome of working with a financial professional and only 16% of those with a financial professional say it's very important that the financial professional identifies as LGBTQ. Additionally 29% also consider

preservation of assets to be critical. In contrast, LGBTQ investors put a much lower priority on outcomes such as creating a plan — only 7% — or reducing tax liability, which is important to only 2%. If the individual is a “validator” or “soloist,” they may have a financial plan in place already and therefore be looking to a financial professional to help them optimize it for performance.

By showing their support of the community, financial professionals can position themselves to meet the needs of this quickly growing market and fulfill both an economic and social imperative.

Underserved

HOW FINANCIAL SERVICES ARE FALLING SHORT

Investing hard-earned money can understandably create feelings of anxiety. This feeling is underscored by the LGBTQ community's general uncertainty regarding the financial services industry, in areas such as trustworthiness and community support. For example, while there is more affinity for certain banks,

particularly ones who feature LGBTQ people in their advertisements, only 16% of the LGBTQ community completely trust asset management firms. Similarly, the majority (87%) of LGBTQ people are simply not sure about how supportive these firms are of the community.

The LGBTQ community is overall less trusting of financial institutions⁹.

Half of LGBTQ consumers feel either neutral or negative when asked to rate whether they believe that their financial services firm does what is best for its bottom line versus what's best for them personally.

	LGBTQ	HETEROSEXUAL / STRAIGHT
Does best for firm	19%	13%
Middle	31%	29%
Does best for me	50%	58%

One reason for this feeling is that few financial services firms seek to actively engage with the LGBTQ community. That lack of presence is translating into a lack of trust. However, financial professionals, now armed with this insight, can actively reach out to the LGBTQ community and display not only their support, but that they understand the unique challenges and conditions the community faces. By drawing on the insights uncovered by this research, financial professionals can help LGBTQ investors move past those obstacles.

LGBTQ investors want to work with a firm that is authentic in its support of the community. Financial professionals have an opportunity to attract LGBTQ and ally customers by actively demonstrating commitment to LGBTQ-friendly policies, becoming more inclusive in communications and exploring ways to incorporate high-performing LGBTQ-friendly investments in their clients' portfolios.

⁹ Forrester Data: Consumer Technographics North American Online Benchmark Survey (Part 2), 2017

SERVING THE COMMUNITY BETTER

Key ways to build trust and awareness within the community include:

Increasing awareness to the community.

Among high net-worth investors, **85%** agree that ads with same-sex couples get their attention, and **80%** agree they would like to see those ads running in mainstream financial media.

Developing understanding of LGBTQ financial needs.

Sixty-three percent of respondents believe their financial needs are different from straight individuals or families. Additionally, **94%** of all respondents feel it's important that asset management firms develop some expertise in LGBTQ-specific needs.

Drawing on ally support.

Of the respondents who are currently working with a financial professional, one third were referred to that financial professional by a straight friend, family member, or co-worker. This makes the ally community an important audience for communicating LGBTQ support, as they are likely to recommend a firm they consider LGBTQ-friendly.

Demonstrating support of the LGBTQ community.

Ninety-five percent of participants feel it's important to do business with firms that have LGBTQ-supportive personnel policies. **Ninety-one percent** agree it's important for firms to politically stand up for LGBTQ rights.

Evaluating LGBTQ-friendly investment opportunities.

Nearly half (42%) of LGBTQ people have a preference to invest in companies that are LGBTQ-friendly or maintain a 100 score on the HRC Corporate Equality Index. If fees and performance of two investment options are equal, these investors may see the company's equality index as a deciding factor.

Connecting to the LGBTQ community in an authentic way.

The majority of respondents ranked having LGBTQ-supportive personnel policies in place (**71%**) and developing special knowledge about LGBTQ financial needs (**63%**) as very important. This demonstrates the importance of financial professionals genuinely understanding and caring about the issues facing LGBTQ investors when working with clients.

Next steps for serving **THE COMMUNITY**

The LGBTQ community is large and continues to grow as cultural and legal changes make it possible for more individuals to live authentic lives. Through this study, we have gained a better understanding of the dynamic needs of LGBTQ investors as they navigate these changes. By drawing on this new understanding, financial professionals are positioned to anticipate and meet

those needs. Whether a financial professional identifies as LGBTQ, is an ally, has friends or family that are LGBTQ, or works with businesses with LGBTQ employees, the onus will be on the financial professional to display their commitment to the community in order to best grow their practice in a way that creates a better future – one where everyone prospers.

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