An **Educational** Guide

State of the American Family:
Families, Financial Attitudes and Planning

LGBT Findings

American families have weathered economic shifts, but the downturn of 2008 has affected families' finances, and their relationships to their finances, in unforeseen ways. Families of all kinds are working hard to balance their many long-term expenses. LGBT families face the same struggles that all American families are currently facing: the need to provide for their children's education, managing their finances, taking care of family members, all while trying to save and plan for their own retirement.

In an effort to better understand what families are most concerned with, Massachusetts Mutual Life Insurance Company's (MassMutual) completed the second nationwide study in its State of the American Family series. This was conducted by Forbes Consulting Group[1] and involved a 20-minute online questionnaire administered to 1,143 respondents. The sample included parents, ages 30-64, with household incomes of $100,000 or more, with slightly different requirements for ethnic minorities.[2] This research sheds light on families and their finances across the United States, including LGBT families.

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1 Forbes Consulting Group (2011), February 2011, Lexington, Massachusetts Mutual Life Insurance Company

2 $75,000 if African American and currently own/interested in owning life insurance, disability income or LTC in next six months; or Hispanic age 35-64 and own home or currently own/interested in owning life insurance in next six months,; or Asian Indian owning a home and currently owning/interested in owning life insurance, disability income or LTC.

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The research reveals that while LGBT families share some similar concerns with the general population, this community is well poised to achieve financial success.

- LGBT families as a group are in a relatively strong financial position with an average household income of $162,000 and average savings and investable assets of $285,000. When real estate and business interests are included, the value of their assets rises to $440,000.
- 95% of those surveyed say their spouse/domestic partner contributes financially to household expenses (vs. 79% total population)
- 21% of those surveyed work two jobs (vs. 9% total population)

Family Dynamics

Reflecting the recently enacted legislation legalizing same-sex marriage in some states, 40% of surveyed LGBT families are legally married; 60% have legally recognized domestic partnerships (primarily through civil unions). Although they are less likely to have combined all their finances (43% vs. 62% general population), they are more likely to make financial decisions jointly (58% vs. 50% general population).

LGBT families tend to have a broader definition of family, which impacts the financial decisions they make.

- They are more likely to define family as "extended family" (62% vs. 51% general population)
- 78% always think about what would be best for their immediate family when making financial decisions (vs. 68% general population)
- 44% always think about what would be best for both their immediate and extended family when making financial decisions (vs. 38% general population)
- Far more likely to have an adoptive relationship (46% vs. 6% general population) or to be a grandparent to the financially dependent child (13% vs. 3% general population)

Many LGBT families (40% vs. 34% general population) feel they are expected to take care of their parents when they no longer can take care of themselves. It is interesting to note that although decision makers feel like they need to take care of their parents; the majority (74%) does not want their children to be burdened by caring for them when they get older. As a group, LGBT families are significantly more involved in assisting their parents and in-laws:

- 33% are primarily responsible for managing parent's or in-laws' finances (vs. 21% general population)
- 23% currently providing hands-on personal care assistance to parent/in-law (vs. 9% general population)
- 36% currently providing hands-on, routine chores for parents/in-laws (vs. 23% general population)

Feelings about Finances and Financial Literacy

Less than 10% of the American population say they learned everything they need to know about finances from their elders; in contrast, LGBT financial decision makers are twice as likely to have learned all they know about finances from their elders. Perhaps that may have provided the impetus for their positive feelings towards finances.

- 25% are satisfied with their current financial situation (vs. 19% general population)
- 46% consider themselves to be very good at managing money (vs. 39% general population)

Their focus on planning for the future is underscored by their higher rates of ownership of long-term planning products:

- 69% own mutual funds (vs. 51% general population)
- 95% own a retirement account (vs. 86% general population)
- 26% own annuities (vs. 17% general population)
- 35% own long-term care insurance (vs. 23% general population)
- Own an average of 5.4 products (vs. 4.8 general population)

This pattern is consistent with their attitude toward planning: 69% say they try to influence the future with their day to day behavior (vs. 50% general population).

Despite their better than average financial situation, LGBT parents are less likely to give themselves credit for planning ahead:

- 34% say they should be doing more to save for the future but right now are struggling to get by (vs. 22% general population)
- 47% say that investing and financial planning should be a higher priority (vs. 33% general population)

Accordingly, LGBT parents tend to be particularly proactive with regard to personal finance. 87% want to be actively involved in all decisions regarding their finances (vs. 70% general population). 75% and 66% are extremely involved in short term and long term financial decisions, respectively (vs. 62% and 53% general population). More than one third are actively seeking ways to educate themselves about finances (vs. 28% general population). The vast majority (82% vs. 78% general population) also feels it's important to educate their children to ensure a strong economy.

Role of Education

While parents want to help pay for their children's education, 57% of LGBT families believe that saving for their children's college education is important to them so they can live the **"American dream"**:

- 41% say that paying for college is something they insist on
- 78% say it's never too early to start saving for your children's education
- 65% believe that a college degree is required these days to get a decent paying job
- 81% expect their children to get at least a bachelor's degree
- 36% expect their children to get at least a master's degree (vs. 27% general population)

However, in order to make their children's education vision a reality, parents will need to place a greater emphasis on long-term planning:

- 42% say they know they should be saving for their child's education but they don't have the money to invest now (vs. 24% general population)
- 23% struggle whether to save for retirement or their children's college education (vs. 13% general population)

Plans for Retirement

LGBT families place a greater emphasis on traveling during their retirement years than do Americans as a whole. Consistent with the American population overall, the majority of LGBT families (61%) feel that financial security for retirement is an individual's responsibility. Accordingly, 71% have estimated the amount of savings needed for retirement (vs. 65% general population). More than one third (36%) are confident they are doing a good job of preparing for retirement (vs. 30% general population), yet 49% worry about outliving their retirement savings (vs. 30% general population), consistent with their long-term focus.

They assume that personal savings will contribute a smaller share of their retirement income, and are twice as likely to believe that they will definitely work in retirement (34% vs. 17% general population).

Sources of Income	LGBT	Total General Population
Social Security	24%	23%
Pension Plan	33%	29%
Personal Savings	34%	42%
Other	8%	6%

Conclusion

MassMutual has been helping customers with their financial needs for more than 160 years. As a mutual company, we focus on providing long-term value for our policyholders. We have always believed that good decisions are the foundation of every sound and secure financial future. We also believe when choosing a company to work with, ownership, strength and stability matter.

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