

The hidden costs and joys of being LGBT

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While Pride Month brims with joy and solidarity, it's also a time to call attention to ways the community continues to be marginalized and face lopsided challenges compared to non-LGBT people. For LGBT people trying to financially plan for their future, in particular, the obstacles can seem almost innumerable—and seldom acknowledged.

According to a [2019 analysis](#) by the Williams Institute, LGBT people have a collective poverty rate of 21.6% in the 35 states where data was available, compared to 15.7% for cisgender heterosexual people.

Bisexual women and [transgender people](#) had the highest instances of poverty, at 29.4%, and the most at-risk subgroups tend to be people of color, youth, and people experiencing a disability.

With years of narratives that indicate progress, it's easy to overlook deep-seated problems that can't be erased overnight.

"Part of where the conversation and research is stuck, is behind this false narrative that because the U.S. has had such a tremendous leap forward in marriage equality over the past few years, that it must automatically translate into all these other protective aspects for LGBT people, forgetting all the invisible ways people experience marginalization," says Amy Castro, an associate professor in the School of Social Policy & Practice who studies economic mobility and is faculty director of the Center for Guaranteed Income Research.

"And in the context of Pride Month, I think sometimes we are so ambitious about owning our community and being supportive, leaning into joy and what that looks like, that sometimes we forget to tell the full picture of the grief, or daily accumulated experiences of disadvantage, that LGBT people experience through their lifespan."

She describes these disadvantages as the "hidden costs" and "hidden joys" of being in the LGBT community. The financial disadvantages manifest for LGBT people for a variety of reasons, from additional cost burdens for family planning to ballooning urban housing expenses. The joys? Those are often found in the comfort of chosen family and the mutual aid that can come with it.

Lack of family support

While many Americans rely on the generational transfer of material or immaterial wealth, says Castro, LGBT people may find themselves in a situation of not having family support that guarantees that transfer.

And in the case of students, says Lyndsi Burcham, a program manager with Financial Wellness @ Penn, LGBT people may encounter difficulty navigating financial aid if they have a strained relationship with their families.

"Navigating financial aid, most [undergraduate students](#) are going to immediately be considered dependent students, so they're going to receive financial aid considering income of their parents," Burcham says.

"Students sometimes have a tricky situation where they don't have a great relationship with their parents and they need to demonstrate they don't have that [financial support], so they can be considered independent students and don't have to rely on parents who are less than willing to support them if they want to be who they truly are."

Students who find themselves in this situation should reach out to a financial aid counselor for assistance, Burcham adds.

Higher cost of living

Because urban environments tend to be more welcoming toward LGBT people, more than 88% of individuals live in these areas—higher than the average for cisgender heterosexual people. "We know that places where anti-trans or anti-queer legislation is being passed are often places with much lower costs of housing. In contrast, urban areas where LGBT people are safer come with a high price tag," says Castro.

"So, there's this overlap between safety of neighborhood and feeling safe in a community, and knowing your identity is going to be protected and valued in some way where you'll have a sense of safety as you age, but those are also places that are really expensive to live in especially for those trying to age in place."

And rural areas, according to the Williams Institute, feature the highest rates of poverty for LGBT people, suggesting the lower housing costs do not necessarily reduce overall financial burden. Relatedly, adds Burcham, LGBT people may choose schools that are more welcoming but carry a higher sticker price because of their breadth of resources. According to the Williams Institute, LGBT people are more likely to carry federal student loan debt than people who are not.

Historical lack of access to marriage benefits

While Obergefell v. Hodges paved the way for marriage equality in the United States in June 2015, and rights were further cemented by the Respect for Marriage Act in 2022, these rights were only guaranteed recently.

"If you look at the way Social Security is accrued for non-working, stay-at-home parents or caregivers," says Castro, "it's tied to that category of marriage. So, even though we have marriage rights now, we have an entire generation of queer people who came of age building families, buying homes, trying to plan for retirement, without that that benefit."

Moreover, according to the Williams Institute, LGBT people are less likely to be partnered, and those sharing a living space with their partner but not married are not guaranteed domestic partnership benefits in all municipalities and workplaces.

Structural inequities

The inequities for LGBT people remain numerous: According to the Williams Institute, they are more likely to grow up in the foster system and, taken as a collective group, are less likely to attain higher education. They also face costly fees for adoption and surrogacy for family planning and, until 2020, could still lose their job based on discrimination. Rights also continue to vary by state and municipality.

Unpaid care work

When LGBT people don't have a family network to fall back on, it's the same chosen family that provides so much joy that will be leaned on for unpaid care work, says Castro. "We know from research that time scarcity is tied to financial scarcity, and that care work is really bound up in these two things, so if you have someone with complex health needs, it takes a lot of time to manage that process on top of all the things like copays, and then layer on top of that a medical system that potentially doesn't see you as deserving or even human," Castro says.

The general population, she notes, got a taste of this during the COVID-19 pandemic, when work-from-home parents were suddenly schoolteachers and elderly caregivers. "And so, it's kind of not a surprise when you think about it from a 360-degree view why LGBT older adults are some of the most at-risk people for poverty in the United States," she says.

The 'power of universal interventions'

All this in mind, Castro notes, it's not all doom and gloom: In 2021, according to a 2023 analysis of several datasets by the Williams Institute, the poverty rate among LGBT people dropped from 23% to 17%, larger

than the drop among non-LGBT people. Castro attributes this to the impact of pandemic-era relief, including the expanded child tax credits.

"It speaks to the power of universal interventions focused on well-being, rather than being focused on capitalist performance," Castro says.

"Those policies weren't aimed at a particular group, but when every household that has children is getting the expanded child tax credit, that includes queer families with kids."

Castro is currently working on a study of guaranteed income payments in West Hollywood, California, where half of those receiving payments will be elders in the queer community. Results of the study are expected in 2025.

Provided by University of Pennsylvania

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