



Pension Advice from Louis Letourneau.

First published in [Gay Times](#), December 2002

Pensions are a minefield. Make a mistake now and you'll pay for it later. [Louis Letourneau](#) looks at ways to avoid a miserable retirement.

An American philosopher once re-marked that “retirement is a one-way trip to insignificance - I look for days off from my days off”. Here was someone with a very negative view about what life would be like in retirement. Whether you are negative or positive in outlook, the reality is that, as a community, we are living longer and we do not make proper provisions for our old age. Most gay men and lesbians will not have children to fall back on during retirement. Many of us might find retirement a very difficult time unless we act now.

If you are one of the lucky ones, you may be a member of your employer pension scheme. Most schemes provide a spouse's retirement pension. Increasingly, schemes will recognise same-sex couples, but you need to check the rules of the scheme - it is still not the norm. A little bird tells me that some of the superannuation schemes, such as those for the civil service and the NHS, are currently reviewing their discrimination against some-sex couples. We will have to wait and see.

There are many kinds of [retirement planning](#), and each of these has issues that affect gay couples.

Firstly, the state pension does not recognise same-sex or unmarried couples. This means that on death, after retirement, your state pension will die with you. This is the first inequality, and, sadly, is not one that can be altered unless the law is changed. Many countries are moving towards equality, but not the UK. I look forward to seeing the necessary changes going through the House of Lords.

Secondly, most employers' schemes provide a lump sum death in service benefit. You need to ensure that the Trustees know who should receive your benefits after your death. If you don't do this, and you haven't made a Will, the lump sum could then be distributed in accordance with the laws of intestacy, meaning that all your relatives may get a piece of the action – all that is, except your partner.

The scheme should also provide a spouse's pension. If the trustees do recognise some-sex couples, they will normally refer to “financial interdependency”. In other words, you will have to prove that you were reliant on each other financially. If your company discriminates, remember that they are treating you unfairly. Think about this when you are asked to increase your work performance!

Final salary schemes are closing down one after the other at the moment. This is bad for everyone, but it is an opportunity for gay people to get the balance right and achieve

equality. If you are in such a scheme, make sure that your voice is heard when the trustees change the rules.

The situation may be different if you have left a job but retained a pension within your old employer's pension scheme. Very often, the returns on death, especially before retirement, can be very poor. In severe cases the return could be limited to a refund of your contributions only. This is particularly dreadful if your partner survives you. These benefits, known as paid-up pensions, are often worth looking at with a view to taking up an alternative plan that would give better death benefits. Caution should be exercised and you should always seek advice from a qualified [Independent Financial Adviser](#) who is a specialist in pension transfer and who understands the issues regarding gay people.

Those with personal pension arrangements generally have less to worry about in terms of benefits for partners. Nearly all plans now offer a full return of the value of your fund at the date of death - but make sure that you have completed an 'expression of wishes' form, as an absolute minimum.

However, most of the problems for same-sex couples with these schemes will occur at retirement age. All plans include what is known as an "open market option", allowing you to get a better deal elsewhere. You must shop around, mainly because your pension provider may not offer a joint life same-sex pension and you could improve your pension payment significantly.

Some people rely on the property market for their retirement planning. This may be a good strategy in the current market, but what if the prices drop significantly as you near retirement? A property is a less liquid asset than many other investments - and good planning should avoid you being disappointed when the time comes to live on the equity released by the properties. I always say that the golden rule is to diversify between property, [equity and cash](#).

Pensions planning is a very complicated area and, regrettably, discrimination is rampant. Don't be daunted, though; take responsibility now for your retirement. Don't let your retirement be a "one-way trip to insignificance".

Louis Letourneau , MA is an experienced independent financial adviser (IFA), specialist in financial planning and wealth management. He founded Rainbow Finance in 1995 and has consistently challenged financial companies and Government on their attitudes to gays, lesbians and same sex couples and was instrumental in the Inland Revenue to changing its guidance notes to recognise unmarried couples in pension benefits. His work has also resulted in life insurance companies starting to relax the discriminatory underwriting criteria toward gay men and people leaving with HIV. He was a founder of the Rainbow Research Project which surveys and educates private pension schemes in how they recognise unmarried couples on death benefits. He was also a founder member of the Stonewall Immigration Group (which campaigned for Immigration rights for same-sex couples, achieving a significant victory in April 1997) and helped set up the gaypartners.org initiative with gay.com in early 2001, campaigning for same-sex partnership rights. He speaks regularly on national and local radio.

For further advice on **Pensions, Life Assurance, Investments and Tax** contact Isis Financial Planners:

Freephone Number: 08000 1960 69

or email us on postbox@gayfinance.info

website: www.gayfinance.info and www.isis-financial-planners.co.uk