

# Sexual Orientation and Financial Well-Being in the United States

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# Prior Literature and Motivation

- *Sexual minorities*: Lesbian, Gay, and Bisexual individuals
- Existing Research: Earnings premium for lesbian women, penalty for bisexual individuals, mixed for gay men (Badgett et al., 2023; Carpenter, 2005; Carpenter, Dasgupta, Plum, 2024)
- Wellbeing for same-sex couples:
  - Higher Poverty Rates (Badgett et al., 2013)
  - Lower Homeownership Rates (Leppel, 2007; Badgett, 2021)
- Lack of detailed research on financial outcomes of sexual minorities
  - Kent & Scott (2022) use SHED data presenting raw differences on financial wellbeing outcomes by sexual orientation
  - Klawitter (2008) presents descriptive evidence on the portfolio of bank accounts held by same-sex and different-sex couples

# Data

- Survey of Household Economics and Decisionmaking (SHED)
- 2019-2022 data
  - Sexual orientation available 2019+
  - Adults ages 25-64
- Pooled years with no repeat respondents
  - Considered only the most recent observation
- Data on measures of household financial well-being, demographic characteristics, discrimination, etc.

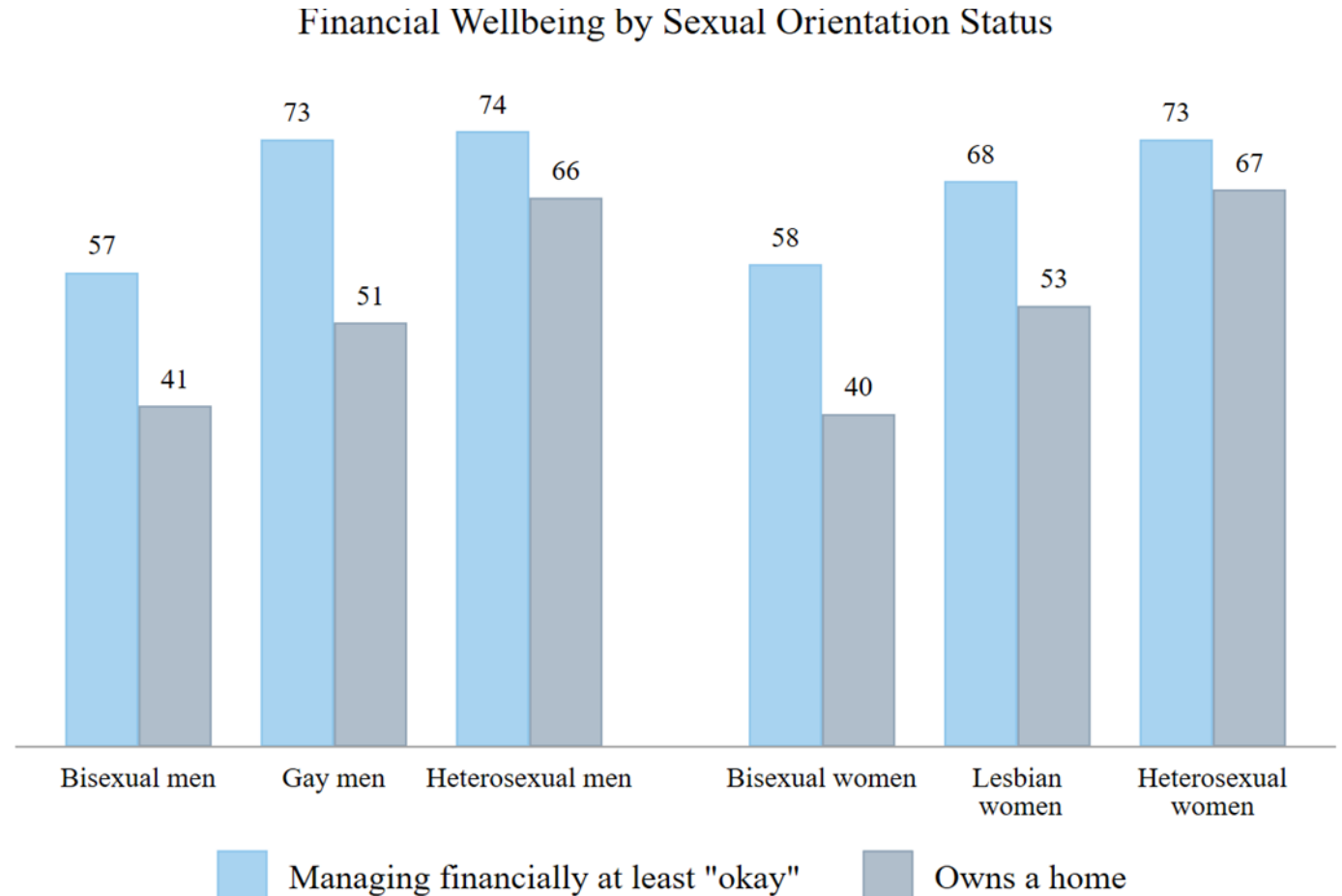
# Methodology

$$y_{it} = \alpha + \beta_1 \cdot \mathbf{X}_i + \beta_2(GAY\ OR\ LESBIAN) + \beta_3(BISEXUAL) + Survey\_Year_t + \varepsilon_{it}$$

- Controls include:
  - Age, Education, Race, Region, Current Schooling, Marital Status
- Outcomes:
  - **At Least Okay Financially**, Student Loan Debt, Credit Card Debt, Alternative Financial Services, Emergency Fund, Retirement Savings
  - Financial Assistance from Parents, Financial Literacy, Risk Taking
  - Victim of discrimination or violent crime

# Descriptive Statistics- Adults (25-64 years)

- Generally, aligns with prior literature
- Specifically, sexual minorities are:
  - Younger and more highly educated
  - Parents have more education
  - Men are less likely to be partnered
  - Less likely to be homeowners
  - Lower financial wellbeing outcomes



# Financial Wellbeing – At least Okay

- Sexual minorities are significantly less likely to report they are managing financially at least ‘okay’
- Results are statistically significant for bisexual individuals

	No Covariates	Year FE + Demographics	Year FE + Demographics + Census Division FE
<b>Women</b>			
<i>Reference: Heterosexual women</i>			
Lesbian	-0.056 (0.036)	-0.041 (0.032)	-0.041 (0.033)
Bisexual	-0.153*** (0.025)	-0.112*** (0.024)	-0.112*** (0.024)
Observations	9,494	9,494	9,494
Sample Mean	0.722	0.722	0.722
<b>Men</b>			
<i>Reference: Heterosexual men</i>			
Gay	-0.013 (0.025)	0.000 (0.023)	0.001 (0.023)
Bisexual	-0.169*** (0.041)	-0.132*** (0.037)	-0.130*** (0.036)
Observations	8,537	8,537	8,537
Sample Mean	0.734	0.734	0.734

# Additional Financial Wellbeing Outcomes

## Sexual Minorities Experience Significantly More Economic Precarity on Specific Financial Outcomes

	Has any student loan debt	Has any credit card debt	Has used Alternative Financial Services in the past 12 months	Has rainy day fund of 3 months expenses	Thinks retirement savings is on track
<b>Women</b>					
Lesbian	--	↑↑	--	↓↓	↓↓
Bisexual	↑↑	↑↑	↑↑↑	↓↓	↓↓↓
Observations	9,433	7,998	9,443	9,430	8,098
Sample Mean	0.214	0.469	0.233	0.504	0.348
<b>Men</b>					
Gay	↑↑↑	↑↑↑	--	↓↓	--
Bisexual	↑	--	↑↑↑	--	↓↓
Observations	8,499	7,310	8,507	8,498	7,391
Sample Mean	0.158	0.417	0.202	0.541	0.394

# Mechanisms

## Sexual Orientation Differences by Partnership, Family Assistance, Financial Knowledge, or Financial Risk Tolerance

	Managing financially at least 'okay', sample is partnered people	Managing financially at least 'okay', sample is non partnered people	Receives financial assistance from parents	Answered all financial literacy questions correctly	Willingness to take financial risks on a scale of 1-10
<b>Women</b>					
Lesbian	-0.019 (0.038)	-0.072 (0.060)	0.036 (0.031)	0.010 (0.031)	-0.145 (0.227)
Bisexual	-0.120*** (0.030)	-0.096** (0.041)	0.027 (0.021)	0.011 (0.022)	-0.458*** (0.159)
Observations	6,592	2,902	5,934	9,495	6,260
Sample Mean	0.775	0.588	0.0512	0.361	3.910
<b>Men</b>					
Gay	0.006 (0.031)	-0.002 (0.035)	-0.005 (0.012)	-0.016 (0.024)	-0.558*** (0.181)
Bisexual	-0.132*** (0.050)	-0.134*** (0.052)	0.014 (0.022)	-0.015 (0.034)	-0.182 (0.250)
Observations	6,178	2,359	5,835	8,539	6,213
Sample Mean	0.776	0.630	0.0425	0.514	4.858



# Sources of Vulnerabilities

	Experienced discrimination based on sexual orientation in past 12 months	Ever a victim of a violent crime
<b>Women</b>		
Lesbian	0.108*** (0.032)	0.038 (0.044)
Bisexual	0.064*** (0.018)	0.162*** (0.039)
Observations	5,792	3,668
Sample Mean	0.0117	0.106
<b>Men</b>		
Gay	0.098*** (0.020)	0.036 (0.031)
Bisexual	0.041* (0.021)	0.102* (0.055)
Observations	5,703	3,913
Sample Mean	0.0123	0.0845

# Pre-pandemic and Pandemic Periods

	Managing Financially at least 'Okay', Prepandemic (2019)	Managing Financially at least 'Okay', Pandemic + Aftermath (2020-2022)
<b>Women</b>		
Lesbian	0.016 (0.084)	-0.052 (0.035)
Bisexual	-0.113* (0.063)	-0.113*** (0.026)
Observations	1,937	7,557
Sample Mean	0.702	0.727
<b>Men</b>		
Gay	-0.059 (0.064)	0.008 (0.025)
Bisexual	-0.263*** (0.093)	-0.109*** (0.039)
Observations	1,500	7,037
Sample Mean	0.711	0.739

# Conclusion

- Sexual minorities are **significantly more likely to experience difficulty managing financially** than otherwise similar heterosexual individuals
  - Concentrated among bisexual men and women, order of 11-13 percentage points
- Predates the COVID-19 pandemic
- Observed throughout the education distribution
- No differences in access to partners and parental financial help
- Social vulnerabilities such as exposure to discriminatory behavior and violence are differentially experienced by LGB people, which may play a role in financial wellbeing disparities

Thank you!