Book review by Walter Williams:

Per Larson, Gay Money: Your Personal Guide to Same-Sex Strategies for Financial Security, Strength, and Success. New York: Dell 1997.

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This book is full of so much wisdom that it should be required reading not only for every gay and lesbian person interested in their own future, but also by leaders of lesbian and gay community centers, business associations, and activist groups. It is a personal finance guide, but it also offers a wealth of ideas for strengthening the gay and lesbian community through economic development.

This book should be subtitled as a "guide for people without children," because Per Larson gives little attention to lesbians or gay men who were unfortunate enough to have children before they came out. I say "unfortunate" because Larson calculates the huge financial expense of raising a child (averaging $20,000 US dollars per year for EACH child of American middle class families today, covering everything from medical, dental, childcare, summer camp, braces, clothes, and social expenses, to the large financial drain of college). This totals over $450,000 in the first two decades of life, assuming the child does not have additional expenses related to major psychological or health problems, and does not get in trouble with the law. And it does not count the time consideration of the parent taking on major commitments as cook, chauffeur, homework helper, and settler of disputes.

Larson, a personal financial adviser for gay men and lesbians in New York, shows how the financial lives of most heterosexuals in their 20s, 30s, and 40s, is dominated by the financial drain of expensive weddings, childrearing, and (many times) divorce settlements. His detailing of the financial drain of heterosexual weddings and divorces is a persuasive cautionary warning to same-sex couples who are looking forward to the legalization of same-sex marriage. Larson considers legal marriage a financial disaster that would not benefit most gay and lesbian couples.

In sharp contrast to the dominant pattern for heterosexuals, most gay men and lesbians do not have children and marriages to dominate their finances in their 20s and 30s. He incorporates the findings of economists like Lee Badgett to show that gay men and lesbians do NOT earn more income than heterosexuals. But he does emphasize that the lack of childrearing and marriage costs leads to much more "discretionary income" especially for gay male couples. It is this discretionary money that gives childless gays their greatest financial advantage in life.

Larson argues persuasively that too many gay men (and some lesbians) buy into the rampant consumerism of American culture that is particularly influential in the U.S. gay ghettoes. They spend their income on material goods, or worse, on alcohol and drugs, that dissipate this great financial advantage, thinking that they will always have more than enough money to live on. What the economic patterns show is that, while gays (and some lesbians) have this financial advantage early on, by their 50s heterosexuals have gotten over most of their childrearing expenses, and having been forced to learn frugality, start to forge ahead financially. In contrast, free spending gays often eventually hit a “lavender ceiling” of income similar to what many women face with a female “glass ceiling” in their employment. They may find that they are frozen out of advancement into the upper ranks of their corporation, which is still largely dominated b the heterosexual white male “old boy” network. Many are disillusioned to find that the continued advancement they expected to have in their jobs did not work out.

The way out of this eventual decline is for the gay community (both individually and in community organizations) to emphasize the need for saving and investment early on in adulthood. Besides the obvious health issues, Larson rightly sees HIV infection, alcoholism and drug abuse as major FINANCIAL issues for the gay community, because with so much gay income going for addictions or medical costs there is little opportunity for saving. To be most effective, savings and investment plans should be begun as soon as income begins, with money invested during a person’s 20s and 30s being much more valuable (due to compounding interest over a longer time frame) than waiting until the 40s or 50s to begin planning for retirement. With early and steady investments over the years, a person even with a modest salary can save enough to provide a secure and successful retirement.

Practicing setting aside a portion of one’s income every month also has the advantage of forcing a person to learn frugality, to be able to live well while also not spending so much money. Many economic studies show that people who can enjoy their daily life without spending everything they have, especially if they can avoid becoming addicted to something, end up being much happier. Money may help to bring happiness, but having even more money does not translate into greater happiness. Living within your means, and feeling satisfied with that, brings a great deal of happiness, even if for no other reason than being free of worry about onerous credit card debt.

Larson focuses on investing in the future by starting and developing a business. Lesbians and gay men have many characteristics that lead to successful entrepreneurship, because we are used to being on our own, not expecting much support from others, adapting to change and to diverse environments, and negotiating settlements. We are good trend spotters, likely to question dominant views and assumptions, and able to cross all kinds of social barriers.

In sharp contrast to the stereotype of the miserable old gay person, Larson shows that those who do their financial planning in their younger decades can reap a wonderful life later on. He sees the 60s decade as the time of life to really blossom. On page 84 Larson suggests the need for gay and lesbian community centers and business associations to sponsor investment clubs as both financial and social outlets for their members. Wise investment can lead to an older life of financial freedom, what he calls a “Gay Adventureland” (p.143) where work is unlinked from income.

Being in this situation can provide the freedom to spend our time doing what kinds of work we want to do, unfettered by the needs of pleasing a boss or towing to the corporate line. The ultimate luxury of the 60s decade (or for those who did even more financial planning, during their 50s) is the freedom of time. By this stage of life, those who planned well earlier and did not suffer major health problems or other misfortune, will be able to live off their investments and no longer need a job to bring in income. Even if a person does suffer an unexpected financial loss, by learning to live frugally, one can still survive and live happily even with less money.

Larson's philosophy is that "work can be to gays what families are to straights—something in life into which we pour our time, money, passion, and energy. When we unlink work from income… [work] should be intimate, personal, and meaningful…. The 60s should see a whittling down of basic needs and a high refinement of wants into passions" (p.153).

With this interest in post-job retirement, Larson sees the great potential of gay retirement centers like Key West, Florida (and Palm Springs, California, which he neglects to mention), which are relatively low cost and have good housing, extensive gay organizations, greater security, and excellent medical care (pp.157-9). Outside of the big urban ghettos, he feels that such locales may become the new geographic focus for gay community development in the 21st century, offering "the opportunity to create senior systems that are the backbone of true communities—not enclaves where we get stacked away simply because of our age" (p.159).

Lastly, Larson stresses the need for gays and lesbians to make trusts to take care of our financial needs as we enter the 70s, 80s, and 90s. Much superior to wills, trusts can be set up both to care for ourselves if we become incapable, and also to continue to support our passions after our death. By setting up trusts to endow gay and lesbian charitable organizations, Larson says, "We can continue to make a difference even after death. This is a time to respect what we've created in the laboratory called our life and to distill some part that may live on, that may continue to contribute, that may continue to build. This is the ultimate in self-respect, in taking ourselves seriously. Not to take this last simple step [of endowing a trust] is to climb the mountain without enjoying the view—and not know why the climb was worthwhile" (p. 181).

Far from being merely a call for selfish material interests, Larson sees the creation of widespread gay and lesbian wealth through savings and investment as a crucial step in the evolution of a strong gay and lesbian community in the future. He wants to see community centers become "true grassroots groups organized around our concrete concerns of practical value" (p.281), providing educational forums, job leads, investment clubs, directories, addiction recovery programs, disease prevention, and career mentorships. He wants to see more lesbians and gay men become business owners, and employers to offer jobs that provide excellent medical and retirement benefits, flextime for freedom to travel, enjoy vacations, and get involved in community service organizations of the person's choice.

For all this to work, Larson emphasizes, it is necessary to reduce and stigmatize both addictions and rampant consumerism, and to promote investment and financial planning. In fact, tx his route of gay empowerment through financial planning represents Larson's hope for the next century of gay life.