

# An Overview of LGBTQ Family Planning

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# An Overview of LGBTQ Family Planning



LGBTQ Parenting Stats

Special Considerations for LGBTQ Families

Family Building Options

1. Adoption
2. Fertility Treatments
3. Surrogacy



# LGBTQ Parenting Stats

## Basic Demographics

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2017 Gallup study identified approximately **4-5% of the adult population identifies as LGBTQ.**  
That's ~11 million people.

**Between 2-3.7 million kids under 18 have a parent that identifies as LGBTQ+.**  
Roughly 200k of those children are raised by a same-sex couples.

**Millennials are the largest demographic** within the current LGBTQ population, and likely to be the largest driver of the next wave of family planning.

# LGBTQ Parenting Stats

## A Focus on Family Planning



**63% of LGBTQ Millennials (aged 18-35) are considering expanding their families**, either becoming parents for the first time, or by having more children

**48% of LGBTQ Millennials are actively planning to grow their families**, compared to 55% of non-LGBTQ Millennials, a gap that has narrowed significantly in comparison to older generations

# LGBTQ Parenting Stats

A Focus on Family Planning



**Piecing together the data, family planning is becoming more common for LGBTQ folks than in the past!**

# Special Considerations for LGBTQ Families



- An awareness of the unique set of challenges in building a family as LGBTQ folks.
- The processes are complex. They take a long time and they cost a lot of money.
- Lack of fairness, or even discrimination in the system and policies, that make the hurdle even higher.
- Potential change in living circumstances to accommodate schooling, child care?

# Special Considerations for LGBTQ Families

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## The Financial Planning Angle

It's NOT just about helping intended parents on how to afford the process, but planning and understanding how such a process will fit into their financial picture after the baby arrives too!



# Family Building Options for LGBTQ Folks



## Three primary options:

- 1 Adoption:** When parent(s) assume legal parentage of a child.
- 2 Assisted Reproductive Technology:** Artificial insemination (IUI) or In-Vitro Fertilization (IVF).
- 3 Surrogacy:** An arrangement between a woman and intended parent(s) to carry a child through pregnancy and birth. This process is typically accomplished through IVF.



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# Adoption Explained

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- Types of adoption (foster care adoption, private, international)
- The different types of adoption have different costs associated with them.
- Agencies and attorneys will help to guide the process
- Timelines can vary significantly depending on each individual situation (likely >1 year).
- Finalization (could take up to a year after adoption)



# Adoption

How much does it cost?

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Depending on the type of adoption, anywhere from <\$5k to \$50,000.

# Adoption

## Financial Considerations

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**Budgeting:** How to pay for up to \$50k in cost? Where will the funds come from and what's the plan? What offsets exist?



**Work benefits:** Does the employer offer any sort of assistance?



**Risk Mitigation:** Is there a risk of losing some of the costs? It depends on the situation. Find out from the agency or parties involved.



**Tax considerations:** Adoption tax credit of \$14,300 to offset significant portion of costs? Crunch the #s!

# Adoption Tax Credit

## The details

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*“Tax benefits for adoption include both a tax credit for qualified adoption expenses paid to adopt an eligible child and an exclusion from income for employer-provided adoption assistance. The credit is nonrefundable, which means it's limited to your tax liability for the year. However, any credit in excess of your tax liability may be carried forward for up to five years. The maximum amount (dollar limit) for 2020 is \$14,300 per child.” ---- IRS Topic No. 607*

- Non-refundable, but you can carry it forward up to 5 years.
- Subject to phase out between \$214,520 and ends at \$254,520 (2020 tax year)
- For all reasonable qualified adoption expenses in section 23(d)(1)

# Adoption Cost Example

A financial planning example



Hypothetical couple doing a domestic adoption. Total cost of adoption including legal fees of \$45,000. Couple makes \$200,000 (MFJ).

\$45,000 private adoption cost  
\$14,300 tax credit

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\$30,700 total cost

**Substantial  
savings of  
~30%**

**<\$125k of  
income means  
the credit will  
be carried  
forward.**

# Family Building Options for LGBTQ Folks



## Three primary options:

1 **Adoption:** When parent(s) assume legal parentage of a child.

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# Fertility Treatments Explained



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## Two primary types of Assisted Reproductive Technology:

- 1 Intrauterine Insemination (IUI) or Artificial Insemination:** The process through which donor sperm are inserted into the uterus.
- 2 In-Vitro Fertilization (IVF):** The process of creating an embryo in a laboratory and then transferring it to the carrier. More expensive and lengthier.

# Fertility Treatments Explained

## Cost of Fertility Treatments

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### IUI / Artificial Insemination

Costs include donor sperm, the procedure and potential medications.

Typical cost of \$300-\$1,000 per cycle (up to \$4k/cycle with donor sperm).

Plan for up to 3 cycles on average to get pregnant.

**Total Cost: \$4k - \$15k**

### In-Vitro Fertilization (IVF)

Costs include donor sperm and/or egg, the procedure and potential medications.

The cost could be highly variable.

(This is the fertility process used for surrogacy)





**Average total cost: \$20k+**

# Fertility Treatments

## Financial Considerations

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-  **Budgeting** - Help clients come up with a total end-to-end budget, with high and low ranges. Have them understand their options and the cost of seeing the entire process through.
-  **Work benefits:** What's available?
-  **Insurance considerations:** It depends! It's likely that insurance won't cover it unless diagnosed as infertility, which is not the case with same-sex couples. Can you anticipate and help clients switch to a better plan ahead of the process?
-  **Tax considerations** - Costs of fertility treatments **ARE** deductible medical expenses when they pertain to your own body or spouse's body. Help clients understand if they can take advantage of the medical expense deduction. [IRS Publication 502](#).

# Fertility Treatments

## Qualified Medical Expenses

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Qualified Medical Expenses (IRS Publication 502, page 7)

*“You can include in medical expenses the cost of the following procedures performed on yourself, your spouse, or your dependent to overcome an inability to have children.*

- Procedures such as in vitro fertilization (including temporary storage of eggs or sperm).*
- Surgery, including an operation to reverse prior surgery that prevented the person operated on from having children.”*

# Fertility Treatments

## Hypothetical Example

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Couple does two rounds of IUI at a cost of \$4,000/cycle for a total cost of \$8,000. Couple earns ~\$200,000 per year (MFJ).

**Deductibility:** In this situation, not available <7.5% of income.

BUT, if there is an HSA plan...

**HSA:** Having picked the plan, with a couple in the marginal tax bracket of 32%, savings of ~\$2,500, bringing the net out of pocket cost to \$5,500.

# Family Building Options for LGBTQ Folks



## Three primary options:

- 1 Adoption:** When parent(s) assume the parentage of a child.
- 2 Assisted Reproductive Technology:** Artificial insemination (IUI) or In-Vitro Fertilization for those that can carry the baby.
- 3 Surrogacy:** An arrangement between a woman and intended parent(s) to carry a child through pregnancy and birth. This process is typically accomplished through IVF.



# Surrogacy Explained

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- An overview of the process:
  - Part 1: The Fertility Process [Fertility Clinic]
  - Part 2: Matching with surrogate + pregnancy [Surrogacy Agency]
- On overview of the timeline.
  - At a minimum it will take a year if all goes smoothly. Most likely 12-15 months+.
  - Keep in mind: Work backward from when families want to have a family and don't forget that all the expenses will be incurred at the front end of the process.
  - All the money needed up front.

# Surrogacy Explained

## A Personal Example

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# Cost of Surrogacy

## Financial Considerations

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- The total all-in cost of surrogacy could range \$90-\$200k. Average costs likely total ~\$125k.
  - Broken in chunks between the fertility (\$30-60k) + the surrogacy (\$50-\$120k)
  - This includes EVERYTHING.
- Don't forget about the incidentals
  - Travel during pregnancy
  - An extended stay after the baby is born?

# Surrogacy

## Financial Considerations

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-  **Budgeting:** Establish a range of cost and be sure clients can handle both ends of the range. All funds are to be paid upfront despite potentially being a multi-year process. The goal being able to see it through. Where will the funds then come from?
-  **Work Benefits:** Some companies are beginning to offer payments to help with surrogacy.
-  **Insurance considerations:** No part of the surrogacy process is covered by the intended parents' insurance until the baby is born.
-  **Tax considerations:** Expenses for surrogacy and fertility for the surrogate are not deductible medical expenses. IRS Publication 502 (see prior slide on language)

# No, Surrogacy Cost are Not Deductible

## Financial Considerations

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In a court case in 2017, *Morrissey v. United States*, the judge ruled that a deduction for medical expenses incurred for surrogacy are not allowable qualified medical expenses:

*“We hold that the costs of the IVF-related procedures at issue were not paid for the purpose of affecting the taxpayer’s own reproductive function—and therefore are not deductible—and that the IRS did not violate the Constitution in disallowing the deduction.” -- District Judge NEWSOM, Circuit Judge*

Citation: <https://media.ca11.uscourts.gov/opinions/pub/files/201710685.pdf>

# So, how to help clients plan for it?



- Help them understand how to get to this point while still being able to afford having a child and handling other responsibilities. Are they okay with the financial trade-offs?
- Explore avenues for funding surrogacy outside of simple savings or a savings plan (grants, family, financing options).
  - e.g. Men Having Babies, Family Equality Council

# Legal Considerations

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No matter the situation, be sure clients get good legal advice to understand parentage!

# Some other considerations



- Getting life insurance in place before the baby arrives
- Help clients understand their financial picture after the baby arrives. It's not just about affording the process!
  - What's the childcare plan?
  - What will potential parental and time off mean?
  - Is there a need to access (and spend more) on a different type of schooling, care or housing long term?
  - Other financial things to handle before this? Dealing with student loans? Wanting to purchase a home?
- Update estate plans for guardianship or have estate plans if none exist!

# Questions & Comments



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# Additional Resources / Where You Can Find Us

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