

Niche Practice—Community

A practice with roots close to home

The need for advice in her own LGBT community led an adviser to answer the call

By Bruce Kelly

LORRAINE JOHNSON'S first step in creating a financial planning and investment advice practice with a niche market started close to home: her own financial needs as a professional in the lesbian, gay, bisexual, transgender — or LGBT — community.

"I started with myself, and then friends came to me," said Ms. Johnson, 51, who launched Raleigh, N.C.-based Triangle Financial Advisors Inc. in 2007 after working with an insurance-company-owned broker-dealer for several years.

That led to referrals and then a practice with a focus.

'GREW ON ITS OWN'

"I didn't specialize in it at first," she said. Her practice "grew on its own. I didn't sit back and say, 'Aha! I'm going to make the LGBT community my target market,'" Ms. Johnson said.

Now affiliated as an adviser with Royal Alliance Associates Inc., she has close to \$30 million under man-



Lorraine Johnson (left), with clients Tara Roebuck and Daire Roebuck: Adviser's diverse professional background aids in serving clients.

agement and 35 investment management clients. Other clients work with her for financial planning and insurance, and in total, she has about 250 client relationships.

Ms. Johnson has an undergraduate degree in trust management and estate planning. She chose to

become a registered representative and adviser over a long-term career as an institutional portfolio manager because she prefers working directly with clients. And such a deep, yet diverse, background in the financial advice arena seems ideal for an adviser working with clients

who often find themselves in limbo as states and the Supreme Court debate and decide their legal status.

In June, the Supreme Court ruled that a key part of the Defense of Marriage Act was unconstitutional; the law had barred the federal government from recognizing same-sex marriage legalized by states. That change, along with a flurry of states recognizing same-sex marriages, has created plenty of questions for Ms. Johnson and her clients.

She recently spoke with a client who has a partner and children, and receives Social Security benefits for disability. Because North Carolina does not recognize gay marriage, the couple's children still cannot receive a Social Security disability benefit.

"But if they move to a state that recognizes gay marriage, they could apply for that benefit," she said. "This is an argument of why you need to stay up on things, particularly in the LGBT community. It can change by the minute."

Social Security benefits are far from the only issue of special concern, Ms. Johnson said. Estate planning and taxes are also paramount, and advisers who focus on serving the gay community should ensure that they have the specialized knowledge needed to help their clients with planning decisions.

"People in Maryland are running to get married with no knowledge of divorce or property laws. In Massachusetts, you have to reside in the state for a year to get a divorce. If you get married in Massachusetts and live in North Carolina, you can't get a divorce."

Legal decisions that affect the community are not the only issues LGBT consumers should be concerned with when choosing a financial adviser, Ms. Johnson said. The wirehouses are marketing to the group, she said, and financial advisers increasingly are being told they need to focus on a niche.

Focusing on a target market does not mean "putting a bull's-eye on a group of people to extract money from them," Ms. Johnson said. "Unfortunately, that's becoming more of the norm in the industry, which focuses on who has money, and then goes after them

as a target. Speaking as someone in the [LGBT] community, that's very offensive."

SUPPORT THE COMMUNITY

Advisers focusing on a target market must support that community, Ms. Johnson said. "Show up. Show that you're present there," she said. "Put your money where your mouth is. If you're going to work with and care about a community, be there and volunteer. The community's question will be: Do you really care about us or decided that we've got money?"

Understanding the right words is also important for those focusing on a minority market. Advisers must be educated on the terminology that can be offensive, Ms. Johnson said. "For example, referring to the 'gay lifestyle' would be a no-no," she said. As is using the phrase "our firm tolerates," Ms. Johnson said. "People are beyond being tolerated."

Niche advisers also must understand the unique situations of particular communities. One example Ms. Johnson gives for the gay community is planning for a family.

"Planning for children in the LGBT community is not as straightforward as for a typical married couple," she said. "We're doing adoption planning and artificial-insemination planning. It's expensive. It costs tens of thousands of dollars for adoption and artificial insemination."

"When a client says, 'We want to have children,' I'm not thinking about college planning" yet, she said. "I'm thinking — literally — how do we fund having children?"

Advisers require such knowledge, along with sensitivity, to serve a minority niche successfully, Ms. Johnson said.

"Imagine having that conversation about a family with an adviser who never thought about that before," she said. "It would be a pretty awkward moment for everybody. Or if the adviser squirmed a little bit. And it happens all the time."

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