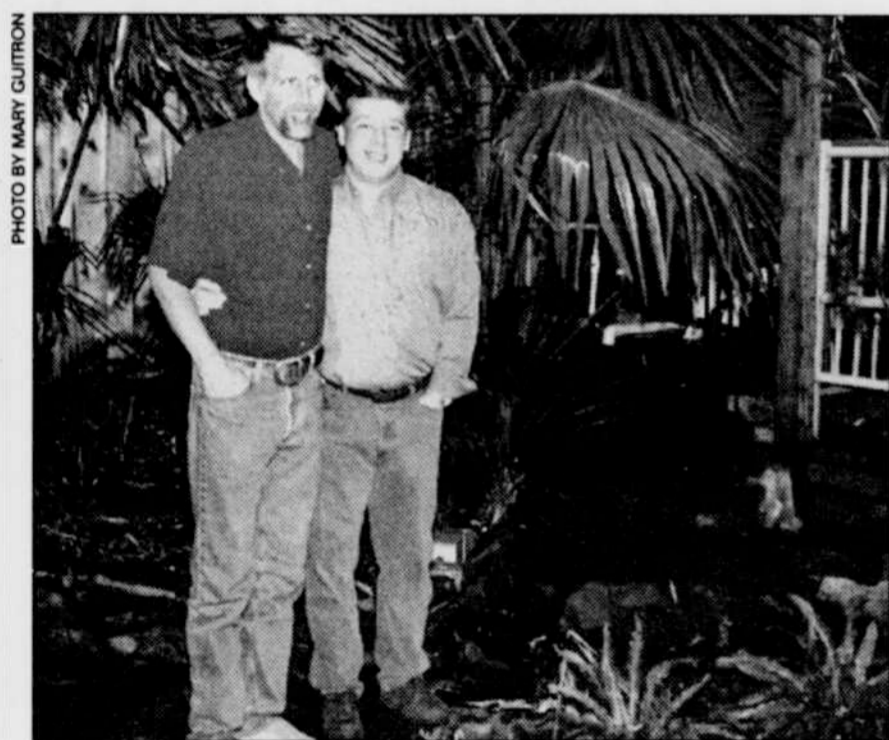


## DOLLARS & SENSE

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full market value for the house with no discount for the efforts of Dale and Byerley.

Another aspect of this cautionary tale is how this couple persevered through some challenging years in what used to be a rough inner-Northeast Portland neighborhood. Gunfire was not uncommon, and they found an anti-gay slur spray painted on the street in front of their house. In an effort to clean up the area,



Michael Byerley (left) and Daniel Dale enjoy the exotic flora of their back yard

Dale and Byerley got to know their neighbors and banded together to get rid of the drug houses. Then, in 1995, Michael Byerley became president of the Sabin Neighborhood Association, and with the cooperation of the police the group effected a major transformation.

"We haven't had problems in years," Dale says, thrilled to feel safe at last.

lous garden complete with koi pond and covered deck. They had a verbal agreement with the owner to buy the home from him with allowances for their investment of time and money. However, their landlord died before the sale could transpire, and his heirs demanded

The magical part of Dale and Byerley's journey to home ownership is that during the tough years they became close friends with a straight couple who lived across the street.

While the two men were attempting to buy the house they were renting, their friends were moving to Texas. When they heard what a bad deal Dale and Byerley were being offered, they decided to sell their house to the two men for only the amount they still owed on it.

Dale, who is still astonished at this generous act, shares the details: "They had their house listed at \$189,000, and we bought it for \$74,000."

These days he's excited about yet another sunroom they've just added to their house, which is the winter home for their collection of citrus trees. In fact, it was through a common love of exotic gardening that the men bonded with their straight benefactors.

"That's another reason they sold their house to us—they knew we'd take good care of their garden," Dale explains, adding that he has homegrown lemons ready to harvest.

Which seems very fitting, because this is the ultimate lemonade-from-lemons story!

Cynthia Rabideau and her partner, Shelly Anderst, took a radically different approach to home buying. After one day of house hunting, Rabideau stopped by an open house she stumbled upon, walked in the front door, and 15 minutes later made an offer!

"Before I'd even seen the whole house I knew I wanted it," Rabideau says, admitting she's a tad impulsive.

Though she ultimately purchased the large house, she had to take a second job and work 80 hours per week to pull it off.

"Don't do it like I did it," Rabideau is quick to advise. "Take some classes, and learn about the process."

PHOTO BY MARY DAVIS



Shelly Anderst (left) and Cynthia Rabideau take a make-it-up-as-you-go-along approach to homeownership

Rabideau likes the idea of working with a gay or lesbian agent in order to avoid all the weird questions, like "Where's your husband?"

Rabideau also chose a gay-friendly mortgage broker, Karen Obluck of First Mortgage Northwest.

"I probably drove her crazy because I didn't know until the last minute if the deal was going through," Rabideau recalls, adding that the transaction was complicated because she'd given notice on her rental and had a hot tub and a bunch of rose bushes to relocate.

Four years later, she and her partner have no buyer's remorse—they even survived the roof leaking on their first night in the house.

"I didn't know anything about this stuff—I'm a femme—so I sent my young dyke up on the roof to fix it," Rabideau recalls, able to laugh now at that first reality check.

"The whole home buying process was kind of bizarre, but now the repairs are done and we're on to the fun stuff," she says after a day of shopping for ceramic tiles.

The moral of these stories might be: If you want to be a home owner badly enough, there's probably a way to make it happen.

Find out more about home buying resources from the Portland Housing Center at (503) 282-7744.

## A taxing issue

Financial matters take on added complexities for gay men and lesbians

BY GIP PLASTER

Being gay or lesbian has implications for just about every aspect of life, and money matters are no exception.

In addition, many gay men and lesbians simply don't fit the corporate mold. They work in jobs just off the beaten path and are forced to plan their own futures. Hundreds of books and a number of Internet sites address retirement planning, and most of it applies equally to everyone, but gay men and lesbians need to watch out for a couple of pitfalls that straights don't have to worry about.

### The gay penalty

"We are in very different positions than married couples. A lot of people have the misconception that they're just like the average guy," says Jennifer Hatch, managing partner of Christopher Street Financial, the nation's oldest gay and lesbian investment firm.

Most importantly, there are tax benefits and protections available to married couples that are not available to unmarried couples who share a life together.

"It really requires a lot of expertise to get around the system, and there are not a lot of people out there with it," she says.

One person with the expertise is Harold Lustig, author of *4 Steps to Financial Security for Lesbian and Gay Couples*. He cautions gay and lesbian people who are in relationships to look out

for what he calls the "gay penalty."

Same-sex couples (and other unmarried couples) face two major problems that married couples do not, and both involve death. They are the inability to roll over funds tax-free into an individual retirement account (IRA) when a partner dies, and the loss of retirement plan assets when a partner with an employer-funded plan dies.

The problems, however, can be avoided.

"The single most important thing is to think ahead," stresses Lustig.

He offers an example of the first part of the gay penalty: When "Ruthie" died, her estate included a \$200,000 condominium. She also had a life insurance policy that was used to pay off the mortgage and a company 401(k) retirement plan worth \$80,000. She had no other savings. Her estate totaled \$342,000. That meant it was small enough to avoid federal estate taxes—which, as of tax year 2000, apply only when estates are worth more than \$675,000—but her partner "Louise" was still left to pay a lot of taxes.

The \$80,000 in the 401(k) plan had not been taxed when it was placed in the account. Because there was no money left in the estate after the life insurance policy was paid to the mortgage lender, Louise had to pay the taxes on the \$80,000 value of the 401(k).

It does not work that way for married couples. Money in a 401(k) plan can be rolled over into the IRA of a spouse, and

taxes continue to be deferred until retirement.

Lustig estimates that the gay penalty cost Louise almost \$25,000. It would have been even worse if Ruthie's estate had been above the estate tax threshold, which is being gradually increased until it reaches \$1 million in 2006. Louise would then have been responsible for the tax on the 401(k) plus tax on the value of the estate that exceeded the threshold.

The penalty, however, can be reduced. With the help of a tax advisor, it may be possible to spread the rollover burden out over five years.

Furthermore, planning in advance can eliminate the penalty altogether. Converting to a Roth IRA estate can help if income is not too high, and so can the use of a charitable remainder trust. Lustig explains both options in his book.

The second part of the gay penalty—the loss of a partner's assets from an employer-funded retirement program—can also be danced around.

When a person with a retirement plan fully funded by the employer dies, the money goes back into the plan rather than to a partner—unless they are legally married. Once again, being unable to legally marry penalizes a gay or lesbian couple.

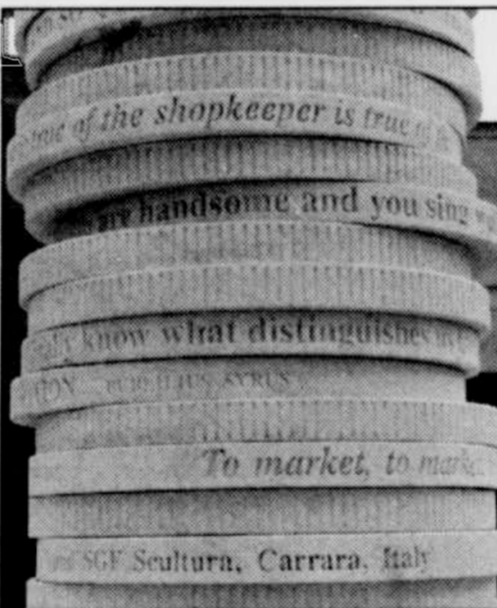
The solution here is simple, but it costs money: buy life insurance equal to the amount of benefit expected from the retirement plan payable to a trust set up in both partners' names. The surviving partner never gets the retirement income, but the life insurance replaces it. Such insurance also would replace a partner's income if he or she died before retiring.

### For singles

While the scenario above involves people in relationships, being a single gay retired person has implications, too.

While many gay men and lesbians now have children, many

PHOTO BY MARY DAVIS



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