

EVERYONE BUT THE OWNER IS READY FOR RETIREMENT

Business Owner Newsletter

Many successful business owners (and their families) look forward to retirement. After years of hard work, retirement allows business owners to kick up their feet and live the dream. But, what if that dream doesn't exist for your client? What happens to the business and the family when everyone is ready for their retirement except for the owner? In this blog, we delve into the complexities of retirement planning and provide essential guidance for business advisors like you.

Preparing for Life After the Business

For a business owner, giving up something they've nurtured, grown, and given their life to is extremely difficult. Even worse, many business owners fail to recognize just how intertwined their businesses and identities can become. This often leads to problems for the owner, the business, and the owner's family.

Whether your client knows when they want to retire or are

only thinking about it because they're being asked, there are a few tips to consider when speaking to your owner clients about this subject.

1. Avoid Making Promises That Can't Be Kept

Owners resistant to retirement often let assumptions about their timeline prevail among family, employees, and management. If the owners don't broach the subject on their own, it may be assumed that a child will take over one day or that the owner will sell the company once they reach retirement age.

A promise that "everything will work out" is an empty one if there isn't an Exit Plan in place. In the cases of death, disability, or illness - all things that can come abruptly and unexpectedly - a business can quickly be consumed by chaos without a plan in place. It's important to share with your clients the [various ways a business can quickly spiral](#) without a plan in place and the impact of loss of business direction, employees, and customers.

2. Get a Taste of Retirement Before Retiring

A great benefit of planning for a successful future is that doing so makes the owner less consequential to the business' success. In other words, encourage owners to delegate tasks to next-level managers or key employees so they can get a taste of what it's like to live with a shorter to-do list. This allows the owner to test the retirement waters while also providing the opportunity to see how these managers handle the responsibility. Further, the eventual transition will be more successful if the owner has time to train and support the successor(s) well before they leave.

One thing to encourage your clients is to explore hobbies they've always dreamed of doing, such as traveling or spending more time with their grandchildren. At BEI, we like to pose retirement as an owner's "next great adventure."

Prompting your clients to explore some of these hobbies ahead of retirement provides the trial runs needed to evaluate the own-

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er’s readiness to retire. Asking the right questions at the appropriate time about values-based goals and post-exit plans can really indicate what is important to the owner if they do decide to retire.

3. Plan For Retirement (even if there is no plan to)

For some business owners, work is all they’ve ever known, and they like it that way. While there is no shame in this mindset, it can often create dissonance for others and conflict with family members or potential successors. For instance, they might be left in the dark and wonder what happens if they literally die at their desk.

For this reason, Exit Planning Advisors must encourage owners to plan as though they’ll retire, even if they don’t. **Proactive planning** helps position the owner’s family for financial independence if the owner were to leave the business due to death, disability or injury. It can also strengthen the business so that when the owner does leave, the people who rely on the business can continue to thrive.

Conclusion

Encouraging business owners to look past the day-to-day reality they have been living since the inception of their business is no

small feat. However, it is crucial to engage in discussions regarding your clients’ desired lifestyle post-exit in order to determine the necessary steps for achieving their goals. By providing essential insights, strategies, and guidance, advisors can empower owners to navigate retirement challenges and live their post-business life to the fullest extent.

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