

# Are Your **Business** and **Personal Finances** on Solid Ground?

Financial Planning for business owners combines personal and business situations. It's important to consider both your family life and the business life cycle.

## Who starts their own business and why?

- 2.7 MILLION** Canadians own and run a business
- 46%** Of post-secondary students plan to start their own business
- 40%** Plan to start their own business after turning 65
- 64%** Plan to sell their business to fund retirement

## What can owners do to prepare along the way?

<p><b>NOW</b></p> <p><b>71% have incorporated their business</b></p> <p>Incorporating vs. sole proprietorship can help limit risks of business ownership.</p>	<p><b>ESTATE</b></p> <p><b>58% implemented a more robust corporate structure</b></p> <p><b>34% multiple wills</b></p> <p><b>29% trusts</b></p> <p>Applying these measures can help minimize taxes.</p>	<p><b>SUCCESSION PLAN</b></p> <p><b>39% created a plan for tomorrow</b></p> <p>The planning process can help establish an exit strategy.</p>	<p><b>RETIREMENT</b></p> <p><b>82% plan to use RRSPs to fund retirement</b></p> <p><b>24% plan to use individual pension plans</b></p> <p>Insurance can help in case of illness, disability or accident.</p>
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## Top sources of income for business owners' retirement

- 82%** RRSPs
- 80%** Government pensions
- 69%** Real Estate
- 65%** Non-registered investments
- 64%** Sale of business

### **79% HAVE A BUSINESS PLAN**

Taxes, Succession Planning, Insurance, Corporate Structure, Liability, Trusts

### **74% HAVE A PERSONAL PLAN**

RRSPs, Pension Plan, Taxes, Health, Estate Planning, Life Insurance

## What keeps Canadian business owners up at night?

- 60%** Ability to retire
- 60%** Maintaining cash flow
- 56%** How to pay themselves
- 51%** Taxes



## Tips for business owners planning for the future

- ➔ **DEFINE** financial goals for business and family
- ➔ **INTEGRATE** priorities during phases of family/business life cycles
- ➔ **EXPANSION** should be well timed and planned
- ➔ **ESTATE PLANNING** and **RETIREMENT PLANNING** go together; consider life insurance
- ➔ **PROACTIVE PLANNING** and **PROFESSIONAL ADVICE** create balance

The BMO Wealth Institute prepares Canadians for a confident financial future with insights and strategies around wealth planning and financial decisions. To learn more or for the full report, visit [bmo.com/balancingbusiness](http://bmo.com/balancingbusiness)