

As a business owner, do you have a retirement contingency plan?

Fluctuating profitability affects business valuations and the funds available to support the retirement lifestyle of business owners.

Retirement savings of business owners between the ages of 45 and 64: **68%** indicated that they had saved less than \$100,000 **11%** have saved \$500,000 or more

What owners are currently drawing from their businesses annually

92% drew out less than \$100,000
1% draw at least \$500,000



Over 81% of respondents indicated that they were able to save only **\$25,000 or less** on an annual basis towards their retirement

72.6
is the average expected retirement age for self-employed individuals



The barriers that owners have experienced

Finding a buyer/suitable successor **31%**
Too much dependence on the business owner's leadership **31%**
Valuing the business **28%**

Putting an Effective Retirement Plan in Place

Indicated that they did not have a business succession plan **65%**
Had an up-to-date formal written business succession plan **9%**
Owners closer to retirement had an up-to-date formal written plan **10%**
Respondents had an informal business succession plan (unwritten) **20%**



Determining how much is needed to be saved for retirement depends on a wide variety of factors, including:


Planned amount of spending each year in retirement
How much can be saved each year leading up to retirement
Current age and age at retirement / expected lifespan
Funds available from other sources such as Social Security, and other pensions and inheritances
Future health and health-care costs
Taxes, especially regarding the use of retirement accounts, such as IRAs and 401(k)s, to support retirement spending

Business Owner Exit Options

Sell to buyer(s) unrelated to my family **25%**
Transfer at no cost to family member(s) **22%**
Wind down (close) the business **11%**
Sell to family member(s) **7%**
Don't know **35%**

BMO  **Wealth Management**

We're here to help.™

 For more insights to help you manage your wealth, visit bmoharris.com/yourwealth

Source: BMO Wealth Management report, As a business owner, do you have a retirement contingency plan?, October 2016. BMO Wealth Management provides this commentary to clients for informational purposes only. The comments included in this document are general in nature and should not be construed as legal, tax or financial advice to any party. Particular investments or financial plans should be evaluated relative to each individual, and professional advice should be obtained with respect to any circumstance. BMO Wealth Management is a brand name that refers to BMO Harris Bank N.A. and certain of its affiliates that provide certain investment, investment advisory, trust, banking, securities, insurance and brokerage products and services. Investment Products are: NOT FDIC INSURED - NOT BANK GUARANTEED - NOT A DEPOSIT - MAY LOSE VALUE. Estate planning requires legal assistance which BMO Harris Bank N.A. and its affiliates do not provide. Please consult with your legal advisor. This information is being used to support the promotion or marketing of the planning strategies discussed herein. This information is not intended to be legal advice or tax advice to any taxpayer and is not intended to be relied upon. BMO Harris Bank N.A. and its affiliates do not provide legal advice to clients. You should review your particular circumstances with your independent legal and tax advisors. BMO Wealth Management is the brand name for a business group consisting of BMO Harris Bank N.A. and certain of its affiliates in providing wealth management products and services.