

My Business Is My Retirement Plan

If that pretty much sums up your thoughts on the matter, you're in good company. It's not unusual for most of a business owner's wealth to be tied up in the business he or she has built. Have you thought about what will happen to your business when you retire — and how you'll get your money out?

Don't wait until the last minute. You'll need time to consider your options and come up with a workable plan.

Where You Want To Be

To start the process, you'll want to identify your personal goals for retirement. Consider the lifestyle you'd like to lead and project your financial needs. Then think about your business. It's basically your creation — what are your long-term objectives for it? Would you like the business to stay in the family? Or is your dream to build it up and then sell it? Until you've envisioned the future, you won't be able to plan effectively.

The Situation Today

You've seen your financials and know the book value of your company. But how much would it bring if you were to put it up for sale today? A business appraisal can tell you what the likely sale price would be. Even if you have no intention of ever selling the company, you need to know what it is worth for planning purposes. If you aren't happy with the number, you can take steps to improve it.

Your business isn't just about numbers; it's also about people. Maybe one or more of your children work in the business. You may have employees from outside of the family who play key roles. If you expect your business to continue after you retire, it's not too soon to start identifying the next generation of leaders and help them prepare for the responsibilities they could have in the future.

Your Strategy

After you've addressed the preliminaries, you'll be ready to get down to the nitty-gritty of developing a specific retirement strategy. You don't have to accomplish everything all at once. But, from a big-picture perspective, each step you take should lead you on a path to achieving financial security and meeting your goals.