

# How Do You Know It's Time to Retire as a Small Business Owner?

Retirement is a part of life; however many wonder if they are ready. How do you know when it is time?

Here is a 6 question checklist for any small business owner to ask themselves to determine if they are ready for retirement in pursuit of that next life step.

## HAVE I DECIDED ON A RETIREMENT TIMELINE?

Most people don't wake up one day and decide that tomorrow they will retire. It takes years of preparation. Knowing when you want to retire is the first step toward realizing this goal.

## DO I HAVE ENOUGH MONEY SET ASIDE TO COMFORTABLY ENJOY MY QUALITY OF LIFE AFTER RETIREMENT?

Experts have suggested that upon retirement, you want to have at least 10 times your annual salary in savings. Consider these three questions in preparation for your retirement.

- Are your debts paid off?
- Will you be able to pay your retirement expenses?
- Will the 4 percent rule be an approach that is feasible for you? (The 4 percent rule refers to being able to live off of 4 percent of your invested money in the first year of retirement, then increase or decrease the amount to account for inflation in subsequent years).

## IS MY RETIREMENT PORTFOLIO DIVERSIFIED ENOUGH?

Selling your business is one way to fund your retirement, but you don't want it to be the only means that you depend on. Having a diversified portfolio, for example, a self-employed 401(k), SIMPLE or SEP IRA, stocks and bonds, and other investment strategies helps to diversify your portfolio and mitigate risk of unforeseen market fluctuations or other issues that may affect your money and retirement goals.

## DO I HAVE A POST-RETIREMENT PLAN?

Having a post-retirement plan can help you find a purpose in retirement and mitigate the common feelings of stagnation that occur with people after they get out of the fast-paced grind of the workforce.

## IS MY SUCCESSION PLAN IN ORDER?

Establishing a succession plan is not something that is done quickly. It requires planning and analysis, and business owners will often take years preparing to have their business passed on or sold to the right buyer. To start you want to:

- Determine the market value of your business
- Identify succession candidates
- Communicate your succession intentions with employees
- Periodically review and revise your plans as you see fit
- Stay up-to-date on tax planning and the evolving tax laws

## HAVE I DISCUSSED MY DECISIONS AND OPTIONS WITH A FINANCIAL PROFESSIONAL?

Creating a retirement plan is complex, and consulting a financial professional can help you design a course of action that works for you and your goals. When it comes to a long-term financial strategy, time is your greatest commodity, so the sooner you take action, the easier it will be to pursue your objectives.

### Important Disclosures

This material was created for educational and informational purposes only and is not intended as tax, legal or investment advice.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.

Diversification does not protect against market risk.

All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy.