



GOLD

FAMILY WEALTH

How to Remove “I Can’t Retire” From Your Planning Mindset

There’s a big difference between *not wanting to retire* and *not being able to retire*. Even business owners who intend to die at their desks can appreciate the safety net of financial independence should something unexpected occur. But many business owners look forward to an ideal future without implementing the proper planning to achieve it.

Today, we’ll discuss ways to mitigate the risk of not having enough money to retire on your terms.

Start by understanding the Asset Gap

A common mistake successful business owners make is *assuming they have more than they need, while assuming they need less than they do*. The difference between *what you currently have* and *what you must have to achieve financial independence* is called the *Asset Gap*.

Understanding your Asset Gap is critical to mitigating the likelihood that you won’t have enough money to retire. (And even if you intend to work until you die, knowing your Asset Gap is crucial to achieving other goals, such as providing generational wealth for family or leaving a lasting business legacy.)

There are several things you can do to begin determining your personal Asset Gap.

- Obtain a professional business valuation
- Accurately assess your net worth with help from your CPA
- Discuss your vision of an ideal future with a trusted advisor

Obtaining a professional business valuation helps you understand what you need to do to reach a value that will one day allow you to retire with financial independence.



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Accurately assessing your net worth can have two positive consequences. First, it gives you an idea of what you're working with. Second, it can help you dispel misperceptions about what you want in retirement (more on this shortly).

Discussing your vision of an ideal future with a trusted advisor can help you map the steps you need to take to reach that ideal future. It can also show you if your ideal future is realistic, which can reduce the likelihood of taking an impossible path.

Be realistic about your wants and needs

Retirement is a dream for many business owners. But that dream can turn into a nightmare if you don't know what it will take to fulfill your wants and needs.

For example, many business owners underestimate how long they'll live. This underestimation can create a financial bind where they simply don't have enough money to maintain the quality of life they've gotten used to. There are vanishingly few, if any, business owners who want to have to scrimp and save to survive their golden years.

Instead, it's a good idea to determine some of the following facts:

- How long you and your spouse/partner are likely to live after your retirement
- How much money you must have to fulfill your needs in retirement
- What you intend to do in retirement, and how much it will cost you

It's a risky proposition to "figure it out as you go." If you can figure these things out while you're still in control of your business, you're more likely to make decisions from a position of strength, rather than from a position of desperation.

Look before you leap

Retiring without financial independence is a huge gamble. However, understanding your Asset Gap, along with what you want and need from retirement, are two strong ways to work toward financial independence.

Nonetheless, pursuing retirement on your terms can be full of surprises.

For instance, you may want to transfer your business to a child, only to find out that the child was only still in the business to make you happy and has no intention of running it when you leave.

Likewise, you may decide you want to sell your business to a third party, only to find that while they will pay you enough for financial independence, they also plan to lay off 95% of your workforce when you leave.

Trying to anticipate these surprises by yourself is often a fool's errand. After all, you're still running a business that many people—including yourself, your family, and your employees—rely on. But with help from a dedicated Advisor Team, you can more deftly anticipate and plan for contingencies and surprises on your way to retiring on your terms . . . even if that means never retiring at all.

We strive to help business owners identify and prioritize their objectives with respect to their businesses, their employees, and their families. If you are ready to talk about your goals for the future and get insights into how you might achieve those goals, we'd be happy to sit down and talk with you. Please feel free to contact us at your convenience.

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