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FAMILY WEALTH

What to Do When Everyone's Ready for Your Retirement Except You

Many successful business owners (and their families) look forward to retirement. After years of hard work, retirement lets business owners kick up their feet and live the dream. But what if everyone is ready for your retirement except you? Consider the story of Felix Bellissima, a fictional but representative owner who faced this fate.

Felix refuses an offer

For 40 years, Felix Bellissima ran a successful beauty-products manufacturing company. He always promised his son, Vinny, that he'd pass the business to him when he retired. Vinny expanded his father's business from a local player to a nationwide powerhouse, and he was getting restless.

Over the last 10 years, Vinny watched his father's target retirement date come and go five times. Each time, Felix had another reason why he couldn't retire. So, Vinny approached a trusted family advisor, Monalisa, and floated the idea of resigning.

Knowing that Vinny's absence would throw the business into disarray, she immediately set up a meeting with Felix and Vinny to solve the crisis.

"Five times, Dad," Vinny said. "Five times you said you'd retire, and you're still here. I feel stuck."

"I'm not ready," Felix replied. "You have to understand that."

"You've got grandkids now. Ma's got trips planned for you. You just bought a vineyard. What aren't you ready for?"

Felix shrugged and waved his son's question away, which prompted Monalisa to interject.



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“Felix, your son has some good points. What’s holding you back?”

“All of that stuff is nice, and I love it, especially my grandkids,” Felix said. “But none of that is this. This— my business, my work—is all I’ve ever known. I don’t think I can give it up.”

Preparing for life after the business

Giving up something you’ve nurtured, grown, and fallen in love with is extremely difficult. Even worse, many business owners fail to realize just how intertwined their businesses and identities can become. This can lead to problems for yourself, your business, and your family.

Whether you know exactly when you want to retire or are only thinking about your retirement because everyone else keeps talking to you about it, there are a few things to consider.

1. Avoid making promises you might not keep

Whether verbally or in writing, it’s important that you aren’t making promises that you might not keep. Children, managers, and key employees can have very long memories. Promising or even broaching the topic of potential ownership carries a lot of meaning. If you don’t follow through, it could come back to bite you.

In Felix’s case, he thought he could keep his son hungry by continuing to promise him ownership. When he came to realize (too late in his process) that retirement wasn’t something he wanted, Felix effectively threw his business into disarray.

2. Dip your toe in retirement before you retire

A great benefit of planning for a successful future is that doing so makes you less consequential to the business’ success. In other words, you have fewer things to do because your next-level managers are doing the heavy lifting. This can give you an opportunity to test the retirement waters.

You might explore hobbies you’d always dreamed about doing, such as traveling, or take more time with grandchildren. Note how doing these things makes you feel. These trial runs can give you a better idea for how ready you are for retirement.

3. Plan as though you’ll retire (even if you don’t)

For some business owners, like Felix, work is all they’ve ever known, and they like it that way. While there’s no shame in this mindset, it can create dissonance for others, such as family members or potential successors. For instance, they may wonder what happens if you do literally die at your desk.

This is a strong reason why business owners should plan as though they’ll retire, even if they don’t. Planning can help position your family for financial independence when you leave your business via death. It can

strengthen the business so that when you do die, it, and the people who rely on it, can continue to thrive.

Conclusion

Let's turn to Felix once more.

Felix had built a turnkey operation but felt that if he didn't own it, his life wouldn't be as fulfilling. But the reason it was turnkey was because of Vinny. To give the Bellissimas a chance to reset, Monalisa recommended that Vinny take a month of paid time off.

During that month, Felix realized how much more he'd have to do without Vinny. He saw his grandchildren much less than he wanted to, not because Vinny wouldn't let him but because he was working more. His wife became anxious that he wouldn't join her on their trips. The vineyard sat barren.

It turned out that Felix needed something to do, not everything. When Vinny returned, Felix notified him and Monalisa that he'd be willing to transfer ownership to Vinny on a specific date but that he still wanted a role in the company. Vinny and Monalisa began building an Advisor Team to make that happen.

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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