



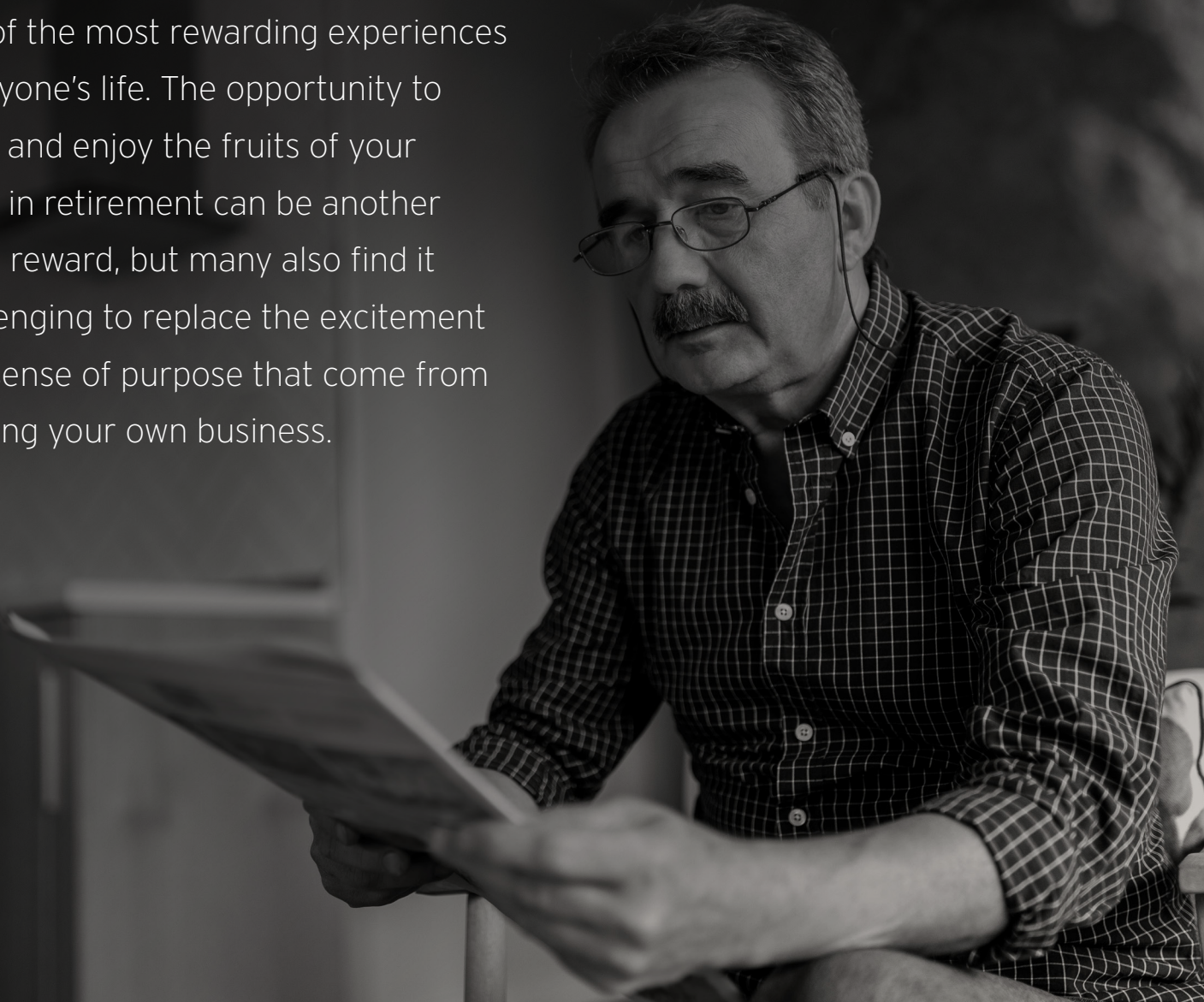
HIGHTOWER

Westchester



Finding Fulfillment as a
Retired Business Owner

Building a successful business can be one of the most rewarding experiences of anyone's life. The opportunity to sell it and enjoy the fruits of your labor in retirement can be another great reward, but many also find it challenging to replace the excitement and sense of purpose that come from running your own business.



GREG'S EXPERIENCE

Take the case of Greg, the owner of a tool and die company for three decades, who sold his business at age 67. He still loved running his company but wanted to spend more time with his wife, grandchildren and friends. He sold his business to another tool and die company for a higher price than he thought possible. He spent time getting to know and respect the new owners and knew he was leaving his business in good hands.

But, after the sale, Greg felt restless. He continued to think about his company and worry about its future and his employees' future. He continued following a similar schedule to when he had been working – waking up early and trying to fill his day with commitments as much as possible. He felt aimless when he didn't have anywhere to be. His wife, who had looked forward to finally having quality time to spend together, expressed frustration and disappointment with him.

TRANSITIONING CAN BE DIFFICULT

Experiencing this type of loss of identity and purpose is not uncommon among recently retired business owners. We see it often among our business-owner clients, and some of us can relate personally, being the founders of our own business or succeeding the founder.

However, we have also seen many business owners transition successfully and have gleaned some best practices for this time period. Here is what we have observed:

BEST PRACTICES FOR RETIRING BUSINESS OWNERS

1. **Leave on a high note:** Stay engaged throughout the transition, spending time with your successors and continuing to lead and engage with employees. This gives your successors time to plan and adapt to running the company without you. It's also good for the morale and confidence of employees who will remain with the business. It can also help your own morale and confidence, knowing you did everything you could to ensure the success and well-being of your company and its stakeholders.
2. **Proactively discuss your retirement plans with loved ones:** If you have a spouse or partner, sit down together before you retire and discuss your vision for this new period of your life. Consider where you want to live, how much you want to travel and what hobbies you'd like to explore. Maybe there is a bucket list of activities you never had time to fit in given the demands of your business that you could now pursue together.
3. **Don't go it alone:** Talk to other retired business owners to learn from their experiences. Find out what has surprised them most about life after their business. You may find that others who have been in the same boat are more than willing to share what they would have done differently as they transitioned into retirement.
4. **Consider a second act with your business:** Decide if and how you'd like to remain involved with your business as part of negotiations during the sale (or, if your business is staying in the family, as part of your transition plan). If you do want to stay involved, there are several roles you can play, including:
 - **Board member** – This position provides you with the opportunity to continue overseeing the direction of your business without being responsible for its daily operations.
 - **Employee** – It is not uncommon for business owners to stay on as employees after they transfer ownership of their company. Terms can be negotiated through an employment contract.
 - **Consultant** – You could continue to provide advice to the business while maintaining more distance through a consulting arrangement, often accomplished by setting up a limited liability company (LLC).
 - **Investor** – You could retain shares of your business, allowing you to partake in its future success without involvement in its oversight or operations.

5. **Look for other ways to contribute:** You also have many options for using your talents and leadership skills in retirement outside of, or in addition to, staying involved with your business. These include:
- Sitting on another corporate board
 - Sitting on a nonprofit board
 - Serving your community as a local official (city council, park district board, public school board, etc.)
 - Mentoring other business owners or entrepreneurs
 - Volunteering for the organizations or causes you value
 - Pursuing a passion project, such as writing a book or researching your family tree
6. **Take care of your health:** Many business owners put their health on the back burner due to the significant demands of running their company. These facts may motivate you to adopt new habits for your physical and mental well-being:



A little bit of exercise goes a long way. Survey participants (who averaged 69 years of age) who walked for less than two hours per week had a lower death risk than those who had no activity at all. And those who walked enough to get in one to two times the recommended level of physical activity had a 20% lower mortality risk.ⁱ



Even small changes to your diet can improve your health and extend your life. For example, one study found that eating a hot dog could cost you 36 minutes of healthy life, while choosing to eat a serving of nuts instead could help you gain 26 minutes of extra healthy life.ⁱⁱ



Friendships matter. One study estimated that the absence of social connections carried the same health risk as smoking up to 15 cigarettes a day. Loneliness led to worse outcomes than obesity.ⁱⁱⁱ



Consider talking to a therapist. Overall, one in four (24%) adults aged 65 and older reported anxiety or depression in August 2020.^{iv} And one study found that people with depression have a 40% greater chance of developing cardiac disease, hypertension, stroke and diabetes than the general population. In addition, the study found that mental illness can reduce life expectancy by up to 20 years.^v

WE ARE HERE TO HELP

At our firm, we are well attuned to the needs – both financial and nonfinancial in nature – of business owners like Greg at different stages in their journeys. We consider it our job as advisors to help meet these needs holistically. This means going beyond helping you with your financial plan to connecting you with other services and solutions related to managing, exiting and retiring from your business. We hope to hear from you.



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ⁱ For example, see: The American Cancer Society, "Study: Even a Little Walking May Help You Live Longer," October 19, 2017, <https://www.cancer.org/latest-news/study-even-a-little-walking-may-help-you-live-longer.html#:~:text=Participants%20who%20walked%20for%20less,particular%20importance%20for%20older%20Americans>. Accessed July 12, 2022.

ⁱⁱ University of Michigan, "Small changes in diet could help you live healthier, more sustainably," ScienceDaily, <https://www.sciencedaily.com/releases/2021/08/210818135224.htm>. Accessed July 12, 2022.

ⁱⁱⁱ Sohn, Emily, "More and more research shows friends are good for your health," The Washington Post, May 26, 2016, https://www.washingtonpost.com/national/health-science/more-and-more-research-shows-friends-are-good-for-your-health/2016/05/26/f249e754-204d-11e6-9e7f-57890b612299_story.html. Accessed December 16, 2022.

^{iv} Wyatt Koma , Sarah True , Jeannie Fuglesten Biniek, Juliette Cubanski , Kendal Orgera , and Rachel Garfield, "One in Four Older Adults Report Anxiety or Depression Amid the COVID-19 Pandemic," Kaiser Family Foundation, <https://www.kff.org/medicare/issue-brief/one-in-four-older-adults-report-anxiety-or-depression-amid-the-covid-19-pandemic/>. Accessed December 16, 2022.

^v Tulane University, "Understanding Mental Health as a Public Health Issue," January 13, 2021, <https://publichealth.tulane.edu/blog/mental-health-public-health/>. Accessed December 16, 2022.

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