

# 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 worries about its future and his former 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.** In a study conducted by the National Institutes of Health and Centers for Disease Control and Prevention (CDC), Americans aged 40 and over who walked 8,000 steps per day had a 51% lower risk for all-cause mortality compared to those who walked 4,000 steps or less, while those who walked 12,000 steps per day had a 65% lower risk.<sup>1</sup>



**Even small changes to your diet can improve your health and extend your life.** More than 80% of Americans' diets are low in vegetables, fruits and dairy.<sup>2</sup> Making small adjustments to your diet to incorporate the nutrients that you lack can be instrumental in helping improve your life expectancy.



**Friendships matter.** Loneliness has been linked to an increased risk of heart disease, stroke, type 2 diabetes, depression, anxiety, addiction, dementia, and early death. However, when adults are socially connected and engaged, they tend to experience less cognitive decline.<sup>3</sup>



**Consider talking to a therapist.** Around 14%-17% of adults aged 65 and older have been diagnosed with anxiety, with many adults in this age range likely not yet being diagnosed. They are more vulnerable to developing anxiety as many struggle with sleeping or are battling chronic diseases and impairments. To learn how to manage and treat your anxiety, please consider speaking with a therapist.

**At our practice, 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.**



## FOOTNOTES

- <sup>1</sup> Higher daily step count linked with lower all-cause mortality. (2020, March 24). National Institutes of Health (NIH). <https://www.nih.gov/news-events/news-releases/higher-daily-step-count-linked-lower-all-cause-mortality>
- <sup>2</sup> Kloss, K. (2023, December 22). 139 Nutrition Statistics you need to know in 2024. Livestrong.com. <https://www.livestrong.com/article/13731066-nutrition-statistics/>
- <sup>3</sup> Godman, H. (2023, October 22). Get back your social life to boost thinking, memory, and health. Harvard Health. <https://www.health.harvard.edu/mind-and-mood/get-back-your-social-life-to-boost-thinking-memory-and-health>

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## DISCLOSURES

\*Greg, the retired business owner, is a fictional character created for illustrative purposes only. He does not represent any real individual or client associated with Hightower Advisors.

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