

Retirement planning as an entrepreneur: An exceptional and stimulating endeavour

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Retirement is one of those phases of life that invites many perspectives. For some, it's the golden horizon they've been dreaming about, and working towards, their entire career - a chance to finally kick back, relax, and spend their days doing whatever they want. For others, the idea of ceasing work is unimaginable; a notion that contradicts their lifelong passion or sense of purpose.



Source: [Pexels](#)

Entrepreneurs fall into a particularly unique category when it comes to retirement. These are individuals who have often invested not just money but also their heart and soul into building their business.

For them, walking away from this lifelong project isn't just a career change; it's like leaving behind a piece of themselves.

Yet, the reality remains that even the most energetic entrepreneurs will need to slow down at some point in their lives. And unlike many salaried employees with retirement funds set up by their employers, entrepreneurs bear the full responsibility for planning their financial future.

So, while retirement may look vastly different for every entrepreneur, one common thread binds them together, and that is the absolute necessity to plan.

And irrespective of what your ideal retirement, or slower pace of life, looks like, there are a few common considerations to keep in mind:

1. Recognise that post-retirement is as important as pre-retirement. When planning for retirement, it's crucial to consider not only how you'll finance your leisure days but also how you'll fund the not-so-small details that come with getting older.

For example, are the appliances and car you own today going to last you through retirement?

Have you considered what your cost of living will be two decades after you stop working? And let's not forget the potentially sky-high medical costs that can come with advanced age. A good retirement plan digs deep into all these factors.

2. Consider all possibilities. It's tempting to think that your business will be your golden goose, ready to provide a massive lump sum upon your retirement.

But as the Covid-19 pandemic taught us, nothing is guaranteed. Your business value can be wiped out, or massively reduced, overnight. So, it's prudent to diversify your retirement savings across multiple avenues.

Fortunately, as an entrepreneur, you have many tools at your disposal to do this, ranging from retirement annuities, properties, shares and alternative investments, to unlocking value or income from the business you built. Remember that, when you don't have an employer pension fund, spreading your investment risk isn't just a good idea; it's essential.

Ultimately, retirement for entrepreneurs is not merely an age or a date on a calendar; it's a life phase that requires as much planning, if not more, than the businesses they've built.

Not only must that planning include financial foresight, but it also requires a conceptual shift in understanding what they want their life after business ownership to look like.

Just as entrepreneurs dedicate years to building their enterprises, they also need to invest the same rigour into meticulously planning the financial future they envisage.

Ensure that your retirement savings span multiple assets, sectors, industries, and even geographical locations. The last thing you want is to decide you're ready for retirement, only to realise that a market or sector slump makes that impossible because all your eggs are in that poor-performing basket.

3. Leverage your business wisely. If your retirement plan includes unlocking value from your business, be sure you understand its true worth and you've put the structures in place that allow you to achieve your financial goals.

Many entrepreneurs have an inflated sense of their business's value due to emotional attachment. Then there are also the many complications that come with a family-owned business.

You need to have honest discussions with the family members you have identified to succeed you, clarify the logistical aspects of your exit strategy with a details business constitution, and understand all financial implications of that exit strategy.

And if your business is a franchise, make sure that you fully understand the exit requirements and expectations of the franchisor.

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