

# SMALL BUSINESS RETIREMENT PLANS

## COVID-19 HAS CHANGED ENTREPRENEURS' PLANS FOR RETIREMENT

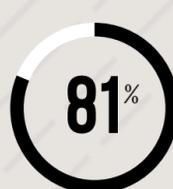
In 2021

**42%** Of business owners say they will retire later due to COVID-19

5% will retire earlier; 28% reported no change in plans

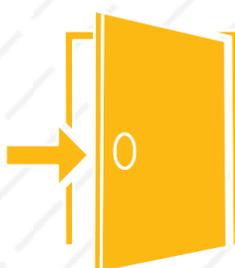
In 2018

**72%** Of business owners planned to exit their business in the next 10 years



Retirement was the main reason for exiting

## SELLING TO UNRELATED BUYER(S) OR SELLING/TRANSFERRING TO FAMILY ARE AMONG THE MOST COMMON PLANS FOR EXITING



- 40% Sell to buyer(s) unrelated to my family
- 15% Sell to employee(s)
- 13% Sell to family member(s)
- 12% Wind down (close) the business
- 12% Transfer to family member(s)
- 4% Other
- 20% Don't know/Unsure

Multiple answer question, data does not add to 100%

## ENTREPRENEURS CARE ABOUT MORE THAN JUST THE HIGHEST POSSIBLE PRICE WHEN SELLING THEIR BUSINESS

Protecting current employees



**88%** Very / somewhat important

61% Very important

Getting the highest price possible



**87%** Very / somewhat important

49% Very important

Ensuring our business remains in the community



**80%** Very / somewhat important

49% Very important

Selecting a buyer who will carry forward our way of doing business



**81%** Very / somewhat important

47% Very important

Ensuring the legacy our business has built will carry on



**78%** Very / somewhat important

45% Very important

## MAKING SUCCESSION EASIER FOR SMALL BUSINESS

Entrepreneurs support employee ownership trusts



**59%** of entrepreneurs support (strongly or somewhat) adopting a similar approach to employee ownership as that which is used in the U.S. and U.K.

The U.S. and U.K. have introduced policies and tax incentives to encourage owners to sell their businesses to all their employees for fair market value (employee ownership). The way these deals are structured, employees do not pay out of pocket upfront. Instead, a trust is formed to secure a loan to purchase the company's shares on behalf of the employees. Loans allow the owners to be repaid out of company profits over time.



1 in 2

entrepreneurs (53%) would be more likely (much more or slightly more) to sell their business to their employees if a similar model for employee ownership was introduced in Canada.