

How to retire successfully from your family business

When the owner of a family business retires, it could raise some critical issues within the business - issues that could threaten the long-term sustainability of the business, says Riana Grobler, senior marketing consultant for Old Mutual Corporate.

More often than not family owned businesses don't give succession planning enough attention and are then caught off-guard when the owner retires. Many family owned businesses fail at this critical transition. Fortunately, the challenges can be managed if the owner and the business plan well in advance for this event.

"Not only should the owner prepare a successor, but the owner should also have made adequate provision for their own retirement," she said. "Where owners have not made provision for their own retirement they may become an unsustainable burden on the business or successors, sometimes even resulting in the forced sale of the business in an attempt to raise sufficient retirement funds for the owner.

Implementing a retirement arrangement for the business is a good way to deal with this issue and also has the added advantage of helping the business to deal with unexpected events such as the the death or disablement of the owner and other key staff.

"A family owned business should see the implementation of a retirement arrangement for the owner and staff as a necessary part of growing a successful business" she added.

Grobler also suggested that business owners on the brink of retirement should consider gradually withdrawing from the business. By stretching out the retirement process over a number of years, the business will not only retain the owner's

valuable experience, but it will also enable the incoming generation or successor to hone their business skills and abilities.

"The smooth succession within a family business requires professional planning and a long term vision. A suitably qualified financial adviser can help the business develop an effective and sustainable retirement plan that will both take the business forward, and allow the owner to retire to enjoy the fruits of his labour," she concluded.

Old Mutual Corporate has a range of retirement solutions in the form of umbrella funds that gives family businesses and other SMMEs access to an existing retirement fund and risk benefits infrastructure and management platform, without the time consuming effort of running the arrangement themselves. Old Mutual's Easy Benefit Plan is a comprehensive, easy and affordable solution suited for small businesses, offering the business owner and their staff essential employee benefits such as Retirement Savings, Life and Disability Cover and Family Funeral Benefits.

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To find out more about Old Mutual's Umbrella Funds, speak to your financial adviser, sms 'Easy', your name and city to 32868, or contact Riana Grobler via email at rgrobler@oldmutual.com

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