

I want to retire.

Ken McCracken

I often have conversations with clients that begin with a statement of intent; I want to retire.

For some this means the traditional version of stopping work entirely, but it is not always that clear cut. For others, retirement might be better described as stepping back a bit but keeping in touch and taking an interest and always being available if needed.

If you are involved in a discussion about retirement, you might find the following excerpt from a discussion with Mr/s Jones to be helpful. Mr/s Jones of course does not actually exist, but you might recognise him/her.

Mr/s Jones: I want to retire.

Adviser: Why?

Mr/s Jones: Well, several people, including my family, have told me that I deserve to take it a bit easier and, you know, I am at an age.

Adviser: What would you do if you retired?

Mr/s Jones: I've got plenty to do. I could get back to doing some hobbies and spend more time at our holiday home.

Adviser: Sounds great and you deserve it after all your work. Can I ask, would you still want to be involved in the family business?

Mr/s Jones: Not much. Maybe a bit. Off and on. Now and again; just to help out. But I wouldn't want to, you know, interfere or get in the way. I could perhaps stay on as a consultant or a non-executive.

Adviser: So you want to sort of retire and continue to work?

Mr/s Jones: Yes, I suppose you could put it like that. There's nothing wrong with that, is there?

Adviser: Nothing at all. Have you discussed this with your family?

Mr/s Jones: It's really been the family who've have been pushing me to retire. They all think it will be good for me.

Adviser: OK, but have you discussed your idea of retirement with them?

Mr/s Jones: I don't think the family would want to push me out completely and they would probably expect me to remain involved in some shape or form.

Adviser: Great, but have you discussed it with them and agreed what days you will come in and who will decide what; that kind of thing.

Mr/s Jones: We don't really discuss these things, as such. It's always been assumed that this is what would happen, or at least I suppose I've always assumed that I'd retire this way.

Adviser: Hmm; I suggest being careful, in case the family have a slightly different understanding of your retirement. There is a lot to be gained by discussing this before you kind-of retire. Can I ask another thing?

Mr/s Jones: Go ahead.

Adviser: Can you afford to retire?

Mr/s Jones: I think so. I re-invested a lot in the business but I've also put some money aside. If I'm still working in the business and hold on to some shares, I'll still be paid a salary or dividend from time to time and there are also some expenses that go through the business.

Adviser: OK to try to sum up; you'll retire but continue working in the business. Anyway let me put the question another way. Are you financially secure independent of the business?

Mr/s Jones: I don't really know. I mean, I've always had enough to enjoy my lifestyle.

Adviser: I think you'll agree that it will be difficult to retire if you're still financially dependent on the business for your lifestyle. If you're serious about retirement you need to know what you're going to do, and the business needs to know if that will involve a continuing role of some sort in the business. If the business is going to help fund your retirement and pay you back for what you've invested over the years, then what you need must be balanced with what the business can afford. The business will have to make sure it has the cash flow to support the business and its expansion and to make sure that you have personal financial security.

Mr/s Jones: You don't think I'll ever retire, do you?

Adviser: Not at all. Like everyone else you'll retire in your own way, that's what happens. But you must make sure that your family is clear what you mean by retire. And the business needs to know if it will be helping to fund your retirement. Be up front and honest about these things because otherwise they're often the source of a lot of stress and can lead to arguments.

Mr/s Jones: I think I'll go and speak to the family.

Adviser: Sounds like a good idea.

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