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Planning
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RETIREMENT SATISFACTION PREDICTOR

Prepared for: _____

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Understanding Retirement Satisfaction

Congratulations on taking the first step toward understanding how satisfied you will be in your retirement. A recent study by PriceWaterhouseCoopers showed that 75% of business owners regretted selling their business 12 months after the closing. Why? Because they were not prepared for what retirement or life after business would be like.

This analysis is the first step toward understanding your perceptions and attitudes toward retirement and will help you make good decisions about your future.

Business owners view a business transition or "retirement" much differently than most Americans. For most business owners transitioning out of a business or retiring does not mean slowing down or endless days of rest and relaxation. Rather they see "retirement" as a new, active stage in their lives characterized by continued personal growth, personal reinvention and new beginnings in work and leisure.

A recent survey conducted by Harris Interactive revealed that an entirely new paradigm for retirement is emerging. The good news is that many people are experiencing long, fulfilling and exciting retirements. The bad news is that many business owners will not be fully satisfied with retirement because of inadequate personal planning.

The key findings are as follows:

- The concept of retirement as a "slowing down" is obsolete. Less than a quarter of those surveyed agreed with the idea of relaxing and doing nothing in their retirement years. Instead, respondents viewed retirement as a new chapter in life (38%) or a continuation of life as it is (40%).
- Approximately 95% of pre-retirees expect to work in some capacity during their retirement and money was not the sole motivator. Almost 50% said they intended to work in retirement even if they were paid nothing at all.
- Satisfaction with retirement is directly related to how financially prepared the respondent was for retirement. Over 60% of those who said they have more than adequate resources to support themselves in retirement reported that they were extremely satisfied with retirement. However, only 46% of respondents who reported that they had to cut corners in retirement indicated that they were satisfied with retirement.

It is important to realize that historically, retirement was something that relatively few people lived long enough to enjoy. Only one hundred years ago the average life expectancy was 47 years. As a result, most people worked until they became too weak to continue. Around the turn of the century, most adults spent about 3 years in retirement.

However, in the early 21st century, the average life expectancy is 76 years and the average age at which people choose to retire is 65. As a result, on average, you can expect to spend 11 years in retirement!

It is interesting to note that the modern concept of retirement as a time of leisure, travel, family activities, hobbies, and educational pursuits is the result of the passage of the Social Security Act

in 1935. With the creation of Social Security, the United States government created a financial incentive for older workers to encourage them to retire in order to enable younger workers to take their place. This was considered good national policy at the time because it stimulated economic growth and progress.

Deciding to Retire

Ever since 1935, retirement has become a stage of life that people look forward to, plan for, and experience after many years of work. Although eligibility for Social Security is one factor that contributes to the retirement decision, it is a relatively small one for most business owners. Other contributing factors include:

Financial Security

Evaluating one's financial ability to retire is often the first step taken when the retirement decision is being considered. For a business owner who has the vast majority of his net worth tied up in a privately owned business this is an important first step.

Health Status

Being diagnosed with a serious health problem or a debilitating illness can significantly influence one's decision to retire. For business owners this is particularly meaningful given the huge commitment of personal time and energy that a privately owned business requires. At the same time, healthy, energetic business owners often decide to retire in order to enjoy the fruits of their hard work before they develop future health problems.

Family Responsibilities

Sometimes the decision to retire is based on the needs of family members, for example, wanting to spend time with grandchildren or taking care of a sick spouse or aging parents.

Timing of a Partner's Retirement

For business owners, retirement is more of a joint experience than it is for most people. Many business owners decide to time their retirement to coincide or coordinate with the retirement of a long-time business partner. Despite a potential difference in ages, younger business owners are more likely to retire early so that they retire at the same time as a senior business partner.

Retirement Satisfaction

Frequently, people assume that transitioning to retirement is easy. For business owners, even more than most working Americans, retirement is a significant change that triggers all sorts of conscious and subconscious reactions. Despite the freedom and excitement that retirement offers, a significant period of adjustment is also required to become fully comfortable with this new stage of life. This adjustment to retirement is influenced by a number of factors including the following:

Personal Identity

For business owners, whether they are prepared to admit it or not, a great deal of their personal identity comes from their role in their business. Many business owners report that thinking about retiring is as stressful as going through a divorce or bankruptcy and raises questions about self worth, personal fulfillment, self actualization, and mortality. Identifying and wrestling with these

issues before retiring is important otherwise they can taint a business owner's enjoyment of retirement for years to come.

Marital Status

Being married in retirement contributes to successful adjustment to retirement and results in greater satisfaction. Men typically have greater difficulty with the loss of the work-related identity and have not developed alternative roles to depend on once retired. As a result, the social and emotional support of a wife is particularly important to a man's adjustment to retirement.

Financial Resources

The financial status of business owners during retirement significantly influences one's satisfaction with retirement. First, those with more retirement resources are likely to pursue enjoyable recreational and leisure activities while retired. Second, being financially secure increases the likelihood that the business owner will not have to change the lifestyle to which he and his family have become accustomed. Finally, receiving quality healthcare and support services is more likely for those with more financial resources. However, it is important to note, that financial security does NOT guarantee satisfaction with retirement AND is not required in order to enjoy one's retirement.

Involuntary vs. Voluntary Transition

Business owners who transition out of a business because of family responsibilities, financial difficulties, or poor health report having greater difficulty adjusting the retirement. In contrast, business owners who plan for retirement and voluntarily exit their businesses are three times more likely to be satisfied with the retirement experience and adjust more successfully to the role of retiree.

Contact with Others

Having a personal network of family, friends and business contacts contributes to retirement satisfaction. Although many business owners view retirement with a sense of anticipation and excitement, business owners often fail to realize how much they depend on and enjoy the daily contact they have with their work colleagues. It is important for both men and women to have a network of old friends as well as make new friends in retirement.

Having a Plan

Adjusting to retirement, like anything else in life, is more certain if one has a plan and set of well defined goals. For business owners in particular, it is important to create a retirement lifestyle that is challenging, rewarding, and vital. Developing a retirement plan, complete with personal goals, deadlines, and activities provides a sense of purpose and meaning to retirement. Whether it's working in the wood shop, getting involved in another business venture, volunteering in the community, or spending more time with grandchildren, it is important to feel valued and productive.

The Retirement Satisfaction Predictor

The following predictive model was designed specifically to help business owners determine if they are psychologically prepared to exit their businesses and transition into a new stage of life.

The following thirty-six questions that follow will gauge your attitudes, beliefs, and values with regarding transitioning out of a business or retiring. These questions are based on research performed by a wide variety of experts in the field of entrepreneurship, aging and retirement.¹

Understanding how you feel about retirement on both a conscious and subconscious level is important before you make any important plans about exiting or retiring from your business.

The Exit Planning Institute has worked with hundreds of business owners who were beginning to think about their retirement. Based on that experience and our independent research we have distilled their attitudes about retirement into six categories or groups:

1. Perspectives about Work and Retirement
2. Financial Preparation for Retirement
3. Expectations about Retirement
4. Friends, Family & Community
5. Health Concerns
6. Involvement during Retirement

The pre-retirement attitudes of business owners on these issues were then correlated with their subsequent satisfaction with retirement. The results of that research were then built into a model that can help other business owners predict their probable satisfaction with retirement.

Please read the following questions carefully and then circle one of the choices directly below it. The choices from left to right are Strongly Disagree, Disagree, Not Sure, Agree, and Strongly Agree. When you are finished with each section, add up your score using the scoring codes or values that appear above each group of questions.

¹ Atchley, R.C. (2000). *Social Forces and Aging (9th Ed.)*. Belmont, CA: Wadsworth. Connidis, I.A. (2001). *Family Ties & Aging*. Thousand Oaks, CA: Sage. Christine A. Price, Ph.D., OSU State Extension Specialist, Gerontology, The Ohio State University. "Re-Visioning Retirement Survey" sponsored by AIG SunAmerica and conducted by Harris Interactive and Dr. Ken Dychtwald, the nation's foremost expert on aging and retirement. Grace, Richard E. (2004) *When Every Day is Saturday, The Retirement Guide for Boomers*, San Jose CA, Writer's Showcase.

Group A - Perspectives

	1	2	3	4	5
1. During the last year, I took four weeks or more of vacation.	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
2. I always like to be busy.	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
3. I don't get sick very often.	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
4. I am optimistic about the future.	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
5. I do not get bored easily.	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
6. I enjoy spending time with my family.	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
7. I have one or more hobbies that I enjoy.	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
8. I have the drive and energy to take on new projects.	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
9. I will enjoy the freedom that comes from not needing to go into the office everyday.	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
10. I would not miss work if I didn't have to go to the office everyday.	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree

Add up your score for the questions in this section and enter it here: _____/50

Group B - Finances

	1	2	3	4	5
11. I will be able to retire without financial worries.	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree

12. I will have enough money to be generous to my family and/or favorite charity.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

13. I could afford to live in a nursing center for an extended period if I had to.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

14. My pre-retirement income and retirement income will be about the same.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

15. My retirement income will meet my financial needs.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

Add up your score for the questions in this section and enter it here: _____/25

Group C - Expectations

1	2	3	4	5
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16. When I retire, I expect that I will be pretty busy.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

17. Being in charge of something is not important to me.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

18. My retired friends seem to enjoy being retired.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

19. I plan to continue to work part time in my business as a transition to full retirement.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

20. I have friends who have retired early.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

21. My family wants me to retire.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

Add up your score for the questions in this section and enter it here: _____/30

Group D - Friends, Family & Community

1	2	3	4	5
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22. I intend to live close to my family and friends when I retire.

Strongly
Disagree

Disagree

Not Sure

Agree

Strongly
Agree

23. I intend to relocate to a different community when I retire.

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
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24. I want to get more actively involved in my community when I retire.

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
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25. I would like to own a vacation home in a different climate.

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
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26. I have family and friends with whom I would enjoy spending more time.

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
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Add up your score for the questions in this section and enter it here: _____/25

Group E - Health

1	2	3	4	5
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27. I worry about future health problems.

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
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28. I am afraid of being a burden on others.

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
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29. I have never suffered from depression.

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
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30. I lead a physically active life that includes regular exercise.

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
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31. My spouse is alive and in good health

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
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Add up your score for the questions in this section and enter it here: _____/25

Group F - Involvement

1	2	3	4	5
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32. Giving back to my community in some way is important to me.

Strongly Disagree	Disagree	Not Sure	Agree
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34. I enjoy volunteer activities.

33. I want to get involved in another business venture.

Strongly Disagree	Disagree	Not Sure	Agree
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Strongly Agree

Strongly Disagree Disagree Not Sure Agree Strongly Agree

35. Religious activities are an important part of my life.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

36. I'm got several projects that I would like to tackle when I retire.

Strongly Disagree Disagree Not Sure Agree Strongly Agree

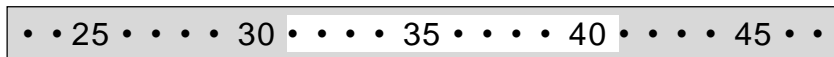
Add up your score for the questions in this section and enter it here: _____/25

Your Transition Satisfaction Score

Now that you have completed the questions, you can compare your score with those of other business owners who have provided similar data. Research has shown that respondents with scores that fall in the light colored range in each category are more likely to be satisfied with retirement. Scores that fall in the dark areas and that are at either extreme tend to be less satisfied with retirement.

For example if your score in the Perspectives Group was 39, you would be expected to have perspectives about transitioning out of your business or retirement that suggest you will adapt well to the change in your lifestyle. Your score for each group should provide you with some personal insight into areas that may contribute to your satisfaction with retirement.

Group A - Perspectives



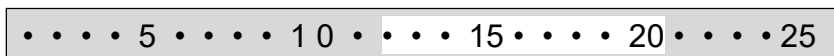
Group B - Finances



Group C - Expectations



Group D - Community



Group E - Health



Group F - Involvement





To ensure your likely satisfaction with a transition out of your business, your scores should be in the light colored range in all six groups. It is important to note that dissatisfaction with any single group can cause dissatisfaction with a transition or retirement in general. For example, even if you scored very high on all of the other categories, if you are constantly worried about your finances you may not be satisfied with a transition overall.

After you have had some time to think about what these results tell you about yourself, share your results with your spouse or someone else who knows you well. Ask for their thoughts regarding your responses. Many times discussing these issues with a trusted confidant can help change your perspective dramatically.

When you feel comfortable that the results are an accurate reflection of your attitudes and opinions about retirement, use what you know to as the basis for additional actions.

<p>Insert a brief description of your firm here Include your contact information</p>
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