

## Personal Finance for Business Owners

In the rush of day-to-day business activities, many small business owners may lose sight of what they had originally hoped to accomplish from their hard work. Over time, as a business grows, personal objectives that may have been suitable at one stage in life often change.

Do you ever stop to reevaluate and update your personal goals and priorities? The following are some key concerns of many small business owners:

**o Strengthening Personal Finances and Building Wealth.** Many business owners become so engrossed in running their companies that they inadvertently end up putting their personal finances on the back burner. This may occur if most of their liquid assets are tied up in the business. However, to achieve financial independence and build personal wealth, it is important to make personal savings a priority. By conducting regular financial reviews, and taking follow-up action as needed, you can help develop and strengthen *your* personal financial position.

**o Preparing for Retirement.** Many tax-deferred, *qualified retirement savings vehicles*, such as **simplified employee pension plans (SEPs)** or **401(k) plans**, are available to business owners and their employees. The size of a company, as well as the ages and salaries of its employees, often determines which type of retirement plan is best in a given situation. In addition, *nonqualified plans* allow business owners to provide *selective* benefits for themselves, as well as their key employees.

**o Developing an Exit Strategy.** Will your small business be marketable if and when you decide to sell? It is important to develop an “exit” strategy that can help provide cash commensurate with the value of your business in the event you choose—or are forced (due to death or disability)—to divest.

**o Retaining the Company within Your Family.** Your company, like many others, may be a **closely held business** operated by more than one family member. If you wish to keep your company in your family, it is important to learn about **transfer tax** issues and develop a **business succession** plan that will help secure your long-term goals and objectives.

### Stay Focused

As your company grows and develops, it is important to keep sight of your *personal* priorities, particularly as they change over time. Annual reviews can help ensure your business activities are consistent with your long-term personal goals and objectives.

BOGSUR03-CC Copyright © 2010 Liberty Publishing, Inc. All rights reserved.