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**SMALL BUSINESS OWNERS ARE UNPREPARED
FOR RETIREMENT**

BRYN MAWR, PA – February 28, 2012 – New research from The American College, the nation’s largest non-profit educational institution devoted to financial services, reveals that while the overwhelming majority of small business owners are concerned about retirement, a third of the women and a quarter of the men surveyed have not estimated how much they are going to need when they retire. This data suggests that millions of business owners are underprepared for retirement.

According to the U.S. Small Business Administration Office of Advocacy, in 2009 there were 27.5 million businesses in the United States. Small businesses represent 99.7 percent of all employer firms and employ about half of all private sector employees.¹

“The lack of retirement planning by so many people is stunning, especially since business owners have no one else to rely on when it comes to putting their retirement plans in place,” said [Mary Quist-Newins](#), ChFC®, CLU®, CFP®, Director of the [State Farm Center for Women and Financial Services at The American College](#). “When you consider that the mean age of our respondents is just over 50 you have to wonder, ‘What are these individuals waiting for?’ Retirement will be upon them before they know it. Small business owners need to start preparing for retirement now.”

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¹ <http://www.sba.gov/sites/default/files/sbfaq.pdf>

Additional findings from the research raise questions about the quality of retirement preparation being done by the majority of small business owners. For example, while 66 percent of the women and 70 percent of the men said they had developed an estimate of their retirement needs, only half of these individuals have done so with the assistance of a financial professional. A quarter of the survey participants used online calculators, which often have serious limitations in adequately projecting changes in inflation, taxes, medical expenses and income streams. The remainder arrived at an estimate by performing simple calculations themselves using pencil and paper.

Even more distressing is the fact that regardless of whether small business owners have calculated their retirement goals, most do not have a formal plan to achieve their financial objectives. Among the small business owners surveyed, 77 percent of the women and 74 percent of the men have no written plan for retirement.

In other study results:

- The cost of living is a major issue. The primary concerns expressed by roughly four in 10 small business owners are increases in the cost of living (40 percent female (F), 40 percent male (M)), higher health care costs (42 percent F, 38 percent M) and maintaining their current quality of life (37 percent F, 35 percent M).
- Just 37 percent of the women and 38 percent of the men think their retirement planning needs are complex. This suggests a potentially dangerous tendency to oversimplify an increasingly complicated financial planning situation that needs to account for inflation, medical expenses, longevity and asset management as well as the accumulation and distribution of income, long-term care and tax management.
- While just over half of small business owners reported being concerned about maximizing the value of their business to help fund retirement, only one in 10 women (10 percent) and one in five men (20 percent) had a written plan to transition their business upon retirement.

Quist-Newins continued, “Small business owners need to do more now if they hope to achieve financial security in later life. Without adequate preparation, they could see their ‘golden’ years turn into lead.”

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Financial Goals, Concerns and Actions of Women Business Owners is a 12 page report that summarizes some of the recent research conducted by the State Farm Center for Women and Financial Services at The American College. To view the full report, click on this link: <http://womenscenter.theamericancollege.edu/uploads/documents/Women-Business-Owners-Retirement-Study-022412.pdf>

Methodology:

This survey was conducted online within the United States by Ipsos on behalf of the State Farm Center for Women and Financial Services at The American College, between July 13, 2011 and July 22, 2011. 1,255 interviews were conducted (835 women and 420 men) among a random sample of panelists from reliable commercial research panel resources. “Business owners” were defined as individuals who own 50 percent or more of the business and who make or share in financial and other business decisions. All the businesses contacted in this survey have been in operation for three or more years and have annual business revenue of \$50,000/year or more. A full methodology is available.

About The American College:

[The American College](http://TheAmericanCollege.edu) is the nation’s largest non-profit educational institution devoted to financial services. Holding the highest level of academic accreditation, The College has served as a valued business partner to banks, brokerage firms, insurance companies and others since 1927. The American College’s faculty represents some of the financial services industry’s foremost thought leaders, including the State Farm Center for Women and Financial Services – the first and only academic institution devoted exclusively to the study of women and financial services. For more information, visit TheAmericanCollege.edu

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