



IPC Private Wealth Poll: Four in ten Canadian small business owners uncertain about retirement

More than a third of those surveyed don't plan to give up ownership until they are ill

TORONTO, October 1, 2018 – A majority of Canadian small business owners may be close to retirement, yet many are not ready to exit their business and are uncertain about their post-business life, according to a new poll by IPC Private Wealth of Investment Planning Counsel.

The survey revealed that 42 percent of Canadian small business owners are unsure about their future and their plans for retirement while more than a third – 36 per cent – don't plan to give up ownership until they are not well enough to manage their business.

“Succession planning for small business owners is a fundamental challenge,” says Sam Febraro, Executive Vice President of Investment Planning Counsel. “There is no cookie-cutter approach to developing a business succession plan; but for any small business owner, it is important to plan things early on and not in a hurry or at the last minute when emotions are high.”

The Business Development Bank of Canada estimated that almost 60 per cent of Canada's small and medium-sized business owners are aged 50 or older, and four out of ten are likely to leave their businesses within the next five years. With many entrepreneurs approaching retirement age, it's interesting to note that 21 per cent of them are not sure if they have enough money to retire and if their business will attract potential buyers.

When it comes to business transition, what small business owners fear most is the fact that their heirs will not want to take over their business. This is particularly true among high net worth entrepreneurs with more than \$1 million in investable assets -- 34 per cent of them say they worry that their heirs are not interested, slightly higher than the 28 per cent national average of business owners who share the same sentiment, according to the poll.

“Small business owners need to have a conversation with their heirs early on to determine whether they share the same passion for the business and if they have the skill set or are willing to be trained to take over the business,” says Paul Wylie, Senior Vice President of Business Development at IPC Private Wealth. “We suggest using a coach, someone removed from the family, to facilitate these conversations and stand as a family advisor, not just as a financial advisor.”

Other key findings in the IPC Private Wealth poll include:

- 42 per cent would rather sell their business; 31 per cent would prefer to pass it on to heirs or family members; and 27 per cent would like to shut their business down
- Those with more than \$1 million in assets are the most likely to sell their business (51%), while those with \$100,000 to less than \$250,000 in assets are most likely to pass it on to heirs (39 per cent)
- 48 per cent have no plans to seek the help of a financial advisor on business succession planning
- Only 36 per cent reported that their families were aware of their succession plan

I P C P R I V A T E W E A L T H

Survey methodology

A total of 300 well-qualified respondents across Canada were interviewed by the Environics Research Group using an online methodology from July 24 to August 2, 2018. To qualify for the survey, the respondents had to be 18 years or older, self-employed full time, and small business owners with up to 50 employees. The BDC statistics cited were from BDC's business succession study that was conducted in partnership with Nielsen among 2,500 Canadian entrepreneurs on their succession intentions.

About Investment Planning Counsel Inc.

Investment Planning Counsel Inc. (IPC) is an integrated wealth management company founded in 1996. IPC supports Advisors in delivering a distinctive client service experience by providing client-focused advice that helps Canadians live their dreams. With \$27.8 billion in assets under administration, IPC is a member of the IGM Financial Inc. (TSX: IGM) group of companies. IPC Private Wealth is a program offered by IPC Securities Corporation, a subsidiary of Investment Planning Counsel.

Contact:

Evelyn Juan

Proof Inc.

Phone: 416-969-2758

ejuan@getproof.com

I P C P R I V A T E W E A L T H

IPC Private Wealth is a division of IPC Securities Corporation. IPC Securities Corporation is a member of the Canadian Investor Protection Fund.

IPC PRIVATE WEALTH

IPC Private Wealth is a division of IPC Securities Corporation. IPC Securities Corporation is a member of the Canadian Investor Protection Fund.