



I need to sell my business to retire

You have worked hard to build your business – with the end goal being to take your foot off the gas and retire on the sale proceeds.

Yet no matter how much time, effort, and enthusiasm you have put in over the years, the impact of Covid-19 could've derailed your plans. Perhaps the current value of your business isn't what you'd hoped. Or you face an uncertain future, after being forced to close for months. This may

be particularly concerning if your business is in one of the sectors that has been hardest hit by the virus, such as travel, or hospitality.

However, there are options that may enable you to achieve your retirement dreams. Here, we look at some considerations, and how a wealth adviser can help you make plans to confidently step away from your business.

Clarify what you need

If you are an entrepreneur approaching retirement, you might have already estimated how much you need from the sale of your business. Chances are, this is a significant sum, but calculating the actual amount to produce the income you desire can be difficult.

A wealth adviser can help by producing a personal cashflow forecast to clarify your thinking ahead of a sale. This gives an indication of whether the potential proceeds from a sale are likely to be sufficient to fund your desired lifestyle. It will factor in various scenarios, alongside your existing investments, pensions and savings.

The amount you need is often far smaller than you think it needs to be.

Reduce your retirement spending

The use of financial forecasting can also determine your other options. These may include, for example, the impact of working for a few more years, or cutting your retirement spending by, say, 10%, to meet any shortfall from your business sale.

Bear in mind that spending typically falls in retirement. There will be bills you will no longer need to pay when you stop working, with mortgages and loans typically paid off, and other unnecessary costs that could be cut. You may also stop paying into your pension, and ploughing money into the business. So trimming your spending could be a relatively simple process.

Delay your sale

If you simply cannot sell your business in the current climate, you will need to carry on working until you can, or find another way to unwind the company.

However, it may be your choice to delay the sale until the crisis has passed. This could give your business time to recover its value. Bear in mind that this is a unique healthcare crisis, but far from the first crisis that markets have weathered. The current environment may not impact on your future plans, if they can be postponed.

Continue to adapt

No-one can know with any certainty what lies ahead, as the outbreak of Covid-19 underlined. You may be fearful of the future, and whether there could be other crises **ahead** to endure. However, adapting to change is part of being a successful business owner. With the right advice, your plan can be continually updated, and you may be able to safeguard your business against future shocks.

Consider your other assets

You have probably got other investments and pensions alongside your business which may be used to fund retirement. For example, these could include ISAs, individual shares, savings, and other assets, and you will also be entitled to the state pension at retirement. With careful management and advice, you can maximise your various tax allowances in retirement, and receive a higher income than you may have thought.

Your tax-free allowances include the £12,500 personal allowance, £2,000 dividend allowance, and £1,000 personal savings allowance (PSA) for basic-rate taxpayers (reducing to £500 for higher-rate taxpayers).

You may have a holiday home you could rent out, say, or the ability to downsize from your current home to another property to release a chunk of equity. This is a popular option for those keen to retire but unable to find sufficient funds at the right time from their business and investments.

Ask the experts

Your self-reliance, determination and resilience are likely what led you to build your own company. These characteristics will also help if you are facing financial difficulties from the impact of Covid-19.

With so much at stake, our wealth advisers can assist you through every stage of a business exit, from the initial research and investigations right through to advising on investing the proceeds post-sale. And if we can't help directly, we can provide contact details of professionals who can.

With our help, good financial planning can help you move forward with confidence. And the earlier you start planning the better.

The value of investments and any income from them can fall and you may get back less than you invested.

Please note that this document was prepared as a general guide only and does not constitute tax or legal advice. While we believe it to be correct at the time of writing, Brewin Dolphin is not a tax adviser and tax law is subject to frequent change. Tax treatment depends on your individual circumstances; therefore you should not rely on this information without seeking professional advice from a qualified tax adviser.

No investment is suitable in all cases and if you have any doubts as to an investment's suitability then you should contact us.

The information contained in this document is believed to be reliable and accurate, but without further investigation cannot be warranted.



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