

What it means to be a baby boomer!



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Given that the average age of business owners within Australia is currently 56, it is more likely that you will be a “Baby Boomer” business owner yourself. This can pose a number of issues for you and your business. By considering these issues, “Baby Boomer” business owners are taking proactive steps in reducing the dependency on those individuals who may retire in the near future.

The term “Baby Boomer” is used to define a generation from a demographic perspective. It is a widely held belief that this generation commenced prior to the end of the Second World War and concluded with the introduction of the contraceptive pill and the incline of female employment within Australia. Baby Boomers were born after 1943 and before 1960. This generation represents 22.8% of the population within Australia.

The stats are scary!

57% of business owners are expected to retire within 10 years, 68.2% have not chosen a successor leading to a glut of businesses for sale and only 17.7% of business owners have a succession plan. These are some of the many statistics that confirm succession planning is a major strategic event facing Baby Boomer business owners and managers.

What Baby Boomers need to do?

The aging Baby Boomers will have a significant impact on the number of businesses available for sale over the next ten years. To determine your succession planning need, ask yourself 3 questions:

1. Am I a Baby Boomer in business?
2. Is my business my major source of income and wealth?
3. Am I relying on the sale of the business to fund part or all of my retirement?

If you have answered yes to the above questions then you need to consider your succession options. The common beliefs we encounter when we discuss these issues with business owners are:

- I believe I have everything under control; or
- I don't need help as I have made it this far; or
- I believe my current plans are sufficient.

The problem we encounter is that the vast majority of people in older generations had the same beliefs, but the reality is, seldom few actually attain the level financial security to provide them with the lifestyle they were hoping for. Unfortunately, what we uncover is that most people are really just leaving things to chance and end up settling for less.

We strongly believe that to think that someone can provide all the answers is un-professional, short-sighted and bordering on arrogance, as there are too many complexities and contingencies which impact how the future will unfold.

At HBA Encompass we do not provide unrealistic promises about being able to ensure our clients goals will be achieved. We can state that we have successfully assisted many clients in the past achieve their ambitions, however it is negligent to think this can be done in all cases.

What we do offer is a systemised approach, to identify objectives, plan out steps to enable goals to be achieved and monitor progress so plans can be improvised along the way. We are confident that this is a far better approach to the alternatively of leaving things to chance, which is something we see too often.

Sources:

Baby Boomer: www.abs.gov.au