IT'S YOUR LIFE

Retirement Contingency Planning

A lot of business owners intend to use their business as their retirement plan—to sell it and use the proceeds for retirement. So they take a smaller salary and reinvest the profits into the business. But what if they do sell and the proceeds are insufficient for retirement? Many things can happen to cause a business to be worth less to someone else than it is to the current owner, including:

- New competition
- Obsolescence of industry – new technology
- Owner's special skills can't be duplicated
- Clients' loyalty to current owner
- Climate change (e.g., business located in an area that may be susceptible to future weather and climate extremes)
- Geography
- Economic conditions

Business owners may want to consider **retirement contingency planning**. This usually involves taking a larger salary and putting it into other types of diversified assets, such as:

- Qualified retirement plans
- IRAs (SEP, SIMPLE, Roth)
- Non-qualified annuities
- Investment real estate (rent as a source of retirement income)
- Individual stocks and bonds
- Stock and bond mutual funds

And there's another option that could prove to be valuable to your retirement planning: **cash value life insurance**. Cash value life insurance is often overlooked as a source of supplemental retirement income. It is a versatile product that can provide benefits to you and your family on a tax-favored basis. If you die too soon, it can help replace the income that your business provided to your family, tax-free.

If, like most people, you live to retirement and beyond, you can use the policy's accumulated cash value as a source of retirement income.

Many people live frugally in retirement, not because they don't have assets, but because they want to make sure to leave an inheritance to their children. The life insurance death benefit can provide an inheritance, even if the rest of your assets are spent for retirement.

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