2025 PRINCIPAL® BUSINESS OWNER INSIGHTS

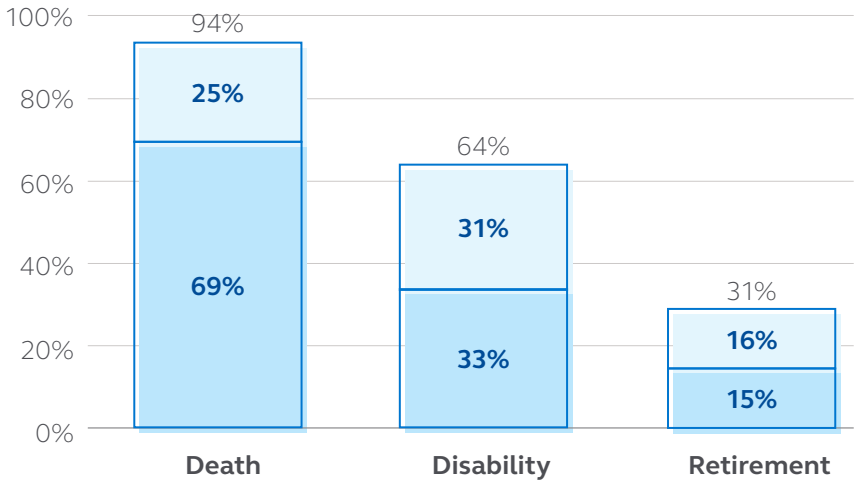
How prepared are you to **exit your business?**

You have a lot to consider when planning to successfully transition out of your business—like preparing a plan, determining a value for the business, and how you'll fund your plan. It's also important to consider: **Is your business your retirement? Are you and your business ready for what comes next? How does your progress stack up to that of other business owners?** We asked 1,000 owners about their plans*.

Top transition events

Most buy-sell agreements address the plan for transitioning at death but often overlook the possibility of a disability or what will happen when an owner retires. **Planning for all three possibilities will help ensure a successful transition of your business.**

Percentages of business owner agreements that cover these **top transition events** and whether they're **mandatory or optional.**



- Optional triggering events
- Mandatory triggering events

Source: Review of over 2,770 buy-sell agreements by Principal, January 1, 2014 - December 31, 2024.

Have you started thinking about retirement?

Today, you may think you're going to work forever. But as the years go by, your plans might change.

A record low 11% of business owners don't plan to retire. For the rest, over half (54%) say retirement is 11 or more years away. Knowing how your business fits into your retirement is a good reason to ensure you have proper planning in place.

* 2025 Principal Business Owner Insights survey, conducted by Dynata. principal.com/ownerinsights

If you're within 10-20 years of retirement

Now's the time to determine the value of your business so that it can eventually help to fund your retirement. Here are some of the steps other business owners have taken to start the planning process:

Create a business succession plan

65% of owners have a business succession plan.

Of those who have a plan, **93%** are either somewhat or very confident about their exit strategy. Three reasons provided for being confident include: "I have a good plan," "my business is strong," "my family will take over."

Periodically review your plan

Of the owners with plans, **25% haven't reviewed their plan** in over two years.

The most popular succession strategy is **gifting the business to family members**. Thirty-two percent of owners said this was their plan. If family succession is your plan, do you know how you'll replace your income without a buyout for the business?

Let's connect

If you haven't started planning or still have some planning to do, we can help! Complimentary services from Principal offer a good starting point. **Ask your financial professional** about requesting an **Informal Business Valuation** and/or a **Buy-Sell Agreement Review.**

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The survey was conducted by Dynata and included 1,000 online interviews conducted in January 2025. Results were weighted based on the number of employees and annual revenue. Potential respondents for this survey were selected from among those who have agreed to participate in Dynata surveys. Because the sample is based on those who agreed to be invited to participate, no estimates of theoretical sampling error can be calculated.

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