



Retirement Planning for an Agent

I have decided it's time. In five years, I am going to hang up my hat and sell my agency. When my spouse asked me why, I explained that things have changed a lot over the years, and I haven't. Then she asked, "Well, what are you going to do all day?"

It was a good question. I have heard many stories about people who seemingly die from boredom shortly after they retire. The one thing I know is that I do not want to sit around and deteriorate.

Maybe I'm too young to retire. I probably won't have enough money from the sale of my agency to relocate and stop working. Before I do anything, I should find out what my agency is worth.

I always hoped my son would take over my agency someday, but that ship has long since sailed. I'm not sure if I would even want him to take over with all the changes that lie ahead. There are just so many unknowns...

I have enjoyed this journey, but the more I think about selling, the more doubts I have. I've made many friends over the years and my faithful clients have been with me so long. I am not making what I used to make, but at my age, where can I go and make the same amount of money? When I think about it, I haven't had a real job in 25 years. Insurance is all I know. Maybe, I should just hang in there, but my book keeps shrinking, and I wonder how much smaller it will be in five years. Sarah has been with me 16 years. She's a better agent than me – maybe she would buy me out. If I help get her approved, she might do it. I should discuss it with her soon. But what if she turns me down and decides to leave when I tell her I want to retire? She might say she needs to know that her job is secure and stable – and what if my other employees feel the same way? If it all blew up in my face and they all left, it would be like starting all over again.

I really need to put more thought into this. I wish the company had a department that would offer advice to retiring agents. Maybe my market leader has some solid advice. However, I don't know if I can trust him because I hardly know him. On second thought, it might be a bad idea to alert management; they may think I'm not focusing on my agency. One thing is for certain, I want to leave on my own terms. I don't want somebody telling me it's time to go.

I think I know what's best for me... I just don't know how to get there from here. What I really want is to transition to the next phase of my life.

The foregoing questions are but a fraction of the thoughts many business owners consider when they think about transitioning to retirement or to a new career. What I have learned is that when it is time for us to make that critical decision, it will affect our spouses, children, and for some of us, our mental or physical health.

Many of us have dedicated our working lives to the companies we represent. In our communities, we are identified by this. For some of us, the transition is like leaving our legacies behind and walking into to the unknown. For others, it is a timely business move that will provide financial security in our golden years. All I know is that I want to be prepared so that my family's future is secure.

Let me tell you a true story about Christie. Christie's husband purchased an agency in 2012 after he left IBM. He had a great first year and landed in the top 10 percent nationally. In his second year, he was diagnosed with cancer and opted to undergo treatment.

The company supported the family with resources and guidance during this time. The biggest concern was that he did not have clear plan for his business. He kept a positive outlook and refused to accept defeat from the cancer. Eleven

months later, he passed away.

One thing I remember fondly about him was that he was bull-headed. Once he made up his mind, it was made up. I regret that I was unable to convince him to write down some transitional instructions for his family. After he passed, the family was understandably in mourning. Unfortunately, businesses do not mourn; they move forward, backward, or they stagnate – but they continue.

Because there was no plan, the family didn't know the computer passwords, payroll amounts or the amount of his business loan. As a result, the agency payroll was weeks late and emails went unchecked for four weeks. Keep in mind, this was a \$4 million agency.

The agent wanted his 21-year-old son to take over the business, but he was far from ready. He did his best, but had no experience in sales, insurance, or agency management. He was doomed to fail. Six months later, after losing \$600,000 in premium, the agency sold at a \$300,000 discount.

This is a sad story, but one that could have been prevented with proper planning. As my friend Bill Gough says, "Transition planning is like life insurance for your business." Like clients who put off their life insurance needs, there are agents who are guilty of putting off transition planning for their businesses. I hope you won't make the same mistake because it could be costly.

To learn more, search online for Death and Transition Plan, Succession Planning for Business Owners. [Ef](#)

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