



## How Baby Boomers Will Change the Small Business Landscape

small business business customers

**Summary:** Baby boomers are retiring at a rate of 10K per day, and along with those retirements will be a wave of small businesses passing on to younger generations. CFIs should identify small business customers likely to be impacted by baby boomer retirements and preemptively take steps to ensure those businesses will remain with their organizations long after their current owners have left the workforce.

There is always someone who is the first to do something, and in the case of Kathleen Casey-Kirschling, her “first” was being born. When Casey-Kirschling came into the world just one second after midnight on January 1, 1946, a mere five months after the end of World War II, she was the first of approximately 3.4MM babies born that year. She is the [first official baby boomer](#) — the label given to the roughly 76MM born between 1946 and 1964.

A former school teacher, Casey-Kirschling stopped working at age 62. With her 77th birthday just weeks away, millions of baby boomers have once again been following her — this time, into retirement. As baby boomers exit the work world at a rate of [10K retirements per day](#), a major transfer of wealth has begun as boomers have started the process of shifting assets to younger family members. If community financial institutions (CFIs) want to remain part of the equation when these businesses change hands, they need to be proactive in their efforts to make themselves relevant to the new business owners.

### The Boomer Landscape

With roughly [40% of small businesses and franchises owned by baby boomers](#), a large portion of the assets transferred will be the businesses themselves. While most baby boomers likely expect to pass along their small businesses to younger relatives, some may discover their heirs are not interested in taking the reins. A recent [report from SmartAsset](#) found that younger generations, such as millennials, are more interested in careers within flexible industries like healthcare, technology, and media. As a result, many baby boomer business owners will need to find alternatives for the future of those organizations. For CFIs, this means the potential loss of many of the small businesses they currently count as customers.

### Relationship Transfers

Now is the time for your CFI to make plans to try and retain baby boomers’ assets, even after they have changed hands. The easiest way to determine the future plans of baby boomers is to ask them, which can be done by reaching out and offering retirement and wealth management services.

The following are a few ways CFIs can help their baby boomer customers prepare to hand over the keys to their small businesses:

- **Succession planning.** Of the 2.3MM small businesses in the US, roughly [60% have no succession plans](#). Offering to address this gap provides CFIs a natural way to reach out to customers in the baby boomer age

range. Find out what they are planning for their businesses and offer assistance with succession planning and transitioning.

- **Personalizing technology for new ownership.** Assisting businesses with succession planning not only enables your institution to solidify relationships with existing small business owners, but it can also help begin building relationships with their successors. CFIs should assume younger business owners will be aware of the latest digital offerings among fintechs and nontraditional financial institutions. Your institution should take the time to identify which offerings are most important to this group to ensure your own offerings are competitive. If your CFI is behind the curve on technology, maintaining relationships with small businesses owned by baby boomers will prove extremely difficult once they are taken over by younger generations.
- **Retirement planning and wealth management.** Since many individuals nearing retirement are behind in financial planning or have seen their savings and plans impacted by the pandemic or recent market downturns, advisory services related to wealth management and estate planning are a good way both to demonstrate your organization's expertise and gather important data about baby boomer customers.

As the businesses of baby boomers pass hands to younger generations, CFIs should actively do their homework to determine who the future owners of these businesses will be and what younger generation business owners value most in their banking relationships. Overlooking small business accounts that are poised to change hands in advance of such transfers — and begin relationships with incoming their owners before they take control — could mean lost opportunities.

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## ECONOMY & RATES

Rates As Of: 12/08/2022 06:38AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	4.29	-0.08	4.23
6M	4.72	0.02	4.53
1Y	4.67	-0.04	4.29
2Y	4.27	-0.05	3.53
5Y	3.66	-0.08	2.39
10Y	3.45	-0.16	1.94
30Y	3.44	-0.30	1.54
FF Market	FF Disc	IORR	
3.83	4.00	3.90	
SOFR	Prime	OBER	
3.80	7.00	3.82	

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