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U.S. Trust Study Finds Entrepreneurs Choose Career Path of Most Resistance
*Business Owners Willing to Work Hard for Greater Control of Their Destiny;
Biggest Concerns Are Unknown Impact of Presidential Election, Cybersecurity;
Less Than Half Have an Exit Strategy*

NEW YORK – In its annual [survey of high net worth business owners](#), U.S. Trust found that business ownership can be challenging, but most entrepreneurs wouldn't consider any other line of work and have personally invested themselves and their families in their businesses. While there are distinct differences between younger and older owners, entrepreneurs of all ages share a strong desire to control their own destiny.

The study of 242 high net worth business owners with at least \$3 million in investable assets, part of the [2016 U.S. Trust Insights on Wealth and Worth®](#) survey, found what worries entrepreneurs most is what they don't have control of: The unknown impact of the 2016 presidential election and a breach in cybersecurity, both of which could have significant implications for their business and personal financial interests.

Business ownership in their DNA

The majority (95 percent) of business owners surveyed founded or acquired their companies. While few inherited their business, 70 percent of business owners say their upbringing was very influential in their success, and family plays a central role in business ownership.

- Forty-two percent of business owners have a family member involved in their business in some capacity, such as a senior manager or employee.
- Involvement of family members can both complicate decision making, as well as be a competitive advantage.
- Many business owners have used their own or family savings to finance their business; however, they have also raised money from venture capitalists and private equity firms, in addition to bank financing to support business expansion.

“Entrepreneurs tend to think of their business as an extension of themselves and their family, often their greatest source of motivation and strength so characteristic of successful owners,” said Keith Banks, president of U.S. Trust. “The hard work and sacrifices needed to create and build a business make being an entrepreneur very much a family affair.”

Seventy-four percent of entrepreneurs agree that owning a business is harder than working for someone else; however, business owners don't regret their career choice.

- Four in five¹⁰ say that given an option in an ideal world, they would choose to own a business.
- One in three surveyed business owners previously owned at least one other company.

There are many benefits to business ownership. Eighty-three percent of people say that owning a business can make you wealthier than working for someone else. However, that doesn't appear to be a business owner's primary motivation. Their top reasons are to control their own destiny, pursue their passion or because they simply evolved into ownership.

Top concerns are unknown external impacts

The top concerns on the minds of entrepreneurs today are the unknown, unquantifiable impacts of events and circumstances largely beyond their control. The survey found that among all those surveyed, the top concerns are:

- Outcome of the U.S. presidential election (66 percent).
- Cybersecurity breach (64 percent).
- Personal income taxes (61 percent).
- Employee health care costs (57 percent).
- Government regulations (55 percent).

Younger entrepreneurs (millennials and Gen X) are far more concerned than older business owners about external impacts on their business, particularly government policies and regulations including U.S. trade policies and corporate tax rates.

Overall, only about 35 percent of entrepreneurs are concerned about a rise in the minimum wage rate or access to capital.

Always have an exit: Generational shift in planning

U.S. Trust found that the majority of business owners (63 percent) don't have a formal exit strategy, including plans to sell or transfer ownership and leadership of their companies. As many as 71 percent of business owners age 52 or older have not put a succession plan in place.

The findings suggest that many older business owners equate succession planning with retirement and/or end-of-life planning and therefore put it off. This is reflected in their reasons for not developing a formal succession plan: No plans to retire soon (43 percent) and their wishes for their business are outlined in a will (29 percent).

Conversely, younger business owners (millennials and Gen X) are more likely to have a succession plan than their older counterparts, possibly to take advantage of strategic opportunities. U.S. Trust found that one in three younger entrepreneurs plans to sell or transfer ownership of their company within the next three years.

“For many business owners, contemplating retirement and ceding control of their company isn’t in their nature” said Karen Reynolds-Sharkey, national business owners strategy executive at U.S. Trust. “What business owners need to understand is that creating a succession plan isn’t synonymous with closing up shop. It’s about ensuring the sustainability of one’s life work and being prepared for the next chapter.”

A majority of many business owners’ personal assets are tied to their business and may have risks they are overlooking. The survey found:

- About two in five entrepreneurs say they are better at managing their business than at managing their own personal finances.
- Only 44 percent have discussed management of liquidity events with a professional advisor.
- Seventy-four percent of entrepreneurs use different financial firms to manage their business banking and personal banking needs.

“Building and sustaining personal wealth and building a successful business go hand in hand, and when managed separately, it’s easy to drop the ball on one area or the other,” said Banks. “We know that business owners have diverse financial needs that don’t fit neatly into the way most financial firms are organized. Having a dedicated, trusted adviser who shares a vision of the bigger picture can help connect the dots between an owner’s personal and business lives so that both reach their full potential.”

The complete 2016 U.S. Trust Insights on Wealth and Worth survey findings can be found at www.ustrust.com/survey.

Survey Methodology

The 2016 U.S. Trust Insights on Wealth and Worth[®] survey is based on a nationwide survey of 684 high net worth and ultra high net worth adults, of which, 242 are business owners, with at least \$3 million in investable assets, not including the value of their primary residence. Respondents were equally divided among those who have between \$3 million and \$5 million, \$5 million and \$10 million, and \$10 million or more in investable assets. The survey was conducted online by the independent research firm Phoenix Marketing International and completed in February 2016. Asset information was self-reported by the respondent. Verification for respondent qualification occurred at the panel company, using algorithms in place to ensure consistency of information provided, and was confirmed with questions from the survey itself. All data have been tested for statistical significance at the 95 percent confidence level.

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