

## Retirement Savings of Family Business Owners after the Great Recession

Kyoung Tae Kim, University of Alabama<sup>1</sup>  
Jae Min Lee, Minnesota State University, Mankato<sup>2</sup>

This study is aimed to identify business related and family related factors contributing to retirement savings of family business owners framed by the Sustainable Family Business Theory (SFBT). This study also provides the recent trend in retirement savings of the family business owners, especially a recovery period after the Great Recession. Using a pooled dataset of 2010 and 2013 Survey of Consumer Finances (SCF), a total of 2,787 households who own a family business and are involved in active management were analyzed. The log total dollar amount of quasi-liquid retirement accounts, including pensions, IRAs, and Keoghs, to measure the amount of retirement assets was used as a dependent variable. The independent variables included the business-related factors (type of organization, financial intermingling, and years of business) and the family-related factors (head age, education, racial/ethnicity, marital status, expected retirement age, use of financial planner for saving/investment decision, and risk tolerance) based on the SFBT and previous studies (Kim & DeVaney, 2003; Olson et al., 2003). Ordinary Least Squares (OLS) regression model with Repeated Imputation Inference (RII) was used to test the effect of the family and business related factors on the amount of retirement asset of the family business owners. Compared to the total sample, family business owners had higher amount of retirement asset, higher rate of Individual Retirement Account (IRA) ownership and higher rate of respondents setting retirement as a main saving goal. Both business and family related factors had significant impacts on retirement savings of the family business owners. This study suggests empirical evidence for the importance of interdependence between the family and the business for retirement saving decisions and for further analyses on retirement savings of family business owners such as retirement age, pension ownership, and retirement adequacy. Findings contribute to better understanding of family business owner's retirement planning as well as to discussions to improve their retirement decisions.

### References

- Kim, H., & DeVaney, S. A. (2003). The expectation of partial retirement among family business owners. *Family Business Review*, 16(3), 199-210.
- Olson, P. D., Zuiker, V. S., Danes, S. M., Stafford, K., Heck, R. K., & Duncan, K. A. (2003). The impact of the family and the business on family business sustainability. *Journal of Business Venturing*, 18(5), 639-666

<sup>1</sup> Assistant Professor, Department of Consumer Sciences, University of Alabama, 312 Adams Hall, Tuscaloosa, AL. 35487. Phone: (205) 348-9167, Email: ktkim@ches.ua.edu.

<sup>2</sup> Assistant professor, Department of Family Consumer Sciences, 120 Wiecking Center, Minnesota State University, Mankato. Mankato, Minnesota 56001. Phone: 507-389-3926. Email: jae-min.lee@mnsu.edu