

TD BANK: FINANCIAL PREPAREDNESS SURVEY

ANALYSIS OF RESULTS

APRIL 2025



America's Most Convenient Bank®

TABLE OF CONTENTS

SECTION

SLIDE

RESEARCH METHODOLOGY

3

KEY FINDINGS

4

DETAILED RESEARCH FINDINGS

11

SMALL BUSINESS OWNERS ARE LESS FINANCIALLY PREPARED THAN THEY'D LIKE TO BE

12

HOW SMALL BUSINESS OWNERS TACKLE FINANCIAL PREPAREDNESS

19

SMALL BUSINESS OWNERS EXPECT MACROECONOMIC ENVIRONMENT TO IMPROVE, AND THEIR BUSINESS WITH IT

24

OPTIMISM STILL COMES WITH CHALLENGES

29

AI IS BEING USED, BUT NOT TO ITS FULL POTENTIAL

33

RETIREMENT IS AHEAD, WHERE IS THE SUCCESSION PLAN?

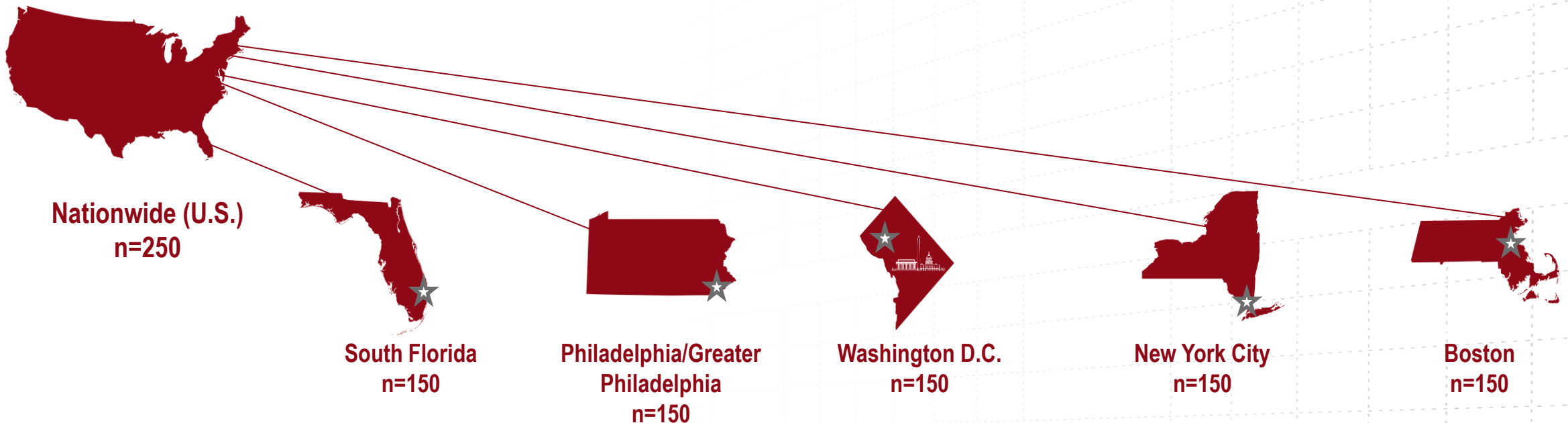
36

APPENDIX

42

RESEARCH METHODOLOGY

The TD Bank Financial Preparedness Survey was conducted by Wakefield Research (www.wakefieldresearch.com) among small business owners (100 employees or fewer), with revenues of \$100,000+ annually, 250 respondents from nationwide and 150 respondents in each of the following: New York City, Boston, Washington D.C., South Florida, Philadelphia/Greater Philadelphia, between March 7th and March 20th, 2025, using an email invitation and an online survey.



The margin of error for the survey is +/- 3.1 percentage points at the 95% confidence level. Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 6.2 percentage points in the nationwide sample and 8.0 percentage points in New York City, Boston, Washington D.C., South Florida, Philadelphia/Greater Philadelphia from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

KEY FINDINGS



America's Most Convenient Bank®

KEY FINDINGS

Small business owners struggle with financial preparedness. They have emergency savings, but not as much as they think they should, and are looking for financial guidance.

Just about all small business owners rate their firm's financial fitness for the next 12 to 18 months as prepared (94%). But kick the tires and just 19% have emergency savings that would last more than six months, even though 30% think they should have that much, or more. Small businesses may be closer to the edge than they'd like to admit. For 72% of owners, they can fall short of anticipated revenue for only two quarters or less before they become concerned about the future of their company. And 43% can only fall short for three or four quarters before they start thinking their business wouldn't survive at all.

For a majority of small business owners, they are the sole person primarily responsible for managing the financial preparedness of the company. Even though the biggest share of owners assesses their financial preparedness monthly (36%) or quarterly (29%), they are finding it difficult to be financially ready for adversity. The biggest challenges to financial preparedness are anticipating and adapting to customer preferences (35%), prioritizing growing their business (34%) and getting advice from a trusted financial partner (33%).

KEY FINDINGS

Small business owners need loans to boost growth, as well as maintain operations. For financial advice, more plan to consult AI in the next 12 to 18 months than to hire a financial advisor.

The top priority for owners is increasing cash flow (22%). Of the 82% of owners who are likely to apply for a loan or line-of-credit in the next 12 to 18 months, some are looking to fund growth like expanding into new markets (33%) or undertake a financial technology upgrade (33%). But nearly as many are just looking to make payroll (32%) and their top reason for securing a loan is to maintain operations (38%). Overwhelmingly, owners are confident they would be approved (87%).

Owners are looking for financial advice and guidance on best practices. The top source they turn to is a banking or financial partner (46%), slightly fewer consult other small business owners (45%). Another 30% are going to generative AI applications like ChatGPT for advice. In fact, using generative AI as well as apps, websites and other budgeting tools is the top step small business owners intend to take in the next 12 to 18 months to improve their business outlook (42%), while hiring a financial advisor ranks much lower, at 27%.

KEY FINDINGS

Small business owners expect the macroeconomic environment to improve over the next 12 to 18 months and their business to also improve and grow during that time.

The economic picture is fairly rosy for small business owners, with 71% anticipating the climate to improve during that time. That's despite the larger economic forces they expect to have the greatest impact on their business. Increasing costs of supplies and materials will impact 45%, as well as increasing costs due to tariffs or a trade war (45%).

A strong majority think changes in policy from the new presidential administration will be positive for their business (79%). Nearly three-quarters of owners believe their business will profit over the next 12 to 18 months (74%). Hiring is likely to continue, with 71% of owners expecting to increase the size of their workforce in the next year to year-and-a-half. Costs of employee-specific payments can be financially taxing for small business owners. Their biggest burden is health insurance (40%).

KEY FINDINGS

Even with the optimism small business owners project, they know challenges await.

Looking toward the next 12 to 18 months, uneasiness about economic conditions -- including inflation and interest rates -- is the biggest financial concern for 24% of owners. The biggest operational concern for owners during that time is investing in marketing (22%). But it's closely followed by owners' concerns about labor shortages due to changes in immigration policy (18%) and a need to reduce the workforce (16%).

Among a list of possible headwinds, small business owners think it is most important to be financially prepared for the impact of tariffs on imports and exports (23%). Tariffs are also expected to have the biggest impact on their business or financial preparedness (39%). In fact, 23% have already taken steps to financially prepare for the impact of tariffs.

KEY FINDINGS

AI is being used by small business owners, but not to its full potential

AI has not yet been universally adopted by small business owners, but over half use AI to manage and track their business' finances (53%), with another 30% planning to do so.

Still, small business owners may be missing out on benefits of AI, as only 39% are using AI to cut expenses across their business, and just 22% plan to do this in the future. For owners, data and analytics is the top area in their business where AI could help decrease expenses (45%), followed by marketing (41%), and cybersecurity (40%).

KEY FINDINGS

Retirement is on the horizon for many, and yet they still do not have a succession plan in place.

While 34% of small business owners plan to retire in the next 10 years, 46% don't have a succession plan in place. But some owners may not be thinking about succession plans because the business is not yet at place where succession planning is a priority (37%). Nearly a quarter (23%) don't even know where to start.

Among those who do have a succession plan, 37% will hand over leadership to a family member and 36% will handoff to a business partner or co-owner. For those that don't have their succession plan mapped out, 35% plan to develop a plan within 5 years, but over half think it will be longer than that before they get around to it.

DETAILED RESEARCH FINDINGS



America's Most Convenient Bank®

SMALL BUSINESS OWNERS ARE
LESS FINANCIALLY PREPARED THAN
THEY'D LIKE TO BE

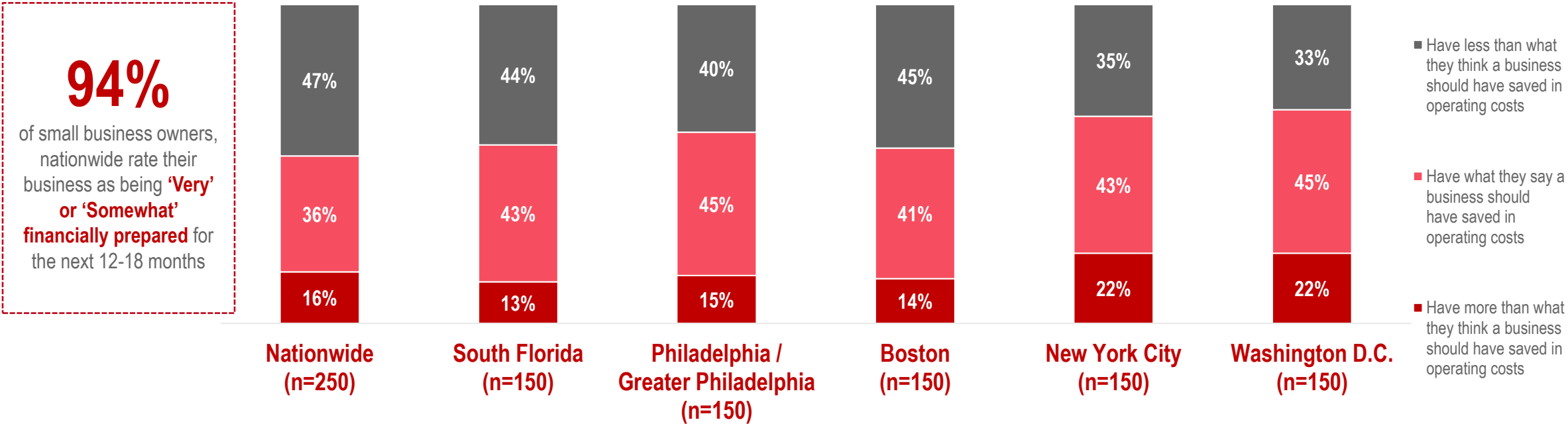


America's Most Convenient Bank®

SMALL BUSINESS OWNERS NOT FINANCIALLY PREPARED AS THEY'D LIKE

Nearly all small business owners rate themselves as financially prepared, but just under half have less than what they think should be saved for operating costs. Only 16% have more than what they think a business should have saved.

HOW MUCH SBOS THINK A BUSINESS SHOULD HAVE SAVED VS. HOW MUCH THEY HAVE SAVED

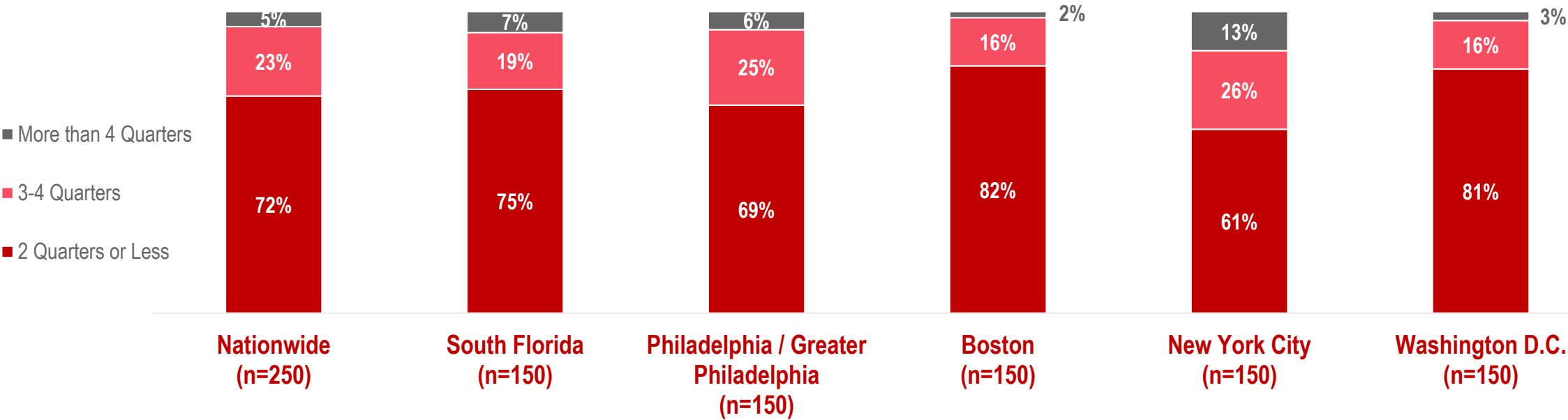


4. How would you rate your business' financial preparedness for the next 12-18 months? / 14. How much money does your business currently have in emergency savings to cover operating expenses? / 15. Ideally, how much do you think small businesses should have in emergency savings for operating costs in order to be "financially prepared"?

SMALL BUSINESSES HAVE 2 QUARTERS OF SHORTFALL BEFORE WORRY

As evidence of small business owners' unpreparedness, the vast majority of owners have just two quarters or less of revenue shortfalls before they become worried about the future of their company. Only 5% of small businesses could fall behind expected revenue for four quarters or more and not be worried about their business's future.

HOW LONG BUSINESS WOULD HAVE TO FALL SHORT TO BE CONCERNED ABOUT COMPANY'S FUTURE



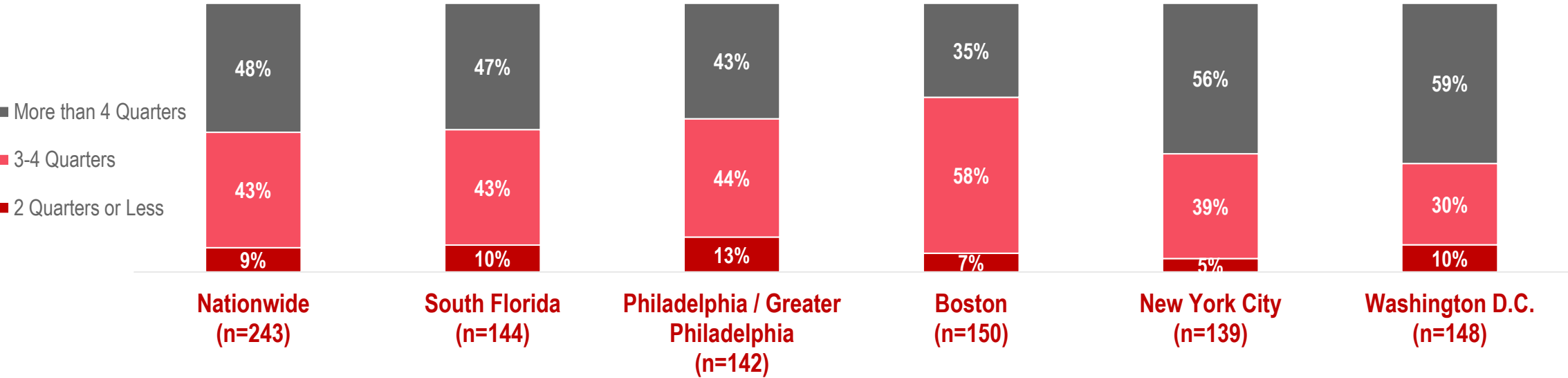
26. How long would your business have to fall short of anticipated revenue for you to be concerned about the future of your company?

BUSINESS' SURVIVAL IN QUESTION AFTER 3-4 QUARTERS FOR MANY

Just about half of small businesses have a year of revenue shortfalls or more before they become worried about the survival of their business. But only slightly fewer (43%), have just three to four quarters before the future of their company is in question. And for 9% they feel the company would not survive after two quarters or less of shortfall.

HOW LONG BUSINESS WOULD HAVE TO FALL SHORT TO FEEL THAT COMPANY WOULD NOT SURVIVE

Among U.S. small business owners who say they would need to fall short on revenue for 2 years or less, n=966



27. How long would your business have to fall short of anticipated revenue for you to feel your business would not survive?

SMALL BUSINESS OWNERS FACE FINANCIAL PREPAREDNESS HURDLES

The biggest challenge to financial preparedness for small business owners is anticipating and adapting to customer preferences. But other hurdles are felt nearly as much, including prioritizing growth of the business (34%) and getting advice from a trusted financial partner (33%).

FACTORS THAT HAVE POSED A CHALLENGE WHEN FINANCIALLY PREPARING FOR THEIR BUSINESS

	Nationwide (n=250)	South Florida (n=150)	Philadelphia / Greater Philadelphia (n=150)	Boston (n=150)	New York City (n=150)	Washington D.C. (n=150)
Anticipating and adapting to customer preferences	35%	37%	44%	39%	41%	46%
Prioritizing growing my business	34%	35%	40%	41%	40%	40%
Getting advice from a trusted financial partner	33%	27%	31%	42%	39%	38%
Complexity of digital tools to track my business' finances	30%	35%	27%	37%	51%	31%
Accessing lines of credit	29%	35%	37%	33%	36%	35%
Lack of previous business and financial education	23%	33%	35%	51%	20%	42%
Lack of educational resources available around running a profitable business	22%	30%	36%	38%	31%	37%

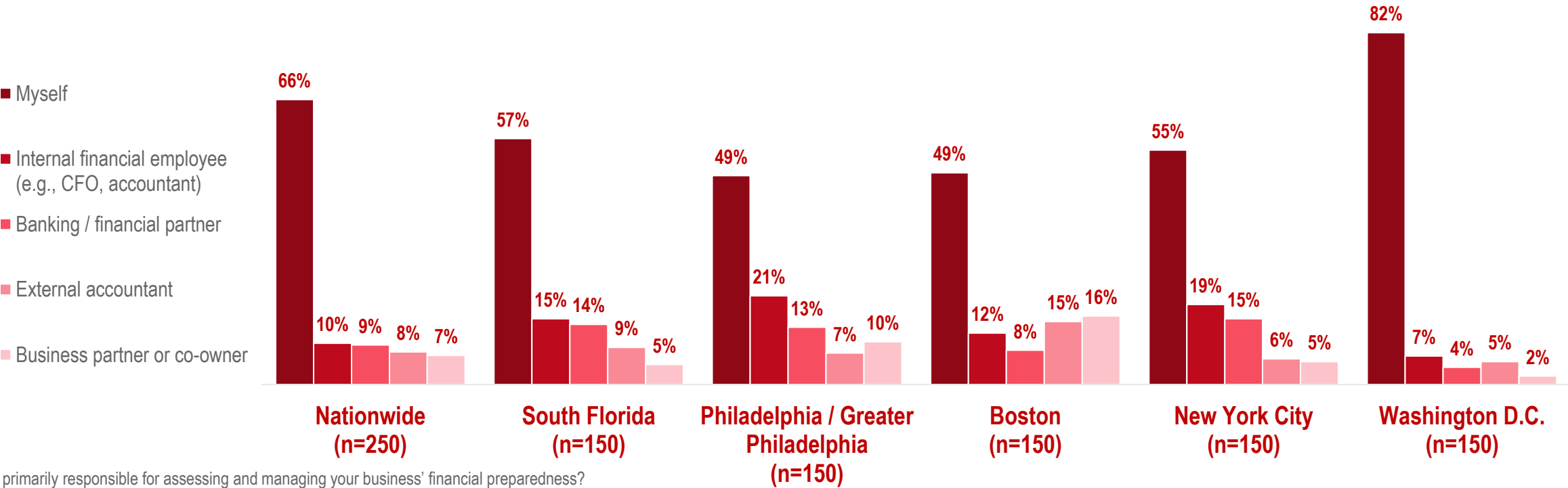
% = the option selected the most

16. Which of the following have posed a challenge for you when it comes to financially preparing your business?

MOST SMALL BUSINESS OWNERS SOLELY RESPONSIBLE FOR PREPAREDNESS

For a majority of small business owners, they are the single person primarily responsible for managing the financial preparedness of the company. A far smaller share of owners delegate the job of assessing and managing the business' financial preparedness to others like financial employee, financial partner, outside accountant or business partner or co-owner.

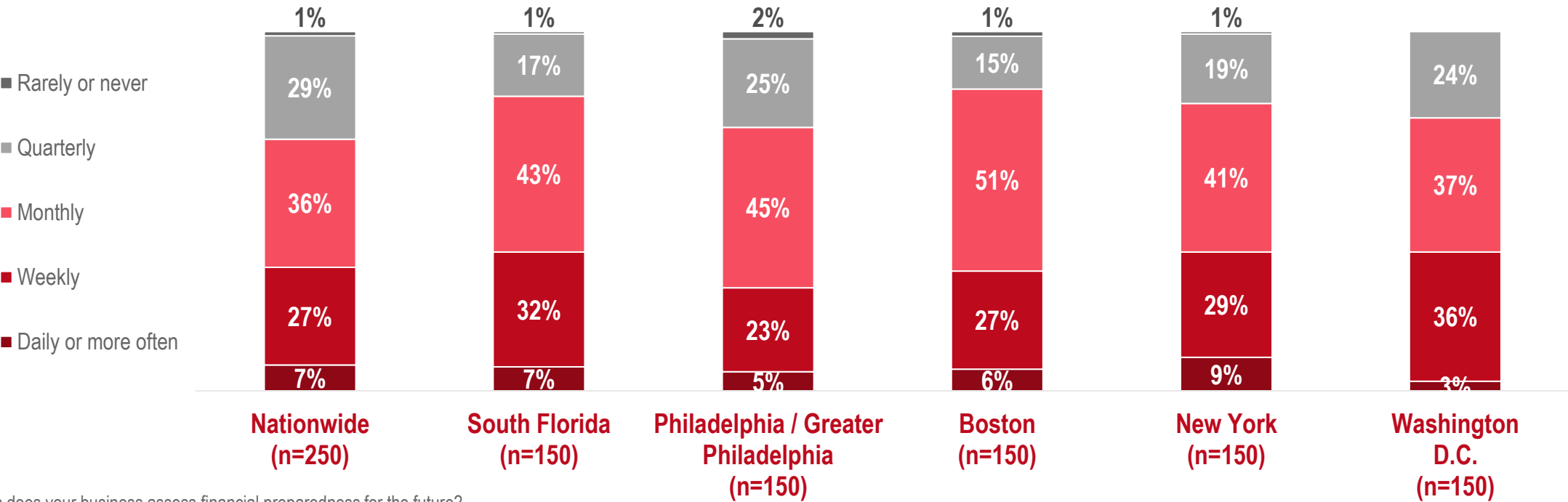
PERSON PRIMARILY RESPONSIBLE FOR BUSINESS' FINANCIAL PREPAREDNESS



SMALL BUSINESS OWNERS ASSESS FINANCIAL PREPAREDNESS MONTHLY

The most common pace for small business owners to check in on their financial preparedness is monthly. That’s followed by those who assess quarterly or weekly. Very few owners assess their financial preparedness daily (7%) or not at all (1%).

HOW OFTEN THEIR BUSINESS ASSESSES FINANCIAL PREPAREDNESS FOR THE FUTURE



2. How often does your business assess financial preparedness for the future?

HOW SMALL BUSINESS OWNERS TACKLE FINANCIAL PREPAREDNESS



America's Most Convenient Bank®

SMALL BUSINESS OWNERS OPEN TO FINANCIAL ADVICE FROM MANY

To get a hold on financial best practices, small business owners are not consulting any one source overwhelmingly. Rather, the top guidance they turn to is a banking or financial partner (46%), but only slightly fewer consult other small business owners (45%). Another 30% ask generative AI applications like ChatGPT for help. In Boston, AI is the most consulted source (54%).

RESOURCES SBOS ARE USING TO LEARN ABOUT FINANCIAL BEST PRACTICES

	Nationwide (n=250)	South Florida (n=150)	Philadelphia / Greater Philadelphia (n=150)	Boston (n=150)	New York City (n=150)	Washington D.C. (n=150)
My banking/financial partner	46%	39%	51%	53%	43%	47%
Advice from fellow small business owners	45%	41%	45%	49%	45%	57%
Articles/books on running a business and business planning	33%	36%	38%	45%	43%	52%
Advice from friends/family	33%	41%	33%	43%	36%	43%
Classes on running a business and business planning	31%	30%	39%	43%	34%	45%
Ask Generative AI like ChatGPT	30%	39%	47%	54%	43%	39%

% = the option selected the most

17. Which of these educational resources do you turn to when learning about financial best practices for your business?

BOOSTING CASH FLOW TOP PRIORITY FOR SMALL BUSINESS OWNERS

Cash flow is top of mind for small business owners. About a quarter of owners place increasing cash flow as their top priority. It is followed by improving cash flow management (14%) as well as expanding products and services (14%).

TOP PRIORITIES FOR THEIR BUSINESS OVER THE NEXT 12-18 MONTHS

	Nationwide (n=250)	South Florida (n=150)	Philadelphia / Greater Philadelphia (n=150)	Boston (n=150)	New York City (n=150)	Washington D.C. (n=150)
Increasing cash flow	22%	17%	21%	13%	19%	19%
Improving cash flow management	14%	19%	12%	13%	9%	14%
Expanding products and/or services	14%	14%	13%	15%	10%	16%
Digitization and e-commerce of your business	14%	11%	13%	14%	13%	10%
Obtaining more capital through a loan/line of credit to sustain or grow the business	9%	7%	9%	9%	11%	10%
Bringing on a business partner	9%	14%	7%	13%	13%	10%
Expanding operations and/or hours	9%	11%	14%	13%	13%	8%
Downsizing office/retail location	9%	7%	11%	10%	13%	13%

% = the option selected the most

21. What are the top priorities for your business over the next 12-18 months?

NEXT FINANCIAL STEPS: EDUCATION AND LOAN OR LINE-OF-CREDIT

The top action small business owners expect to take to improve their business outlook in the next 12 to 18 months is using digital budgeting tools or AI. Following that, owners expect to take out a loan or line-of-credit, 33% expect to do so at their current bank and 32% at a different financial institution.

FINANCIAL STEPS SBOS ARE TAKING IN THE NEXT 12-18 MONTHS TO IMPROVE BUSINESS OUTLOOK

	Nationwide (n=250)	South Florida (n=150)	Philadelphia / Greater Philadelphia (n=150)	Boston (n=150)	New York City (n=150)	Washington D.C. (n=150)
Using budgeting tools (e.g. websites, apps, AI)	42%	43%	49%	55%	50%	51%
Getting a loan or line of credit from my bank	33%	42%	39%	43%	37%	48%
Getting a loan or line of credit from a different financial institution	32%	36%	42%	42%	36%	39%
Reducing my personal income	29%	33%	33%	39%	28%	32%
Hiring a financial advisor	27%	25%	39%	42%	32%	41%
Reducing the income of my employees	26%	29%	30%	43%	28%	38%

% = the option selected the most

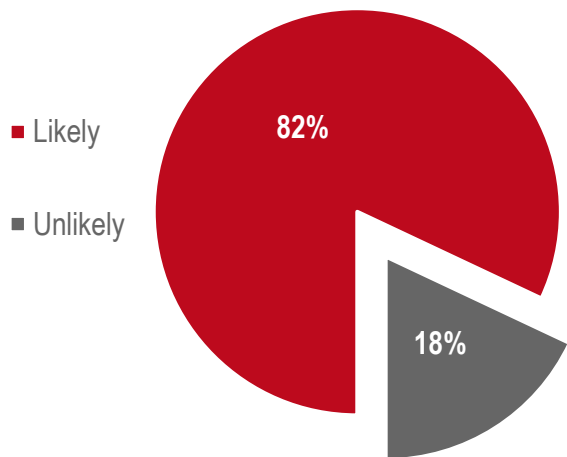
25. What financial steps are you taking in the next 12-18 months to improve your business outlook?

MAJORITY EXPECT TO TAKE OUT LOAN OR LINE-OF-CREDIT

Taking out a loan or a line-of-credit in the next 12 to 18 months is likely for an overwhelming majority of 82% small business owners, and 87% expect to be approved. Over one third who plan to apply for a loan, the largest share, anticipate the funds will go toward maintaining operations. It's followed by covering a technology overhaul or expanding into new markets.

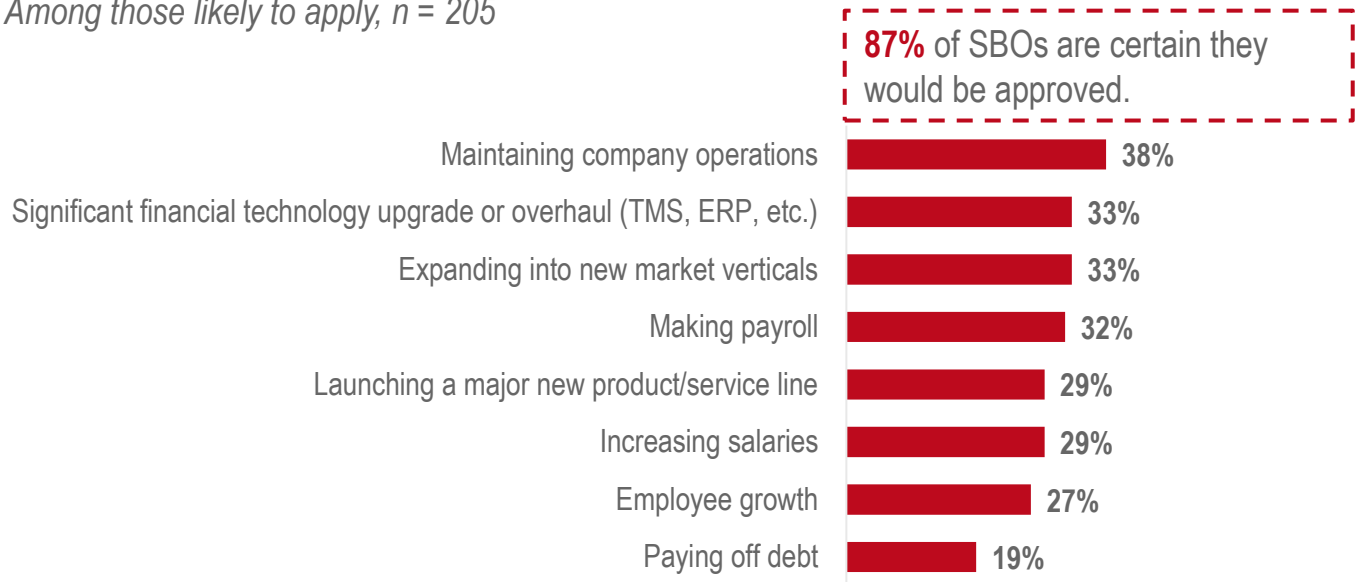
APPLY FOR A LOAN OR LINE OF CREDIT IN NEXT 12-18 MONTHS

Among U.S. SBOs nationwide, n=250



WHAT A LOAN OR LINE OF CREDIT WOULD SUPPORT

Among those likely to apply, n = 205



28. In the next 12-18 months, how likely are you to consider applying for a loan or line of credit to support any additional financing needs of your business? / 29. What would this loan or line of credit support? / 30. If you were to apply for a loan or line of credit for your business through a bank, in the next 12-18 months, how certain are you that it would be approved?

SMALL BUSINESS OWNERS EXPECT MACROECONOMIC ENVIRONMENT TO IMPROVE, AND THEIR BUSINESS WITH IT



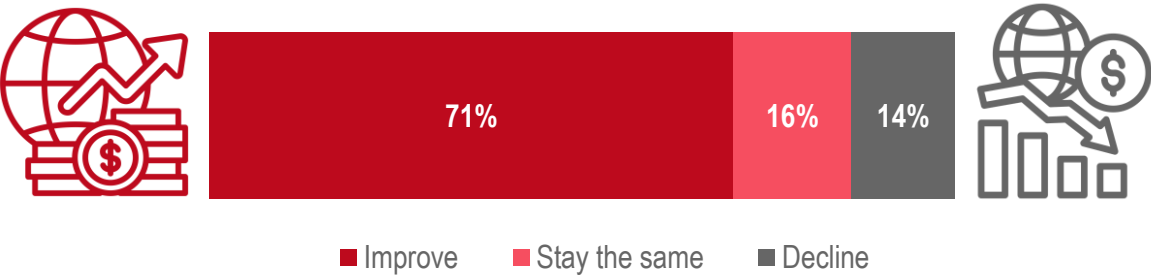
America's Most Convenient Bank®

SMALL BUSINESS OWNERS VIEW MACROECONOMIC PICTURE POSITIVELY

Nearly three quarters of small business owners think the macroeconomic environment will improve over the next 12 to 18 months but still face challenges. The top concern is the increasing costs of supplies as well as increasing costs due to tariffs or a trade war. The impact of small business tax cuts was close behind.

SBO EXPECTATIONS FOR MACROECONOMIC ENVIRONMENT OVER NEXT 12-18 MONTHS AND IMPACT ON THEIR BUSINESS

Among U.S. SBOs nationwide, n=250



Most Significant Impacts

Increasing costs of supplies / materials / equipment	45%
Increasing costs due to tariffs/trade war	45%
Small business tax deductions	42%
Lowering interest rates	33%
Lowering inflation	32%
Local/regional economic uncertainty	31%

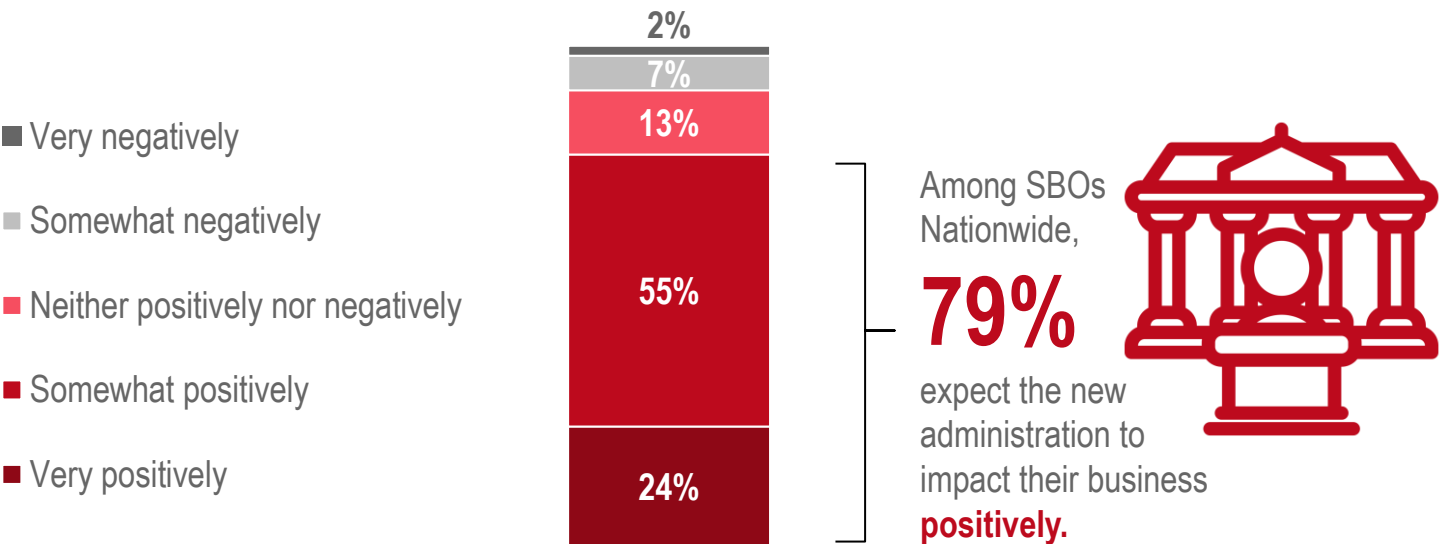
7. Do you think the macroeconomic environment will improve or decline over the next 12-18 months? / 8. Which potential macroeconomic trends will have a significant impact on your business in the next 12-18 months?

SMALL BUSINESS OWNERS EXPECT TRUMP POLICIES WILL HELP THEM

Nearly 80% of small business owners anticipate that changes in policy brought by the new presidential administration of Donald J. Trump will positively impact their business. More owners expect the policies to have no effect on them, than expect a negative impact.

SBO EXPECTATIONS FOR THE IMPACT OF THE NEW PRESIDENTIAL ADMINISTRATION

Among U.S. SBOs nationwide, n=250



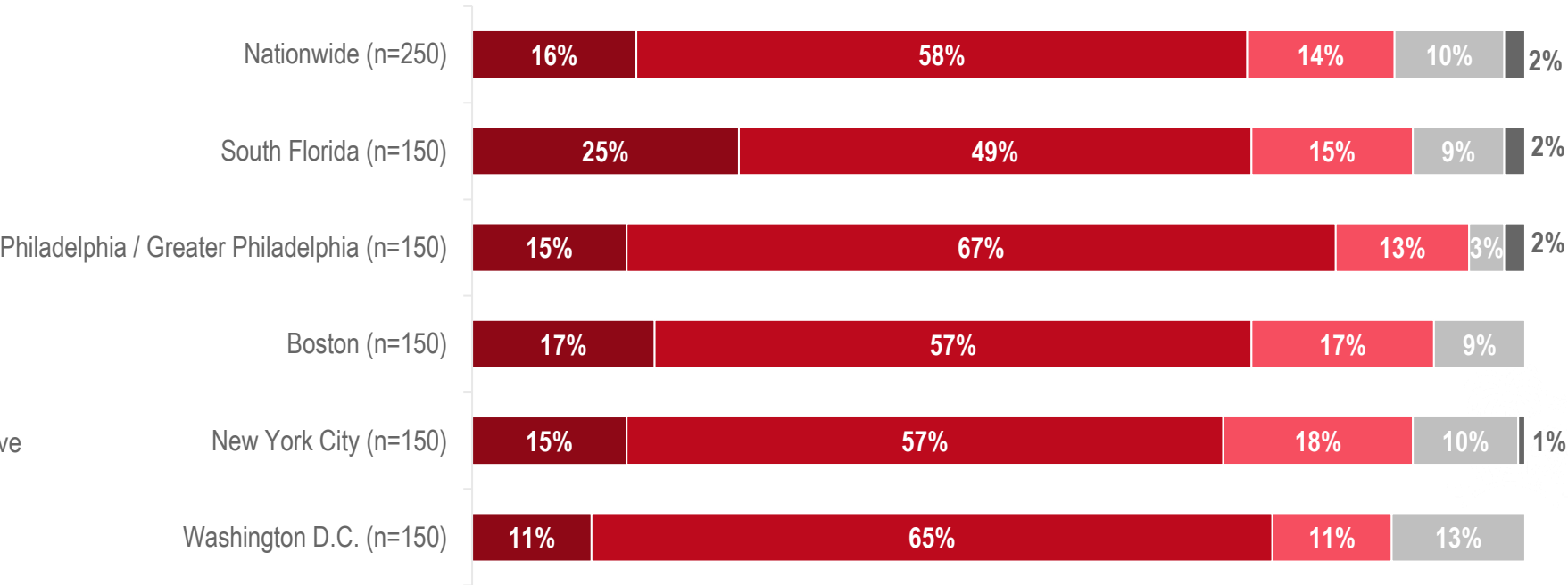
5. How do you expect your business to be impacted by any changes in policy from the new presidential administration?

SMALL BUSINESS OWNERS EXPECT THEIR BUSINESS TO PROFIT

With the owners’ positive economic outlook and strong expectations for the presidential administration’s policies in mind, 74% of small business owners expect their business to profit in the next 12 to 18 months. Only 14% think they will only break even and just 2% think their company will not survive.

SBOS BUSINESS OUTLOOK

- It will profit and exceed expectations
- It will profit and meet expectations
- It will break even
- It won’t break even but it will survive
- It won’t break even, and it won’t likely survive

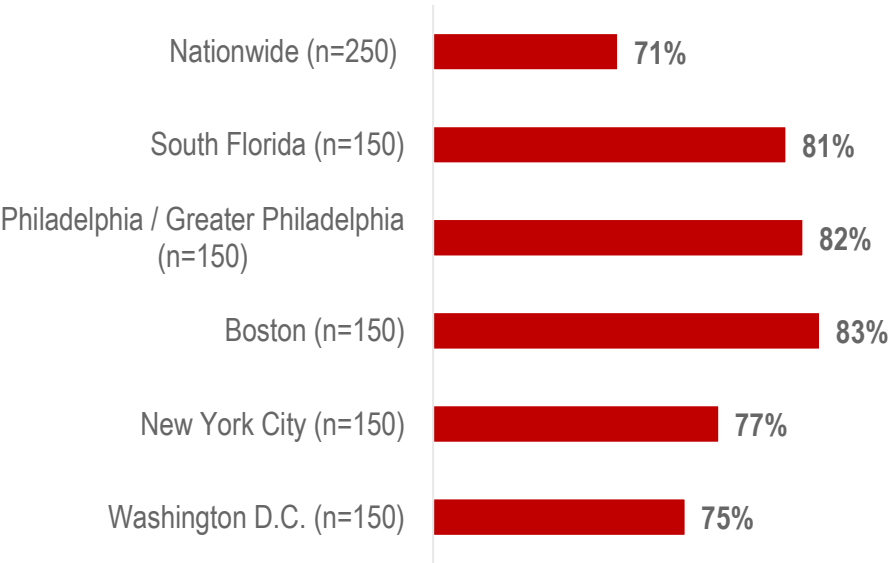


24. Which best describes your outlook for your business over the next 12-18 months?

HIRING EXPECTED TO GROW

Hiring is expected to be strong, with 71% anticipating their workforce will grow over the next 12 to 18 months, and only 3% anticipating a drop in hiring. Another quarter of owners expect their hiring levels to stay the same. Health insurance premiums are the most financially taxing employee-specific payments that small business owners make.

CHANGES TO WORKFORCE SIZE OVER NEXT 12-18 MONTHS



MOST FINANCIALLY TAXING EMPLOYEE-SPECIFIC PAYMENTS

	Health Insurance Premiums	Employee Benefits / Perks	Employee Assistance Programs	Retirement Plan Contributions	Overtime Pay	Commissions
Nationwide (n=250)	40%	35%	33%	32%	27%	24%
South Florida (n=150)	41%	40%	35%	24%	29%	33%
Philadelphia / Greater Philadelphia (n=150)	56%	37%	41%	46%	29%	29%
Boston (n=150)	43%	55%	46%	47%	37%	34%
New York City (n=150)	38%	45%	41%	37%	26%	35%
Washington D.C. (n=150)	53%	47%	45%	39%	41%	31%

% = the option selected the most

22. Do you expect the size of your workforce to increase or decrease over the next 12-18 months? / 23. Which employee-specific payments are most financially taxing on your business?

OPTIMISM STILL COMES WITH CHALLENGES



America's Most Convenient Bank®

INFLATION AND INTEREST RATES TOP BIGGEST FINANCIAL CONCERNS

Looking ahead to the next 12 to 18 months, the biggest financial concern for small business owners is one that is out of their control: economic conditions including inflation and interest rates. Beyond that, they worry about issues closer to home like paying down debt, competition from other businesses, and growth ability and opportunities.

TOP FINANCIAL CONCERNS OVER NEXT 12-18 MONTHS

	Nationwide (n=250)	South Florida (n=150)	Philadelphia / Greater Philadelphia (n=150)	Boston (n=150)	New York City (n=150)	Washington D.C. (n=150)
Economic conditions, including inflation and interest rates	24%	12%	16%	13%	17%	19%
Paying down debt	13%	16%	11%	9%	7%	13%
Competition from other businesses	13%	15%	13%	6%	11%	8%
Growth ability and opportunities	10%	11%	13%	10%	13%	9%
Negative cash flow	10%	9%	10%	11%	10%	11%
Attracting customers	9%	7%	9%	13%	13%	13%
Poor sales	7%	11%	7%	17%	9%	9%
Raising capital	7%	9%	11%	12%	10%	12%
Diversifying revenue	7%	9%	8%	9%	11%	7%

% = the option selected the most

9A. What are your biggest financial concerns over the next 12-18 months?

MARKETING IS TOP OPERATIONAL CONCERN, FOLLOWED BY LABOR

Nearly a quarter of small business owners rate investing in marketing as their biggest operational concern. It’s followed by two labor concerns: shortages due to changes in immigration policy and the need to reduce their workforce.

TOP OPERATIONAL CONCERNS OVER NEXT 12-18 MONTHS

	Nationwide (n=250)	South Florida (n=150)	Philadelphia / Greater Philadelphia (n=150)	Boston (n=150)	New York City (n=150)	Washington D.C. (n=150)
Investing in marketing	22%	19%	15%	23%	21%	22%
Labor shortages due to changes in immigration policy	18%	17%	19%	13%	13%	19%
Need to reduce workforce	16%	15%	15%	15%	14%	22%
Rapid progression of AI	15%	19%	19%	15%	22%	13%
Lack of scalability	15%	19%	18%	15%	18%	15%
Executive leadership changes	14%	10%	13%	19%	12%	10%

%

 = the option selected the most

10A. What are your biggest operational concerns over the next 12-18 months?

IMPACT FROM TARIFFS ON BUSINESS AND FINANCIAL PREPAREDNESS

Among possible headwinds, tariffs loom large. Small business owners expect tariffs to impact their business most, and that it's most important to be financially prepared for the impact of tariffs. Tariffs are also something owners have already taken steps to financially prepare for, as well as the possible impact of extreme or damaging weather to office space or inventory.

	EXPECTED TO IMPACT BUSINESS <i>Among U.S. SBOs nationwide, n=250</i>	IMPORTANT TO BE FINANCIALLY PREPARED FOR <i>Among those who chose an option, N=239</i>	TAKEN STEPS TO FINANCIALLY PREPARE FOR <i>Among U.S. SBOs nationwide, n=250</i>
Tariffs on imports/exports	39%	23%	23%
Impact of extreme or damaging weather to office space	30%	13%	23%
Unexpected decrease in sales/revenue	30%	13%	20%
Rising real estate prices	25%	7%	14%
Unexpected supply chain disruptions	24%	8%	15%
Market downturn	24%	9%	12%
Extended poor business performance	24%	8%	16%
Repaying/minimizing debt	23%	8%	14%
Rising wages	21%	10%	11%

% = the option selected the most

11. Do you expect any of the below to impact your business or financial preparedness over the next 12-18 months? / 12A. Of the options you chose, which do you feel is most important for your business to be financially prepared for? / 13. Of the options you chose, which have you taken steps to financially prepare for?

AI IS BEING USED,
BUT NOT TO ITS FULL POTENTIAL

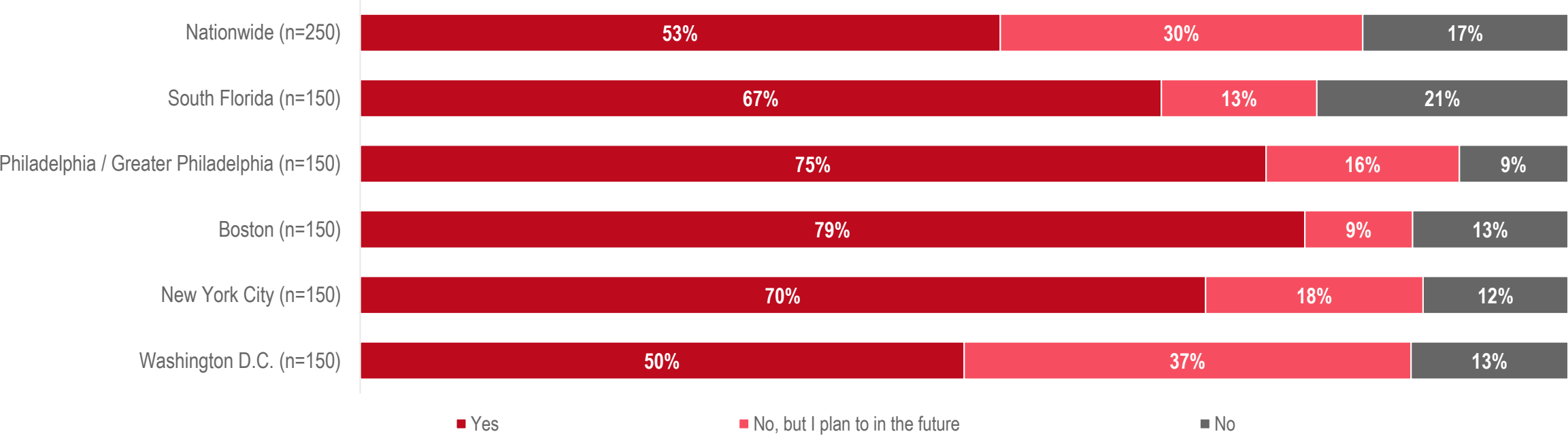


America's Most Convenient Bank®

AI USED TO TRACK BUSINESS EXPENSES

Over half of small business owners already use AI to track the company’s finances. Another 30% plan to in the future. The share of owners who use AI for this is even higher in Boston, Philadelphia / Greater Philadelphia, and New York City.

ARE SBOS CURRENTLY USING AI TO MANAGE AND TRACK THEIR BUSINESS’ FINANCES

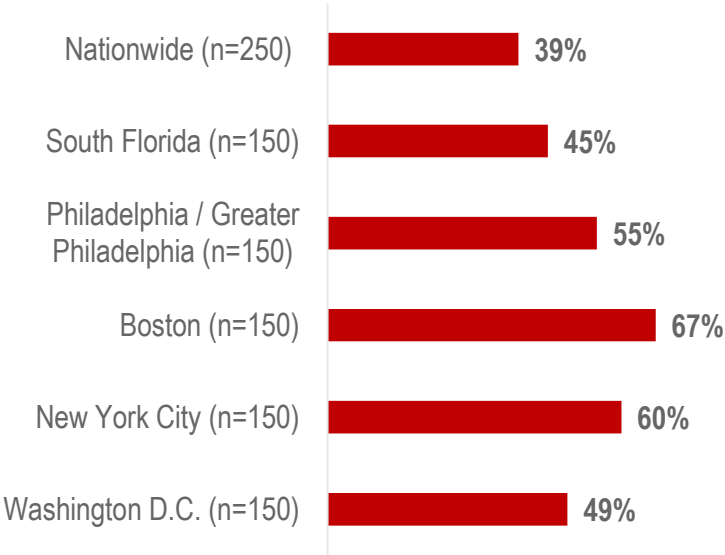


18. Do you use AI to manage and track your business’ finances?

MINORITY OF SMALL BUSINESS OWNERS USE AI TO DECREASE EXPENSES

The share of small business owners who use AI to decrease company expenses is evenly split between 39% who do, and 39% who don't. Another 22% do not use AI for cutting expenses, but plan to in the future. The top area in which small business owners use or plan to use AI to decrease expenses is in data and analytics.

CURRENTLY USES AI TO DECREASE EXPENSES ACROSS THEIR BUSINESS



AREAS WHERE AI TO DECREASE EXPENSES IN THEIR BUSINESS

	Data and Analytics	Marketing	Cybersecurity	Accounting	Customer Service	Inventory/ Back End Processing	Product Development	Talent/ employees
Nationwide (n=250)	45%	41%	40%	36%	33%	28%	27%	20%
South Florida (n=150)	40%	38%	44%	32%	43%	23%	30%	27%
Philadelphia / Greater Philadelphia (n=150)	50%	41%	37%	34%	43%	32%	31%	37%
Boston (n=150)	42%	42%	39%	37%	36%	36%	36%	34%
New York City (n=150)	46%	38%	32%	41%	38%	32%	32%	32%
Washington D.C. (n=150)	48%	48%	37%	43%	54%	37%	28%	43%

% = the option selected the most

19. Do you use AI to decrease expenses across your business? / 20. In which areas of your business do you use or plan to use AI to decrease expenses?

RETIREMENT IS AHEAD, WHERE IS THE SUCCESSION PLAN?

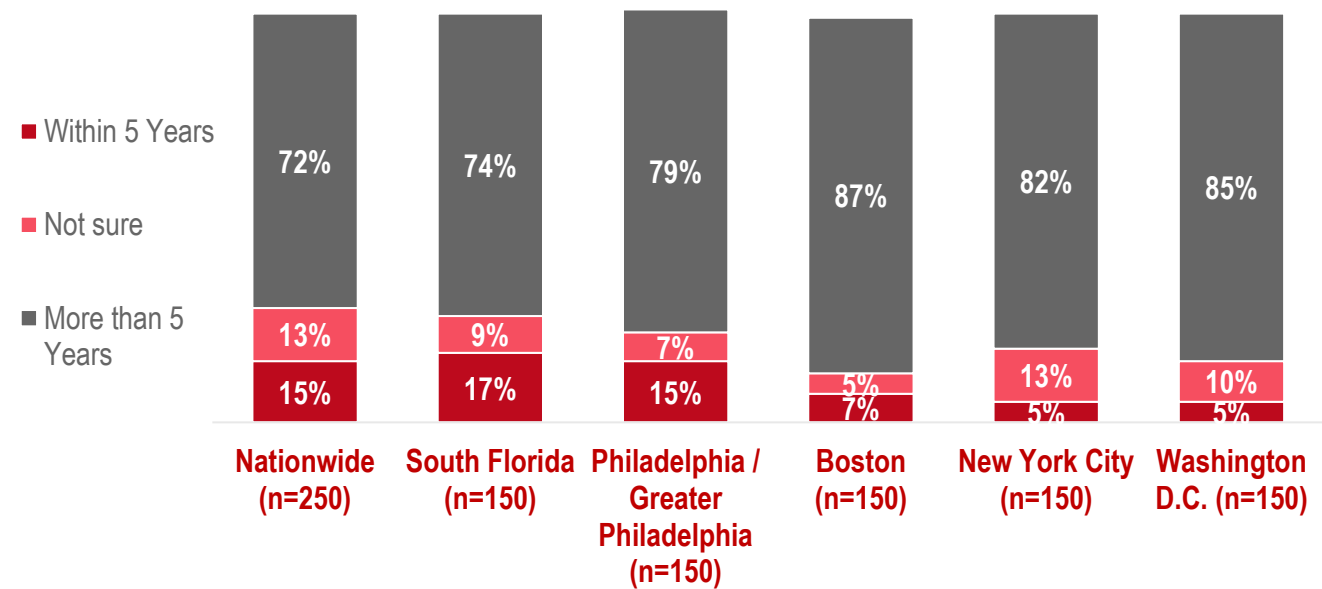


America's Most Convenient Bank®

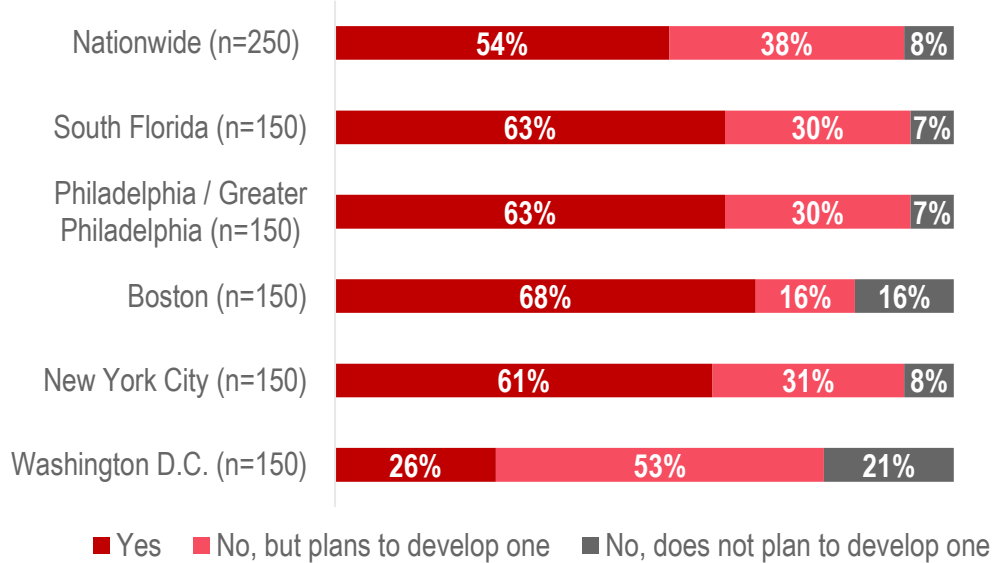
JUST OVER HALF SMALL BUSINESS OWNERS HAVE A SUCCESSION PLAN

About half of small business owners have a succession plan in place, and for a third it will be needed soon as they plan to retire in the next decade. More small business owners in South Florida and Philadelphia / Greater Philadelphia are looking to retire in the next five years than in Boston, New York or Washington DC.

WHEN SBOS PLAN TO RETIRE



HAVE A SUCCESSION PLAN FOR THEIR BUSINESS?



31. When do you intend to retire? / 32. Do you have a succession plan in place for your business?

WAITING FOR BUSINESS' LONG-TERM VIABILITY, THEN PICKING SUCCESSOR

For 37% of owners, the biggest block to making succession plans is that their business is not yet at place where succession planning is a priority. Nearly a quarter don't even know where to start and 20% are worried about potential family conflicts.

REASONS WHY SBOS HAVE NOT YET CREATED A BUSINESS SUCCESSION PLAN

Among those who said they don't have a succession plan for their business

	Nationwide (n=115)	South Florida (n=56)*	Philadelphia / Greater Philadelphia (n=56)*	Boston (n=48)*	New York City (n=58)*	Washington D.C. (n=111)
Business is not yet at a stage where succession planning is a priority	37%	45%	38%	52%	40%	39%
Feel it is unnecessary or irrelevant	32%	45%	30%	21%	28%	32%
Concerns about cost required	30%	25%	23%	27%	29%	32%
Unsure where to start	23%	16%	36%	23%	24%	23%
Uncertainty about the future direction of the business	21%	34%	30%	38%	26%	29%
Concerns about potential family conflicts	20%	16%	34%	23%	28%	22%
Haven't found the right successor candidate	17%	23%	20%	27%	26%	25%

%

 = the option selected the most

35. Which of the following explains why you have not created a business succession plan? / *Small base size; findings are directional

MOST SUCCESSORS ARE FAMILY MEMBERS

Most small business owners select a family member as their successor, that is followed by a business partner or co-owner. The next most likely person to be the successor is a current employee.

WHO SBOS HAVE SELECTED AS THEIR BUSINESS' SUCCESSORS

Among those who said they have a succession plan for their business or intend to develop one

	Nationwide (n=229)	South Florida (n=139)	Philadelphia / Greater Philadelphia (n=139)	Boston (n=126)	New York City (n=138)	Washington D.C. (n=118)
Family member	37%	35%	40%	54%	42%	62%
Friend	14%	18%	15%	6%	10%	10%
Current employee / employees (not family)	24%	30%	23%	21%	28%	14%
Business partner/ Co-owner	36%	24%	32%	27%	34%	29%
Peer outside company	17%	23%	17%	9%	17%	10%
External professional	14%	12%	10%	11%	17%	9%
Third Party banking partner	6%	6%	6%	6%	7%	4%
Third party private equity partner	3%	1%	1%	1%	4%	1%
Plans to close and liquidate assets	2%	1%	1%	2%	1%	0%

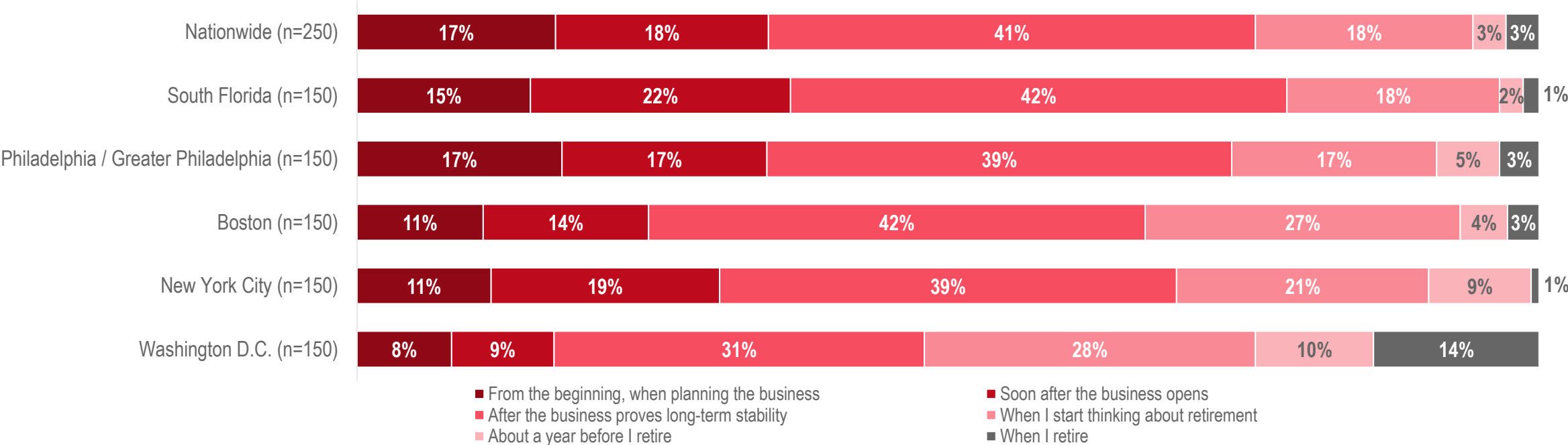
% = the option selected the most

33. Who is your successor? If you have more than one successor, you may select up to two responses.

SUCCESSION PLAN OFTEN FOLLOWS BUSINESS’ LONG-TERM VIABILITY

Most small business owners think the right time to develop a succession plan is after the business proves long-term stability. An equal share thinks the best time is soon after the business opens as those who think the best time is when they start thinking about retirement.

WHEN SBOS THINK IT IS THE RIGHT TIME TO DEVELOP A SUCCESSION PLAN



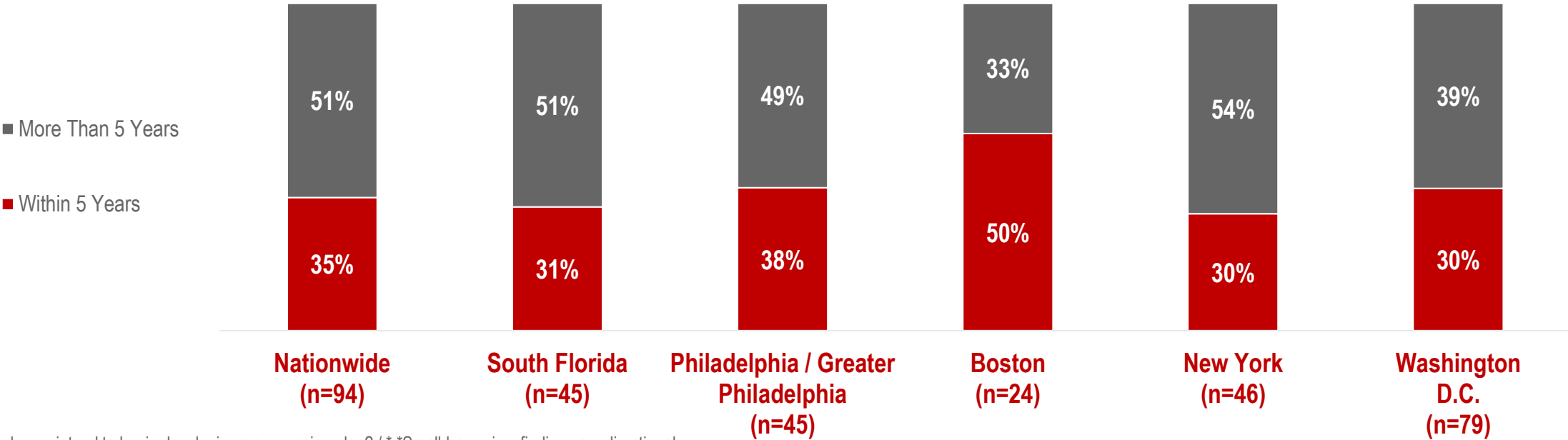
36. When do you think it is the right time to develop a succession plan for your business?

PLANNING FOR SUCCESSION PLAN STILL A WAYS OFF

Half of small business owners plan to begin developing a succession plan five or more years from now. For 35%, the planning is expected to begin within the next five years.

HOW SOON SBOS INTEND TO BEGIN DEVELOPMENT OF A SUCCESSION PLAN

Among those who said they don't have a succession plan for their business but intend to develop one



34. How soon do you intend to begin developing a succession plan? / * Small base size; findings are directional

APPENDIX



America's Most Convenient Bank®

AGE, GENDER, RACE, ETHNICITY

	Nationwide (n=250)	South Florida (n=150)	Philadelphia / Greater Philadelphia (n=150)	Boston (n=150)	New York (n=150)	Washington D.C. (n=150)
AGE						
Under 40	28%	37%	35%	29%	29%	34%
40+	72%	63%	65%	71%	71%	66%
GENDER						
Male	76%	71%	63%	70%	83%	76%
Female	24%	29%	37%	30%	17%	24%
Non-binary	0%	0%	0%	0%	0%	0%
RACE						
Asian	2%	3%	5%	8%	1%	1%
African American or Black	10%	17%	19%	14%	10%	19%
White or Caucasian	85%	64%	67%	70%	86%	76%
Native American	3%	16%	8%	8%	2%	2%
Other	1%	0%	0%	0%	1%	1%
ETHNICITY						
Hispanic	18%	36%	31%	27%	28%	28%
Non-Hispanic	82%	64%	69%	73%	72%	72%

REGION, AREA

	Nationwide (n=250)	South Florida (n=150)	Philadelphia / Greater Philadelphia (n=150)	Boston (n=150)	New York (n=150)	Washington D.C. (n=150)
REGION						
Northeast	14%	-	93%	100%	100%	-
South	40%	100%	7%	-	-	100%
Midwest	24%	-	-	-	-	-
West	22%	-	-	-	-	-
AREA						
City / Urban area	56%	76%	58%	79%	73%	59%
Suburbs	36%	24%	37%	19%	26%	37%
Rural area	8%	0%	5%	2%	1%	4%

EDUCATION, INCOME

	Nationwide (n=250)	South Florida (n=150)	Philadelphia / Greater Philadelphia (n=150)	Boston (n=150)	New York (n=150)	Washington D.C. (n=150)
EDUCATION						
Grade school	0%	0%	0%	0%	0%	0%
Some high school	0%	1%	0%	1%	0%	0%
Graduated from high school or equivalent	6%	5%	5%	3%	3%	7%
Some college (No Assoc. Or Bachelor's degree)	8%	7%	7%	5%	5%	11%
Associate degree	8%	10%	19%	12%	7%	28%
Bachelor's degree	53%	43%	45%	55%	57%	35%
Graduate or post-graduate work	23%	35%	25%	23%	29%	20%
INCOME						
Less than \$100,000	-	-	-	-	-	-
\$100,000 to less than \$200,000	9%	13%	9%	15%	3%	11%
\$200,000 to less than \$300,000	10%	19%	12%	22%	9%	19%
\$300,000 to less than \$400,000	8%	9%	13%	9%	17%	11%
\$400,000 to less than \$500,000	10%	11%	14%	11%	22%	13%
\$500,000 to less than \$750,000	14%	13%	21%	11%	11%	12%
\$750,000 to less than \$1 million	15%	11%	9%	19%	13%	9%
\$1 million to less than \$5 million	18%	12%	16%	7%	15%	24%
\$5 million to less than \$10 million	8%	8%	5%	4%	6%	1%
\$10 million to less than \$25 million	4%	0%	0%	1%	2%	0%
\$25 million to less than \$50 million	1%	0%	0%	0%	1%	1%
\$50 million to less than \$100 million	1%	4%	0%	0%	1%	0%
\$100 million to less than \$500 million	0%	0%	0%	1%	0%	0%
\$500 million to less than \$1 billion	0%	0%	0%	0%	0%	0%
\$1 billion+	0%	0%	0%	0%	0%	0%

YEARS OWNED, YEARS IN BUSINESS, COMPANIES OWNED, OWNER, NUMBER OF EMPLOYEES

	Nationwide (n=250)	South Florida (n=150)	Philadelphia / Greater Philadelphia (n=150)	Boston (n=150)	New York (n=150)	Washington D.C. (n=150)
YEARS OWNED						
10 Years or Less	76%	93%	89%	81%	77%	81%
More than 10 Years	24%	7%	11%	19%	23%	19%
YEARS IN BUSINESS						
10 Years or Less	70%	83%	83%	69%	69%	69%
More than 10 Years	30%	17%	17%	31%	31%	31%
COMPANIES OWNED						
One	82%	92%	92%	83%	89%	92%
More than one	18%	8%	8%	17%	11%	8%
OWNER						
Sole owner	91%	91%	92%	86%	96%	97%
Partial Owner	9%	9%	8%	14%	4%	3%
NUMBER OF EMPLOYEES						
Fewer than 20	59%	67%	71%	73%	70%	75%
20 or more	41%	33%	29%	27%	30%	25%



Bank

America's Most Convenient Bank®

WAKEFIELD

[WAKEFIELDRESEARCH.COM](https://wakefieldresearch.com)

Copyright ©2025 Wakefield Research. All rights reserved.
All information contained herein is confidential and proprietary to Wakefield Research.