



Big Goals, Fragile Foundations

How financial blind spots are shaping small business owners' futures

The small business owner paradox: Optimism amid vulnerability

Small business owners play an outsized role in the US economy, employing more than 60 million people and driving local growth and innovation that together generate about 35% of business revenue.¹ From main streets to emerging sectors, these businesses help anchor communities, create jobs, and bring new ideas to market. That impact makes the day-to-day financial realities of small business owners especially important to understand — not only for their own stability, but for the resilience of the broader economy.

A majority of small business owners are confident about their future. This sense of optimism reflects the adaptability and agency that often come with ownership — owners can make quick decisions, pursue new revenue streams, and set a direction that aligns with their personal definition of success.

Small business owners also report stronger well-being than the general population across multiple dimensions: mental health, physical health, and financial health. And 64% of small business owners say they're happy at their current job compared with 55% of the general population. Small business owners are also less worried about artificial intelligence (AI) taking their job. The general population is 50% more likely to worry about their job being replaced by AI than small business owners. Together, these signals suggest that ownership can be a source of purpose and satisfaction, and that many owners feel they are managing their personal and business lives effectively.

Nearly two-thirds of small business owners report experiencing at least one significant stressful event in the past two years.

However, small business owner optimism coexists with meaningful vulnerability. Almost a third of small business owners say they've had increased anxiety, depression, or other mental health issues in the past two years.

These pressures can tighten cash flow, complicate planning, and elevate personal strain — even for owners who otherwise feel optimistic. All of this highlights the tension between how small business owners navigate financial decisions in an environment where well-being and confidence remain high, but stress and economic exposure are persistent realities.

Of small business owners:

86%
believe they're on track to meet their financial goals.



60%
are very confident about the future of their business.

Top life stressors for small business owners are all related to finances:



42% The economy/cost of living/inflation.



27% Housing costs.



36% Money/finances.



27% Saving enough for retirement.

Small business owners have big goals



In the next five years, the top things they want to accomplish are:

- 1 Achieve steady, organic revenue growth (42%).
- 2 Expand their workforce (31%).
- 3 Maintain their business's current size and raise more capital (28%).

The most common ways they wish to use their business's success are:

- 1 Create generational wealth (52%).
- 2 Retire early (39%).
- 3 Fund a child's education (26%).



Their top financial priorities are:

- 1 Retirement planning (45%).
- 2 Financial planning (32%).
- 3 Protection products (30%).

Current challenges create hurdles for small business owners on the way to their goals

Ask small business owners where they want to be five years from now and the answers are ambitious. Many are focused on building their business in some way. Underneath these business goals are personal aspirations that are inseparable from the company's success: creating generational wealth, retiring early, and funding a child's education.

Those aspirations show up clearly in how owners rank their financial priorities. Retirement planning and broader financial planning rise to the top, alongside protection products designed to help owners manage risk. In other words, small business owners aren't only thinking about how to build — they're also thinking about how to protect what they're building. The disconnect is that intention and action do not always move together. Having goals does not automatically close knowledge gaps, create contingency plans, or put protection in place. At the same time, the environment small business owners are operating in makes progress harder than ambition alone might suggest.

These pressures don't negate owners' optimism; they expose how quickly a business can become financially vulnerable when growth strategies outpace risk management and planning.



Top 3 challenges business owners are facing:

- 1 Market competition (28%).
- 2 Tariffs/economic factors (27%).
- 3 Cash flow problems (26%).

Business and personal finances are inseparable. Pass-through entities — small businesses where the profits and losses go to the owner's personal tax return — account for more than 77% of all active corporate tax returns.²



A business is far more than a source of income — it could be the cornerstone of personal financial confidence

For most small business owners, business equity is often expected to fund retirement, support family members, and serve as the primary vehicle for building generational wealth. Yet despite this reality, many owners plan business growth and personal financial futures on parallel, disconnected tracks. Day-to-day decisions focus on revenue, hiring, and operations, while protection, retirement, and estate planning are postponed or treated as problems for “later,” even though their ultimate success depends heavily on the health, value, and continuity of the business itself.

This challenge is compounded by how most small businesses are structured. The vast majority of US businesses operate as pass-through entities — such as sole proprietorships, partnerships, S corporations, or LLCs — meaning business income, deductions, and losses flow directly onto the owner’s personal tax return.³ In practical terms, this makes business and personal finances entwined. Decisions about reinvestment, borrowing, expansion, or even delaying income can have immediate impacts on household cash flow, tax liability, debt management, and savings. While this structure offers flexibility, it also means tax planning becomes a critical — but often overlooked — strategy in scaling the business and intentionally building personal and generational wealth.

Financial strain on the business side often shows up quickly at home. Small business owners experience significantly more income volatility than nonowners, are more likely to face unexpected expenses, and frequently rely on personal assets or credit to stabilize their businesses.⁴ These pressures help explain why many small business owners worry not only about business survival, but also about everyday financial security.

Personal financial confidence concerns among small business owners



Having sufficient
emergency savings.

33%



Being able to pay
monthly bills.

29%



Paying off/reducing
household debt.

28%

With the great ownership transfer on the horizon, legacy goals outpace the plans to protect them

For many small business owners, success is defined by its lasting impact. Their financial priorities are evolving beyond the present to reflect what they hope to build over time.

Over half of small business owners (52%) say creating generational wealth is a top goal.

Yet the reality is that few small businesses successfully make it to the next set of hands. In 2022, only 8% of businesses were sold or transferred to intergenerational family members; a whopping 92% just closed.⁵ In other words, business continuity risk is high. Building value is only part of the equation; owners also need business continuity planning to map out how that value will be preserved, transferred, or realized. And this tension shows up in family dynamics.

Fewer than half (47%) of small business owners say they're comfortable having conversations with family about money.

Communication is an essential ingredient for family business succession planning. When a topic is hard to discuss, it's easy to postpone action — until the business is forced into decisions by a health event, a market shock, or an unexpected transition.

The stakes of this disconnect are rising. By 2035, roughly six million small and medium-sized businesses in the United States will face ownership transitions as baby boomers retire.⁶ This is being dubbed “the great ownership transfer” and it represents up to \$5 trillion in enterprise value and will affect tens of millions of jobs.⁷ Yet preparation for transitioning business ownership remains uneven. Among employer firms with owners age 55 and older, 27% report that they are either unsure of their long-term plans or intend to close the business permanently, underscoring how often business transition planning is deferred or never happens.⁸

Only 30% of small business owners work with a financial advisor for generational wealth planning.

Adoption of business continuity strategies consistently lags intent, even when interest is high.

Percentage of small business owners who have the following:

Disability buyout

19%

Buy-sell agreement

24%

Key person insurance

30%

Succession plan

34%

Financial performance analysis

39%

On a personal level, more than a quarter (28%) of small business owners don't have life insurance. These are basics that can help owners formalize decision-making and protect business value, especially during a transition. The good news is that many small business owners are already taking the first step: 65% say they have discussed at least one business continuity planning topic with a financial advisor, and 55% say they would like to. The through line is clear: small business owners want the outcomes, and many are open to guidance; what's missing is follow-through that turns conversations into durable plans.

The cost of inaction is often final. The US Chamber of Commerce estimates that, on average, 595,000 businesses fail or close each year.⁹ For owners whose biggest goals include early retirement and generational wealth, protecting the business is inseparable from protecting the family's financial future.

Retirement planning is a priority and a pressure point for small business owners

Retirement is one of the clearest examples of the optimism versus vulnerability tension small business owners are experiencing. Retirement planning is a top financial priority for small business owners, and early retirement is one of their top personal goals. Many owners also feel positive about their progress: 67% say they feel on track with saving enough to maintain the lifestyle they want in retirement.

That's encouraging, but there are other indicators that underscore how fragile "on track" can feel when income is tied to a business and markets are unpredictable.

When asked what personal goals are tied to their business's success, the second most common answer from owners is an early retirement. Yet 70% of small business owners say retirement means "not fully retiring" — they plan to work or at least consider working in some capacity. And more than a quarter of small business owners say they only need to plan for fewer than 10 years of being fully retired. These expectations may reflect passion for the work or a desire to stay engaged, but they can also signal uncertainty about whether accumulated savings and future business proceeds will comfortably cover a longer retirement horizon.

Compounding the business owner retirement planning challenge: many owners lack confidence or clarity about solutions that may help address retirement income concerns. When asked basic questions about annuities — products often designed to help manage longevity risk and create predictable income — knowledge gaps are pronounced.

Only 12% of small business owners can answer all five questions in an annuity quiz correctly.

When small business owners prioritize retirement but feel uncertain about the tools available to support it, the path from goal to action becomes harder to navigate.

Uncertainty around tools like annuities can make it harder to turn retirement plans into action.

73%

don't understand fees and expenses in annuities.

57%

can't accurately describe an annuity.

43%

don't know when payments begin from a deferred annuity.

42%

can't state the main purpose of an annuity.

Common financial concerns for small business owners



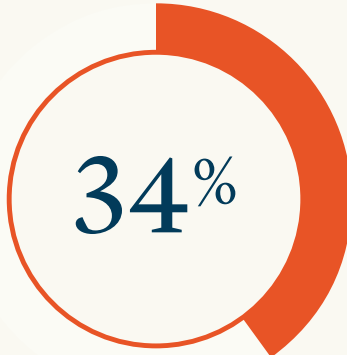
40%

Outliving their retirement savings.



35%

Receiving their full Social Security benefit in retirement.



34%

Having a guaranteed income source in retirement.



Small business owners have a DIY mindset but also a need for guidance and expertise. Fewer than half of small business owners (47%) rate their financial management skills highly.

Some small business owners choose to manage finances independently, while others find value in professional guidance

Independence sits at the heart of the small business owner identity. Many owners take pride in self-reliance, hands-on decision-making, and figuring things out as they go — traits that often fuel the success of their businesses. That same mindset, however, carries over into how they approach personal and business finances. For many small business owners, managing money is another problem to solve on their own, reinforced by years of wearing multiple hats and making high-stakes decisions without outside support.

Only 38% of small business owners prefer working with professionals when researching and purchasing financial products.

More than a quarter of small business owners say they prefer to complete these tasks completely on their own. This balancing act between doing it yourself and knowing when to ask for help reflects a deeper desire to stay in control, even as financial decisions grow more complex.

When it comes to financial planning, it's encouraging to see that more than half (58%) of small business owners do rely on help from a financial advisor. Many are also taking the DIY approach and relying on online tools to guide financial decisions.

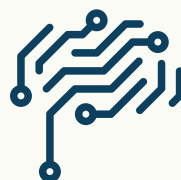
As businesses mature, however, the stakes change. Responsibilities expand beyond day-to-day cash flow to include employees and benefits, debt, taxes, growth strategy, succession planning, and family needs. In these high-impact moments, a strong DIY orientation can create blind spots, especially when planning decisions have long-term consequences that ripple across both business and personal finances. Relying on professionals for help may improve a business owner's financial health and confidence.

For many small business owners, the opportunity isn't about relinquishing control. It's about embracing guided expertise. Maintaining ownership over decisions while gaining the right support can help close gaps, reduce risk, and protect what they've built.

Small business owners use online tools for financial planning help

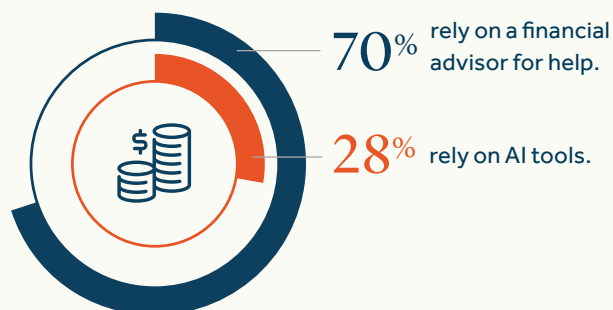


36%
Internet searches



24%
AI tools

Of small business owners with high financial health:



Many small business owners are building something that fuels their family's future

Small business owners report optimism about their businesses and belief in their ability to manage challenges, yet that confidence often coexists with elevated stress, uneven financial preparedness, and gaps in protection and planning. Big goals, such as early retirement, creating generational wealth, and ensuring business continuity, are widely shared, but follow-through frequently lags. Here are some ways small business owners can better close the gap between where they are and where they hope to go.



Optimism doesn't negate vulnerability

- Stress-test your financial plan, ask what would happen to your income, employees, and family if you were unable to work — temporarily or permanently.
- Get a financial performance analysis.
- Prioritize foundational protection before focusing solely on growth strategies to help negate risks faced by business owners.



Big dreams require intentional planning — not just business success

- Take succession planning steps and normalize financial discussions with family before a transition or triggering event.
- Pair estate planning with business planning. Align succession plans, wills and trusts, and business continuity strategies with retirement goals.
- Work with a qualified financial advisor who can work to help translate business equity into lasting, diversified personal wealth.



Protection gaps are common but addressable

- Consider workplace benefits for you and your employees as a foundation of financial wellness.
- Address disability insurance, whole life insurance, key person exposure, and buy-sell planning for business continuity management.
- Align protection with growth and explore family protection strategies.
- Revisit plans regularly.

Appendix

Methodology and sample characteristics

The Guardian 15th Annual Workplace Benefits Study was fielded in January and February of 2026 and consisted of two online surveys: one among benefits decision-makers (employers) and another among working Americans (employees), allowing us to explore benefits issues from both perspectives.

Employee survey

Employee results are based on a survey conducted among 2,000 employees age 22 or older who work full time or part time for a company with at least five employees.

The survey sample is nationally representative of US workers at companies of at least five employees.

Data shown in this report have been collected in a way to reflect the actual proportion of US workers by gender, region, race, ethnicity, education level, household income, age, and employer size, based on data from the Bureau of Labor Statistics and the Census Bureau. The margin of error is +/- 2.2% at the 95% confidence level.

This year's survey included a sample of 278 small business owners with 1 to 50 employees. Results for small business owners are reported separately from the full-time employee data and are not reflected in the total 2026 results when comparing 2026 to prior years, unless otherwise noted. Life insurance ownership numbers for small business owners is based on a sample size of 78.

Guardian's Workforce Well-Being Index™ (WWBI) measures consumer attitudes in three core areas: financial wellness, physical wellness, and emotional wellness, and ranks them on a 10-point scale.

Unless otherwise noted, all information contained in this report is from the 15th Annual Guardian Workplace Benefits Study, 2026.



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8925107.3 (Exp. 5/2028)

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