



Small Business America Report:

An evolving retirement planscape

More than 40% of U.S. small businesses still don't offer a retirement savings plan, potentially leaving many owners and employees with an uncertain financial future.* Capital Group's 2024 Small Business America Report found that while many small business owners are on the cusp of offering a plan, most still face challenges, some of which differ across minority groups.

Most U.S. small businesses have less than 20 employees



Source: Employment by size of establishment, private industry; U.S. Bureau of Labor Statistics, March 2024.



Small business owners are generally optimistic

66%

Total

How the surveys were conducted

Capital Group surveyed 1,065 small business owners from May 27 to June 21, 2024, in partnership with market research firm C&C Multicultural. The surveys included small business owners aged 21 and up that do not currently offer a workplace retirement plan. Businesses ranged in size: 4 to 9 employees (14%), 10 to 15 employees (15%), 16 to 20 employees (8%), 21 to 50 employees (32%), and 51 to 99 employees (24%). Capital Group also surveyed 615 small businesses from May 17 to June 16, 2023, and 621 small businesses from September 9 to December 5, 2022, in partnership with market research firm Escalent. These surveys included small business owners age 21 and up, as well as their employees, at both companies that offer a workplace retirement plan and those that don't.

* U.S. Bureau of Labor Statistics, Retirement benefits: Access, participation and take-up rates for private industry businesses with 1-99 workers. March 2024.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Top business concerns



49%

Rising labor cost



49%

Financial instability/
cash flow



48%

Changing
technology



48%

Legal/compliance/
regulatory



47%

Inflation/cost of
goods and services

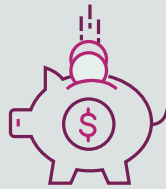
Perceived amount needed to retire comfortably

based on majority of people in each segment



\$1M to \$3M

33%



\$3M to \$5M

27%



\$5M+

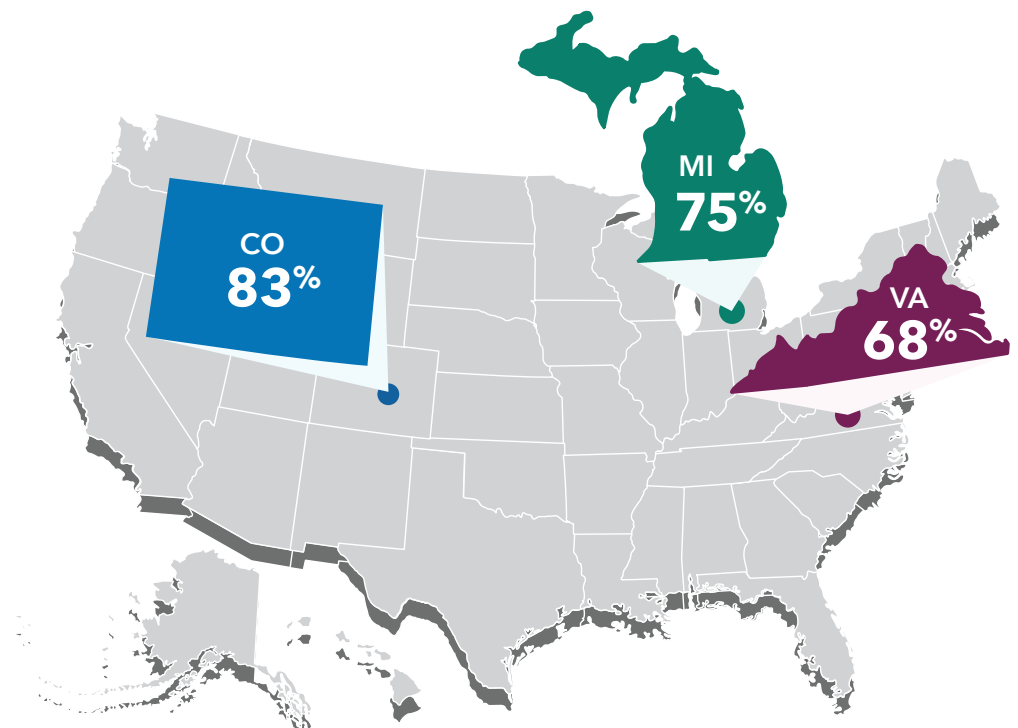
15%

64%

Small business
owners who are
comfortable
starting a
workplace
retirement plan now

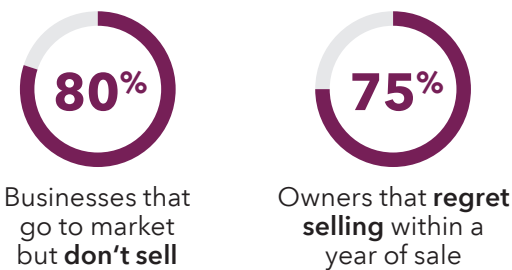
Business owners in some states expressed more readiness than the U.S. average (57%)

The survey oversampled small business owners in Colorado, Michigan and Virginia to represent views from three distinct regions of the U.S. regarding their readiness to offer workplace retirement plans now.



Many business owners plan to sell their business when they retire

Succession plans don't always go as planned



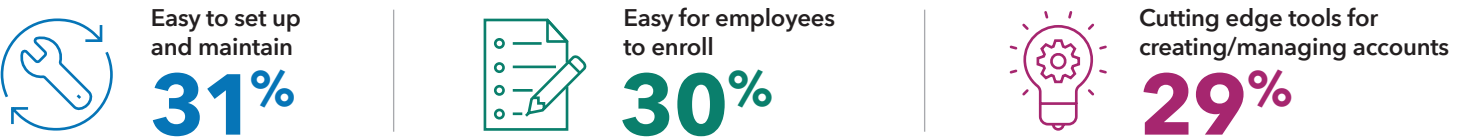
Source: State of owner readiness report, Colorado; Exit Planning Institute, September 2022.

Perceived cost and lack of resources continue to be a barrier



Based on multiple surveys by Capital Group. See page 1 for details.

Most compelling retirement plan features



Small business owners look to different sources for information

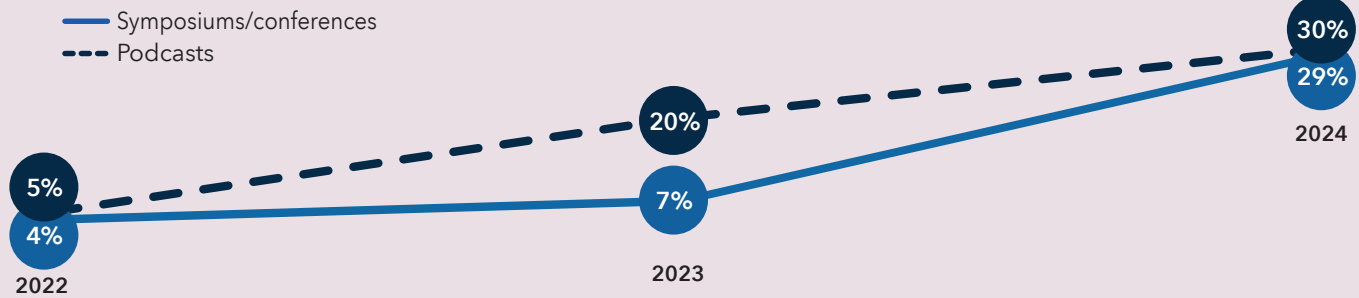
From getting started to succession planning, many small business owners could benefit from professional guidance.

Most trusted sources of information

Financial advisor or financial planner	38%
Accountant/CPA	33%
Experienced business owner	29%
Bank	23%
Family	22%
Friends in similar business	22%

53%
Small business owners who don't have a financial professional

Podcasts and symposiums have become more useful for researching retirement plans



Based on multiple surveys by Capital Group. See page 1 for details.



Awareness of SECURE 2.0 Act was on the rise

Several years after the introduction of SECURE 2.0 Act, small business owners were becoming more familiar with its provisions and potential benefits.



2023 **59%** very or somewhat familiar

2024 **85%** very or somewhat familiar

Improve employee morale

39%

Greatest potential benefit of SECURE 2.0 according to small business owners

Based on multiple surveys by Capital Group. See page 1 for details.

Small business owners were interested in learning more about SECURE 2.0



70%

Total

All data shown are based on the Capital Group surveys referenced on page 1 unless otherwise noted.

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