

Maintaining entrepreneurial success

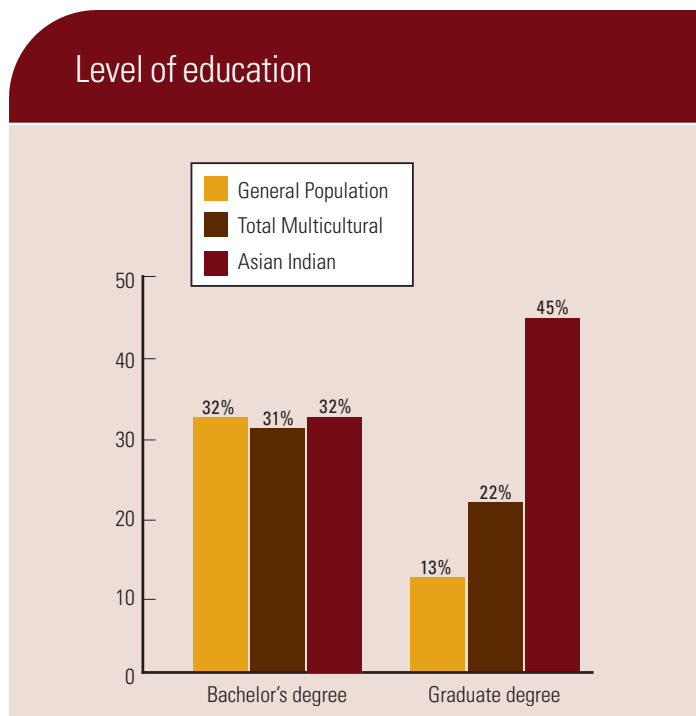
The fiscal practices of today's Asian Indian business owners



We'll help you get there.®

A sense of independence

Americans have long valued entrepreneurship and the belief that with determination, hard work and a degree of self-sufficiency, anyone can achieve financial success for their families. Achieving this vision may be significantly more difficult given the changing economic landscape. However, Asian Indian business owners continue to demonstrate the passion, motivation and independence that make great entrepreneurs.



The burgeoning Asian Indian business community generates 30% of all Asian-owned business revenue.¹ Among the total population of U.S. business owners, Asian Indian entrepreneurs earn approximately 60% more than the national average income per year (\$52,086), and have the highest business income of all ethnic groups in the United States.²

A 2011 study of business owners and entrepreneurs conducted by GfK Custom Research North America for Massachusetts Mutual Life Insurance Company (MassMutual) looked at attitudes and concerns among general population and multicultural business owners. The survey reveals that Asian Indians business owners are confident, self-sufficient in many ways, and rely on their families and business community for advice. Despite this, they may need the support of a financial professional in developing a long-term financial strategy.

Survey respondents were well-educated, with 77%, compared to 53% of total multicultural business owners and 45% of the general population having at least a bachelor's degree. Eighty-eight percent were the first generation in America, compared to 59% of total multicultural business owners, and 91% were first-generation businesses. They are passionate about their businesses, which they started to follow their dreams, support their families, take command of their lives and get ahead in America.

¹ U.S. Census Bureau, Survey of Business Owners: Asian-Owned Businesses: 2007

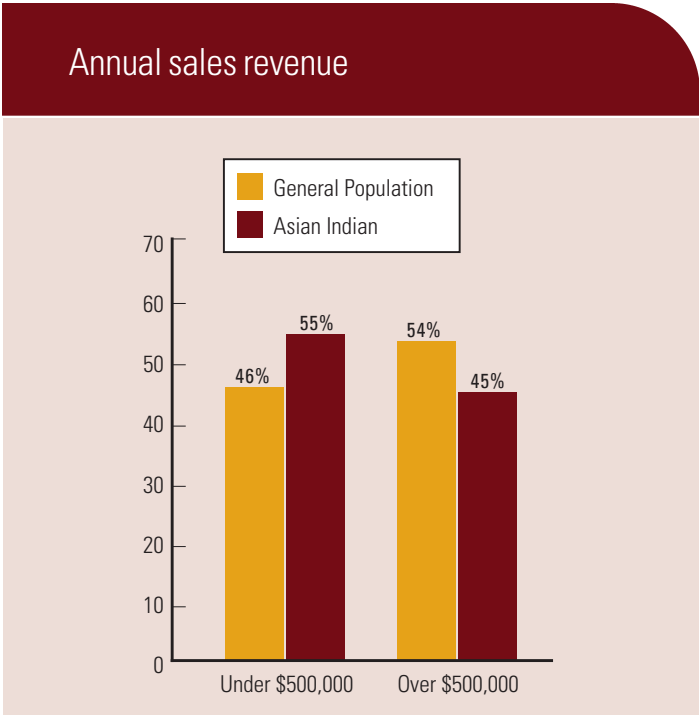
² Fairlie, Robert W., et. al., "Indian Entrepreneurial Success in the United States, Canada and the United Kingdom," December 2009



Business is intertwined with family, and Asian Indians often rely on family, as well as their strong community connections, for the success of their businesses. In turn, their families and business community members depend on them for their well-being through both employment opportunities and financial support.

The interdependencies between family, community and their business may be the reason many Asian Indian business owners have worked hard at planning for their financial futures on their own. As we'll see, though, it appears that many would benefit from working with a financial professional to make sure they have the necessary strategies in place to protect their hard work and achieve secure futures for their families and businesses.

To create thriving businesses that support their families and allow them to continue following their dreams and command their lives and time in the long term, Asian Indian business owners must advance their financial health.



Family first



Asian Indian business owners are motivated to provide for their families. Business ownership allows them control of their time, independence and a sense of fulfillment, but providing financially for their families is their top priority. As a result, family and business are strongly connected, and we see this in their reasons for starting a business.

Seventy-seven percent started their business to provide for their family. In addition, most (64%) saw owning a business as the only way to get ahead versus 32% of general population business owners. This may be because they feel that owning a business is the best opportunity to provide financially for their families.

Asian Indian business owners also started their businesses to provide for their communities, follow their dreams and gain control of their lives.

- Thirty-four percent, compared to 21% of general business owners, went into business to give back to the community. This may mean anything from providing jobs in the community, providing services, or making charitable donations.
- They are significantly more likely than general population business owners to say they started their businesses to follow their dreams (63% versus 36%, respectively).
- Sixty-eight percent did it to be their own boss, and 60% said they wanted control of their lives and time.

Major reasons for owning business

	General Population	Asian Indian
Provide financially for family	77%	77%
Be own boss	57%	68%
Have more control of life, time, etc.	53%	60%
To follow your dreams	36%	63%
Only way to get ahead	32%	64%
Give back to community	21%	34%

Not surprising, given their family- and community-related reasons for opening their businesses, Asian Indians' business practices have a strong family focus. Asian Indian business owners rely on their families for funding, financial advice and as employees, while their families depend on their business's financial success for their well-being.

- One-third, compared to 12% of general business owners, name their family and friends as sources of business financing.
- Seventy-three percent say their spouse is among their most trusted advisors; 42% say their parent is; 38% say their child is; and 56% say other business owners, pointing again to Asian Indian business owners' strong business community ties.
- Sixty-three percent have one to four family members or relatives working at the business, and 64% own the business with a spouse or other family member.
- One-fifth has family members beyond their spouses and children who depend on their company's financial success. Seventy-seven percent, compared to 48% of general business owners, say their parents and/or in-laws are dependent on their business.

Again, we see the focus on family clearly in how Asian Indians fund and operate their businesses. The dependencies caused by this focus make having a financial strategy in place to protect their families and businesses that much more important. And, as we'll see, many Asian Indian business owners have started thinking through how to do that and what they need.



Most trusted financial advisors

	General Population	Asian Indian
Your spouse	48%	73%
Other business owners you know	43%	56%
Your child	27%	38%
A parent	19%	42%

Protection for their businesses

Asian Indians understand the importance of financial planning for the business, yet a lack of time and knowledge, along with their self-reliance, may be preventing them from planning for the future.

Forty percent, compared to 28% of general business owners, say it is all they can do to keep up with everyday expenses, let alone think too much about the future. Asian Indian business owners tend to be highly entrepreneurial, possessing strong financial insight and multiple businesses with partners. One-third are interested in growing the business but feel they lack the knowledge to do so.

While Asian Indian business owners have considerable business concerns, few have taken protective measures via their financial plans, further revealing a need for financial planning education.

- The top concern among those surveyed was keeping employees loyal to the business; however, only 34% offer special benefits for key employees.
- Asian Indian owners also worry considerably more than general business owners about protecting assets from lawsuits, seizures, etc., yet only one-third have a business asset protection plan to do so.
- Nearly half worry about the impact the disability of an owner or key employee would have on the business, but only 24% have a buy-sell agreement for disability that would allow them to ensure the business could be transitioned if needed.

Succession planning is another area Asian Indian business owners think about, but have taken little formal action.

- Forty-three percent worry who will run the business in the event they or another owner becomes disabled or passes away, and 30% are concerned about transitioning ownership or finding a buyer when they are ready to retire.
- But just one in five has a business succession plan in place, putting their businesses—and families—in a potentially vulnerable position.
- Twenty-five percent, versus 8% of general business owners, created the plan on their own, and 22%, compared to 8%, created it with a business partner or had a friend’s help. This again demonstrates their independence and close-knit business network. Without a formal succession plan, business owners risk unforeseen challenges when they want to retire from, sell or pass on their business.

The business and finances

	General Population	Asian Indian
Financial planning for the business is very important	67%	77%
Manage business’s everyday expenses to avoid going into debt	66%	72%
It’s all I can do to keep up with everyday expenses, let alone think too much about future	28%	40%
Interested in growing business but lack the financial knowledge	14%	33%

Not surprising, given the importance of family and the strong family-business connection, 44% of Asian Indians plan to pass their business on to a child, and 30% plan to pass it on to their spouse. While it is encouraging that so many have thought about whom they will pass the business to, 25% have not yet told that person of their plans. It is important that they make sure that the individual they want to take over the business wants to do so and will be prepared.

Despite this lack of planning, Asian Indian business owners are more likely than general business owners to recognize the importance of a business valuation, and 56% have had one within the past three years. Thirty-eight percent, did the valuation on their own, compared to 23% of general population business owners. A valuation done by a business owner may be different than one done by a professional, which could change their strategies. The business may be worth more or less than they believe.

There is a clear need for support for Asian Indian business owners in developing a long-term financial strategy. Many have begun thinking through what they need and have a grasp on what they want to do, but seem to lack the knowledge and resources to do so. Expanding their business network to include a financial professional may help Asian Indian business owners build a healthy financial future for their businesses.



Financial concerns & actions taken

	General Population		Asian Indian	
	Major Concern	Action Taken	Major Concern	Action Taken
Keeping key employees loyal to business ¹	53%	30%	68%	34%
How business would be affected by possible death of you, another owner, a key employee ²	44%	32%	41%	24%
How business would be affected by possible disability of you, another owner, a key employee ³	40%	25%	49%	24%
Protecting assets from lawsuits, seizures, etc. ⁴	38%	30%	57%	34%
Who will run business if you, or another owner, leaves, becomes disabled, dies ⁵	31%	26%	43%	20%
Handling estate taxes in event of an owner's death ⁶	25%	46%	40%	31%

¹ Special benefits for key employees

⁴ Business asset protection plan

² Buy-sell agreement for death

⁵ Business succession plan

³ Buy-sell agreement for disability

⁶ Estate plan

Family finances



Asian Indian business owners' independence and desire for control extends into their homes. They are heavily involved in decision-making around family finances and take the time to educate themselves on money management and financial products. As in business, Asian Indians take a hands-on approach to household finances.

Thirty-eight percent, compared to 27% of general business owners, say they are the sole decision maker in their homes regarding household financial matters. Eighty percent want to be actively involved in all decisions regarding their finances.

For the most part, they are confident in this role. Sixty-four percent believe they are good at managing money and they are equally satisfied as general business owners with their current financial situation (49% versus 45%, respectively). Fifty-five percent tend to do their own research and make their own decisions about insurance/investment products, and 47% feel confident selecting investment options to meet their goals.

Despite their knowledge and confidence, many still worry about meeting financial goals and may still have concerns about their finances.

- Thirty-four percent, compared to 20% of general business owners, wish they were in more control of their finances.
- One-third, versus 20% of general population business owners, is worried about being able to meet their long-term financial goals.
- One in five say they wouldn't know where to go for financial advice.

Personal financial products owned

	General Population	Asian Indian
Individual life insurance that is purchased on your own	85%	74%
A will	79%	57%
A qualified retirement savings plan, such as a 401 (k) , or an IRA	76%	67%
Investments outside of a pension type plan	71%	49%
An estate plan	47%	35%
Group life insurance from work	45%	26%
A formal financial plan	45%	38%
Group disability insurance from work	36%	25%

Asian Indians also express a lot of anxiety about protecting their families in the event of their disability or untimely death, paying down debt, creating a long-term financial plan and developing a college savings plan. Yet they fall behind general market business owners in ownership of personal financial products that help ensure their loved ones aren't left in a weak position. Working with a financial professional to review their financial strategy may help Asian Indians address some of their concerns and identify additional needs they may have.

Perhaps surprising, given their knowledge, confidence and focus on providing for their families, few Asian Indian business owners have begun planning for the years they are no longer able to work. Planning for their post-working years is crucial to their ability to retire when and how they want to.

- One quarter, compared to 16% of general business owners, say they have too many immediate financial concerns to think about saving for retirement.

- Twenty-one percent, versus 7% of general business owners, feel they are too young to begin planning. This may be because only 32% of those surveyed were age 55 or older, compared to 44% of other multicultural business owners and 67% of general market business owners.
- Despite this lack of planning, 48% still plan to retire at age 65 or younger.
- Slightly more than one quarter plan to rely on proceeds from the sale of their business or continued income from the business as their primary source of retirement income, despite only one in five having a succession plan in place. Not having a financial strategy that addresses retirement income means that income for the business owner is not guaranteed.

Finding the time to navigate and learn more about the many financial products available can be challenging. A financial professional will recommend solutions based on individual circumstances and work with Asian Indian business owners and their families to build a strong financial foundation.

Financial topics of concern

	General Population	Asian Indian
Protecting your assets and remaining as independent as possible if you would require long-term care	47%	51%
Protecting your family in the event of an untimely death	45%	61%
Protecting your family in the event of your disability – even for a short while	40%	55%
Paying down debt	39%	51%
Funding your retirement	37%	44%
Creating a long-term financial plan	28%	45%
Developing a college savings plan	10%	29%



Create your financial safety net

Asian Indians have seized the entrepreneurial spirit, working hard to establish their businesses, support their families and build strong business networks. Now is the time to build a safety net that helps protect it all. A financial professional can help Asian Indian business owners and their families attain greater fiscal confidence and make informed financial decisions—moves that will allow them to preserve their businesses and independence.

The financial professionals at MassMutual work closely with business owners to understand their unique situations and goals, then identify solutions to help them work through the obstacles that may stand in their way to building their financial future.

MassMutual has been helping customers with their financial needs for more than 160 years and has financial strength ratings that are among the highest of any company in the industry¹. As a mutual company, we focus on providing long-term value for our policyholders.

Visit massmutual.com/asianindian today to find a MassMutual agent in your area and learn how to take the next step in creating a solid business strategy and achieving fiscal fitness.

¹ Financial strength ratings: A.M. Best Company: A++; Fitch Ratings: AA+; Moody's Investors Service: Aa2; Standard & Poor's: AA+. Ratings apply to Massachusetts Mutual Life Insurance Company (Springfield, MA 01111) and its subsidiaries, C.M. Life Insurance Company and MML Bay State Life Insurance Company (Enfield, CT 06082). Ratings are as of 8/1/2013 and are subject to change.

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