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Exploring Six Key Decisions Post-Exit Entrepreneurs Will Have to Make

Figuring out what to do with newfound wealth—and yourself—post-exit requires careful consideration

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After selling their business and relinquishing the CEO role, post-exit entrepreneurs face a new beginning, and the feelings they experience can be both euphoric and disorienting. Gone are the days packed with meetings and calls. There are no more board and banker meetings, and pesky customers and employees are all but forgotten. Whereas active entrepreneurs and CEOs have a high degree of structure, meaning, and identity, post-exit entrepreneurs can feel adrift in their new amorphous existence. There is no office to charge into, and it really does not matter if the day begins at 6:00 AM or 10:00 AM. Purpose, patterns, and people interactions are all disrupted. We examined the post-exit entrepreneur phenomenon in our note What's Next: The Entrepreneur's Epilogue and the Paradox of Success.

The exit process is not all doldrums, of course. A stellar sale confirms years of hard work and converts trapped illiquid wealth into usable cash. The calendar is now open and waiting to be filled with new opportunities and purpose. Questions will percolate about how to turn over a new leaf and find novel goals and meaning. Launching a fresh entrepreneurial venture is always an option, and so is living a life of leisure. Choices abound. To help post-exit entrepreneurs get their arms around how to move forward, we framed a pack of questions to consider in our note A Dozen Questions to Consider After Selling Your Business.

After the celebrations wrap up, post-exit entrepreneurs will need to make multiple decisions to stabilize their new lives. There is abundant business literature on how to scale and sell a company, but there are scant resources on what to do after the exit. There is an assumption that with a fresh fortune there cannot be any worries and that entrepreneurs are in the happily-ever-after stage. In this note, we present six essential decision points, examine why they matter, and make a few recommendations on how to think about the issues involved.

We write this note for entrepreneurs who have built businesses by starting them from scratch or by purchasing them, usually by means of a search fund, and using the platform to grow. Our audience includes those entrepreneurs who were deeply invested in their companies financially, emotionally, and intellectually and who experienced some sense of loss in conjunction with the victory of the exit. Specifically, we target entrepreneurs who enjoyed a life-changing exit that established them as financially independent with no absolute need to work again unless they choose to.

Entrepreneurs imprint their DNA on their enterprises in a very personal way, and despite being incredibly fortunate, the post-exit CEO can find their new life to be confusing and filled with

angst. We write this note with the hope of making the transition from active CEO to post-exit entrepreneur easier and smoother. We wish we had had a similar road map when we sold our companies and felt confused and directionless. As we explore our six decision points, we will also consider common mistakes and consistent learnings from the post-exit set.

To help make this note more impactful and reflective of what many post-exit entrepreneurs are thinking, feeling, and doing, we built a data set. We targeted post-exit entrepreneurs with a net worth of at least $10 million and built a survey packed with questions relating to wealth management, post-exit lifestyle, philanthropy, financial goals, and happiness and life satisfaction. We queried suspects who we thought might be qualified respondents. Of the 60 replies we received, 52 met the target audience requirements and constitute the data set. Although our note will not be an exclusive report on the data results, we will weave the data and the outcomes into the various topics we discuss.

We will now share some high-level demographics on the portfolio so readers have a feel for the population we are citing and what our insights are based on (**Figure 1**). The average age at business launch for our data set is 27. The average age at exit is 42, and the current average age is 48. The median number of years entrepreneurs spent building and running their firms is 13 (70% ran their company for more than ten years, and a full 45% of the entrepreneur group led their firms for 15 years or more). The average net worth at exit is $15 million, and the average net worth today is $32 million. Many wealth management experts define ultra-high net worth people as those with at least $30 million. That is precisely what our gang is, and they are well within the top 0.1% of wealthiest people in the U.S.[3]

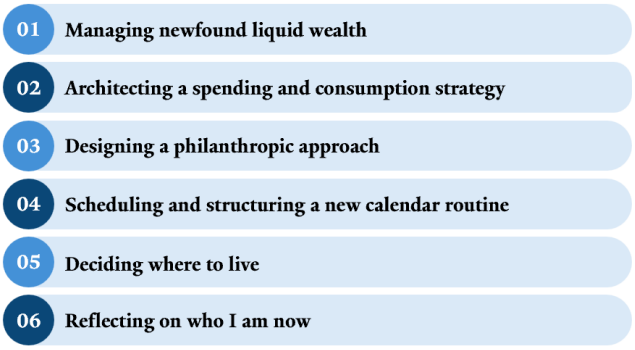
Figure 1: Key demographic highlights in our data set

Average age at business launch	27
Average age at business exit	42
Average age today	48
Median years running business	13
Average net worth at exit	$15 million
Average net worth today	$32 million

Most entrepreneurs head into post-exit life ill-prepared. They have gone all in on their business, and with an exit approaching, they are now concurrently running and selling the company. It is a race to the finish line without much time to think about what comes next. In our data set, only 20% of post-exit entrepreneurs allocated time and energy to thinking about post-exit life. A complete 70% did not plan, and 10% were neutral on actively planning. We find this data fascinating. A group of successful business leaders who crafted valuable enterprises virtually checked out on the day-after conundrum. They were assiduous in engineering their professional lives, but did not apply the same rigor to their personal spheres. We hope this note helps the next cohort of entrepreneurs shift into post-exit life better prepared and more gracefully.

We will now explore a sextet of post-exit decisions (**Figure 2**) that entrepreneurs will need to consider after counting their winnings and embracing the reality of their new lives. The first three topics will be quantitative, and the last three will be qualitative. We are not frontloading the numbers because we think they are more critical; we want to get those themes out of the way so we can get to the good stuff.

Figure 2: A hexad of critical decisions for post-exit entrepreneurs

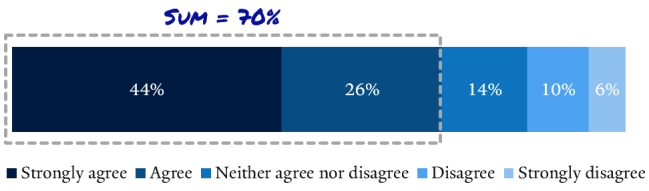


01 Managing newfound liquid wealth

When an entrepreneur sells their business, there is a subtle shift in roles from wealth creator to wealth manager. These two functions require vastly different skills and mindsets. Some brilliant post-exit entrepreneurs are equally adept at managing wealth and creating wealth, but that is not a given. Managing newfound liquid wealth is a duty and will take some time and strategy. It is also the decision post-exit entrepreneurs often turn to first. When they lose structure, meaning, and identity, these action-oriented people want to do something, and this is the sandbox where they have control and can create a sense of activity, accomplishment, and purpose.

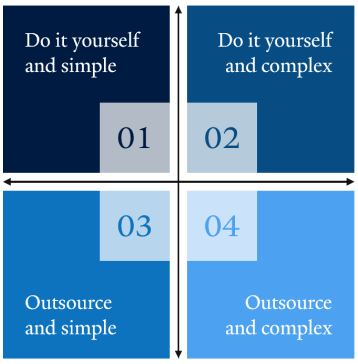
Additionally, many post-exiters' first reflex is to want more money. Our survey participants' average net worth at exit is $15 million, yet 70% wanted to increase their net worth after exit (**Figure 3**). This reflects a familiar post-exit dynamic: I have a lot, but I want more. When we asked post-exiters how much they wanted and considered enough when they first launched their entrepreneurial foray, the average was $10 million, with 47% of participants falling between $10 and $20 million. Today, their average magic number is $65 million, with 49% falling between $21 and $50 million. The goalposts keep moving, and whatever they have, they want more. We are not so sure life changes much when a post-exiter moves from approximately $30 million to $65 million. These feelings also inform spending, time allocation, and philanthropic philosophies.

Figure 3: Post-exiters' response to whether they desired more money after their exit



Whether they desire to pursue further financial gain or not, post-exit entrepreneurs who enjoy a windfall have an obligation to manage their wealth in some way. Post-exiters can use a simple model (**Figure 4**) to develop a wealth management philosophy. Of course, this is a profoundly personal decision, and there is no right or wrong answer. Part of this decision will be a function of how much wealth the post-exiter wants, how much they plan on spending per year, how much time they choose to allocate to wealth management (more time does not necessarily mean superior returns), and what amount (if any) they desire at their death.

Figure 4: A simple framework for thinking about wealth management



In our framework, post-exiters need to make two pivotal decisions. The first is who will actually manage the wealth. At the extreme, there are two vectors here: do it yourself or outsource it to somebody else. Some post-exiters want to spend their days thinking about investments and how to make more money; they are clearly in the do-it-yourself bucket. However, others want to spend more time reading, playing tennis, or pursuing their fresh calling; they are likely in the outsource camp.

The second pivotal decision involves the actual investment strategy. One arc is to embrace simple—a handful of broadly diversified index funds with a set-it-and-forget-it mindset. A divergent tack is to chase complex alternatives like hedge funds, venture capital, private equity, private credit, and direct investments in operating businesses. Once the post-exit entrepreneur develops a philosophy about these two prongs, they can be paired to form a strategy and approach.

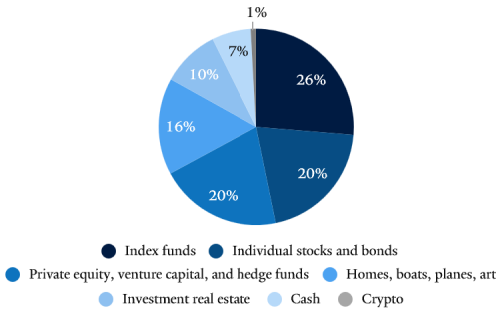
Making good up-front investment decisions matters. After a few decades, investments are challenging to unwind. Post-exiters had better be sure about what they are doing, what they want, and why. It is a long runway, and it is challenging to change course quickly and reposition a taxable portfolio. In **Figure 5,** we depict data reflecting our survey participants' portfolios. A few insights worth noting include a median 30% position for index funds, a median 26% provision to individual equities, and a 20% median allocation to private equity, venture capital, and hedge funds with representation from a zenith of 84% of our data set.

Furthermore, note that a complete 15% of portfolios consists of non-financial assets like homes, boats, and art. For a visual presentation of the average portfolio in a pie chart format, see **Figure 6**.

Figure 5: Current investment allocation for post-exit entrepreneurs (non-zero investments only)

Non-zero investments only	%	Average	Median	Min	Max
Private equity, venture capital, and hedge funds	84%	24.2%	20.0%	0.2%	85.0%
Index funds	80%	32.8%	30.0%	3.0%	90.0%
Cash	80%	8.1%	5.0%	1.0%	35.0%
Homes, boats, planes, art	78%	20.3%	15.0%	1.5%	51.0%
Individual stocks and bonds	72%	28.3%	26.5%	1.5%	81.0%
Investment real estate	64%	14.6%	10.0%	0.1%	65.0%
Crypto	16%	5.4%	5.0%	2.0%	11.0%
Commodities	14%	3.5%	5.0%	0.5%	5.0%

Figure 6: Average asset allocation in a pie chart format (including zero investments)



If a post-exit entrepreneur does not enjoy or want to allocate time to wealth management, it makes all the sense in the world to outsource it to a wealth manager. However, this comes at a steep cost, perhaps 50 to 100bps, that needs to be factored into annual consumption and will likely represent a considerable percentage of the annual spend. Interestingly, when we ask post-exiters how much they spend annually, they nearly universally forget to include investment management fees. These fees can often be the single largest expense line item for post-exit entrepreneurs. While it is undoubtedly a bona fide choice to outsource, it is unlikely that these professional managers will outperform indexes, especially when factoring in fees. Additionally, the decision about who manages the money will reflect the post-exiter's specific strategy and philosophy. We differentiate investment management from estate planning schemes, which absolutely can add value—and complexity.

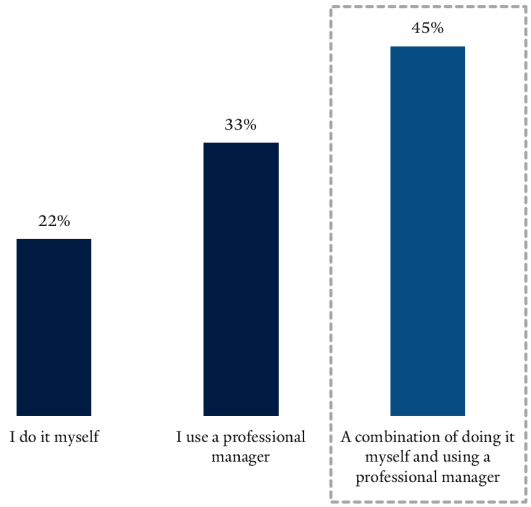
Alternatively, post-exiters can embrace a do-it-yourself approach. This methodology breaks down into two paths: simple and complex. The simple methodology uses something like Vanguard index funds to build a plain vanilla portfolio. This would not require a lot of time and would guarantee market-like performance. On the other hand, someone can be a do-it-yourselfer with complexity. This entails building deal-sourcing, evaluation, and monitoring practices while looking for direct deals, hedge funds, private equity, and the like. It might include hiring a person or two and involves lots of administration (and the joys of loads of paperwork).

There is a middle ground to explore, too. Post-exiters can hire a fee-only advisor who can assist in wealth management issues without having a de facto equity interest in the portfolio's size, performance, or activity

levels. Perhaps this fee-only player could be supplemented with a phalanx of accountants and lawyers to build out a consultative support mechanism but with a different economic model.

Figure 7 displays how our post-exiters manage their wealth. Do it yourself is the least popular choice at 22%, and 45% use some combination of a professional manager and themselves. Interestingly, entrepreneurs with a net worth of $10 to $20 million are half as likely to independently manage their own wealth (12%), compared with 21% of those worth $21 to $50 million, 25% of those worth $51 to $100 million, and 50% of those worth over $100 million.

Figure 7: How post-exiters manage their wealth



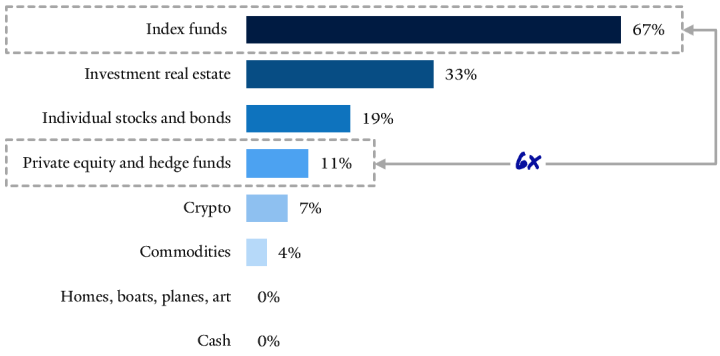
When it comes to simple or complex, we generally have a bias toward simple. If a post-exit entrepreneur has more money than they can use in a lifetime, why should they complicate their lives with lots of different investment schemes? Observationally, we see many post-exiters start out chasing more wealth through complexity (whether through a professional manager or on their own), only to revert to simplicity after several years. Whether this is due to disillusionment with performance or flagging interest in the activity is unclear. Perhaps they realize that more money just does not matter when someone is already a multi-decamillionaire.

Complex and fancy investment options aim for premium returns but come with corresponding risk, illiquidity, and murkiness. Some reasons why post-exiters cannot help but initially pursue these siren calls are the intellectual challenge; being in the game; that it is cool, fun, and sexy; and that it is fundamentally associative investing (this is what my friends do, and we talk about it, so I need to be doing it, too). We are suspicious of complex and fancy. The data says it is hard to best public equities over very long periods of time. All things being equal, complexity is rarely the best answer, and who wants all that hassle when life can be whatever the post-exiter wants? Additionally, if part of an intricate investment strategy is making a disproportionally big bet that can go sideways, that is an excellent way to destroy wealth and become a formerly rich person. Complexity also sometimes comes with difficulty in measuring outcomes (at least intra-holding period) and problems exiting before the entire investment comes to a conclusion.

We, too, began with pursuing more complex and fancier than we currently have an appetite for. If we could turn back the clock, we would practice a simple index fund strategy with a do-it-yourself management approach. This reflects a set-it-and-forget-it line of attack. It is simple, easy, and elegant, and it affords the opportunity to spend more time on pursuits other than incremental wealth accumulation that has little value or meaning.

Our perspective is not unique. In our data set, 42% of respondents would not change their asset allocation at all, while 52% would. For those who would like to reorient their current allocation, the most sought-after asset class is index funds, which are twice as popular as the next most selected vehicle, investment real estate, and which trump private equity and hedge funds by six times (**Figure 8**). Recall in **Figure 5**, 84% of our data set has exposure to private equity, venture capital, and hedge funds. Considering the data in **Figure 8**, this feels like the largest investing mistake or regret for our post-exiters. With time and experience, post-exiters in the know seek simplicity.

Figure 8: What assets post-exiters would like to see more of in a reconstituted portfolio



02 Architecting a spending and consumption strategy

Once the dust settles after an exit transaction, the entrepreneur must begin to think about how they plan to structure their spending and consumption strategy. Post-exit entrepreneurs might be tempted to live large after the exit. After all, if someone walks away with $25 million or so, they certainly deserve to feel wealthy and flush—they are. Supersizing their lifestyle with more and fancier homes, boats, airplanes, and frequent and exotic travel can be tempting. That is what rich people do, right?

Let's stay with the example of $25 million in proceeds; while this is surely a lot of money, it is not quite Rolling Stones frontman Mick Jagger money. If a post-exit entrepreneur thinks $25 million will allow them to live like a rock star, we strongly encourage them to do some math and get some professional financial guidance. A $25 million nest egg more than likely means that the post-exiter does not have to work and can architect their life how they want or choose to, but it probably does not finance multiple luxurious homes in exotic destinations and Gulfstream air travel around the globe for very long. The gravity of math is real, even for folks with tens of millions of dollars. Overspending as a post-exiter is another excellent way to destroy a small fortune.

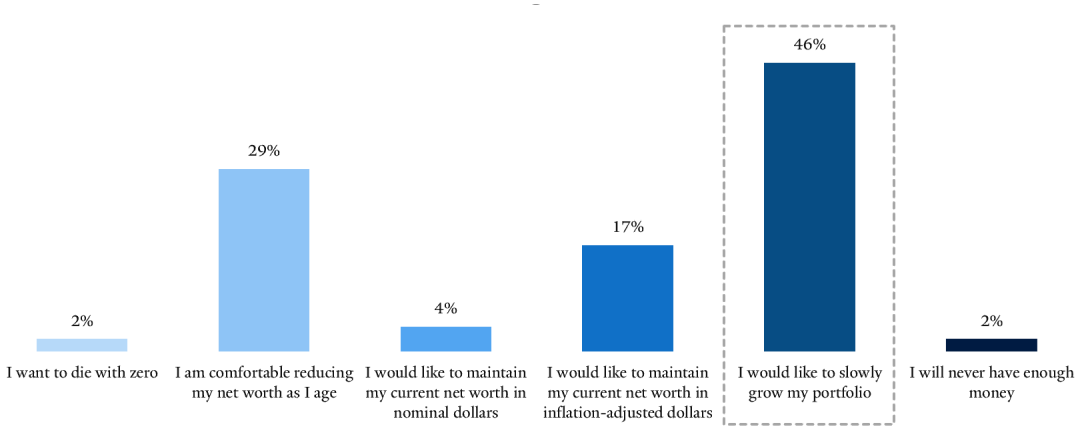
When we think about spending and consumption patterns for post-exit entrepreneurs, a few essential concepts jump forward. First, it is best to build a lifestyle and spending policy based on no additional earned

income. This might be a reality, and it sets the stage for not having the obligation to work unless that is a chosen pathway.

Second, when a post-exiter has a pile of money, spending is at least partially a function of the desired terminal value the individual wants and their current age. For example, if the former entrepreneur intends to die with no money in the bank, spending can be more aggressive. However, if the post-exiter wants to see their wealth grow over time, spending will need to be tempered. This will partially be informed by whether post-exiters want assets to grow, remain constant, or are willing to see them shrink in nominal dollars. The average age in our data set at exit is 48. This requires long-term planning and considerations with a nearly 50-year time horizon. Wealthy people in their 90s can spend whatever they want. Wealthy people in their 40s had better think prudently about the math.

In **Figure 9**, we display results for how our data set participants feel about wealth changes over time. Approximately half (46%) of respondents want to grow their wealth on top of inflation, and 17% want to maintain the portfolio in inflation-adjusted dollars. To achieve these goals, spending rates must be held in check. Approximately one-third (29%) of the group is comfortable reducing their wealth with age. These folks can spend more aggressively.

Figure 9: Post-exiter thoughts on portfolio growth and shrinkage with age



Third, we think spending as a function of investable assets is a crucial relationship to consider. It is not the nominal spending that matters that much; rather, it is the percentage of expenditures on the investable asset base. This is very nuanced. If a person has $10 million, they are certainly not as rich as someone with $25 million. However, if the individual with $10 million only needs to spend $100,000 per year to have the lifestyle they seek, their 1% spending rate is very conservative; they likely sleep easily and live in financial harmony.

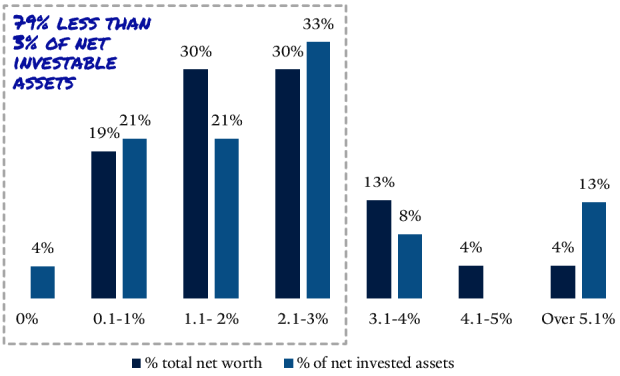
In contrast, if the person with $25 million needs to spend $2 million per year—an 8% spending rate—they might be placing themselves in financial jeopardy. Once again, this links to terminal value and age. We are not professional advisors in matters of personal spending policy, but we have plenty of high-level math skills. We think spending a few percentage points (anywhere from 1% to 4%) of investable assets is a directionally sustainable and conservative posture. Recall that it is hard to go wrong by spending less—other than the opportunity cost of not spending more. This can be thought of as a game of sleeping versus eating. Spend less, and you sleep easily; more consumption (eating) might cause fitful sleeping.

Interestingly, we often hear wealthy post-exiters whisper about their balance sheet size and their investment returns; we never hear them coyly discuss their spending rates. Net worth and returns are only part of the picture; spending is the other side of the coin that warrants attention. Furthermore, post-exiters cannot control investment returns, taxes, or inflation. However, they have complete control over spending rates, yet they tend to obsess about what they cannot control and behave lackadaisically about that which they can control.

Finally, do not confuse the total balance sheet with investable wealth. If a post-exit entrepreneur is worth $40 million, and $15 million is in non-income-producing residential real estate, the entrepreneur had better think of their investable wealth as $25 million. These other assets might be more akin to wealth ballast than assets that can be thought of as a foundation for spending if they cannot be tapped for cash flow and spending purposes. For example, it is difficult to access part of a house for spending, unlike selling some shares of a non-dividend producing position of a public equity. However, a house can be tapped for cash by introducing leverage. Some post-exiters get tripped up in confusing other assets with their core investable assets.

In **Figure 10**, we display the characteristics of post-exit entrepreneurs' spending from our data set. Most entrepreneurs (79%) spend less than 3% of their total net investable assets annually, disregarding earned and passive income sources. The marginal propensity to consume is alive and well for our survey respondents. Median pre-exit spending is $325,000 per year, with a pop up to $600,000 post-exit. Spending as a percentage of net investable assets is not a perfect bell curve and has a positive skew with the tail on the right with lower spending rates. Comparatively, few post-exiters spend above 3% of their net investable assets.

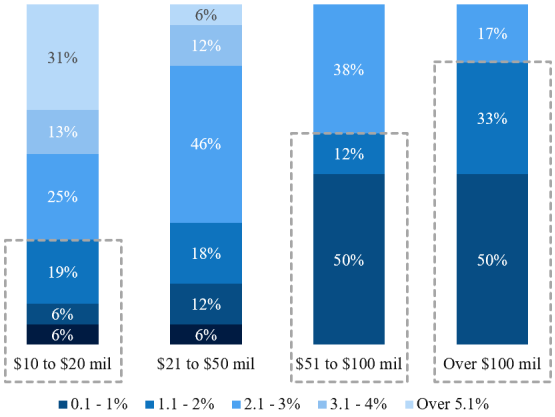
Figure 10: Post-exit entrepreneur spending characteristics[*]



[*] Careful readers will observe that total assets should typically be higher than investable assets. So, if 4% of the sample spends 0% of their net investable assets there should be at least 4% that spends 0% of their total net worth. Similarly, if 25% (4% + 21%) of the sample spends less than 1% of their investable wealth, there should be more than 25% of the sample that spends less than 1% of their total net worth. The methodology for calculating spending as a percentage of investable assets and total net worth is different in our study. The percentage of spending based on investable assets was a direct survey question and the percentage of spending based on total net worth was derived through a calculation. Thes different methodologies likely lead to results that while directionally accurate, are not completely intuitive.

In our data set, spending rates of net investable assets go down rapidly as asset sizes amplify. In **Figure 11**, post-exiters with assets greater than $50 million do not have a spending rate greater than 3%. For those with $51 to $100 million, 62% have a spending rate of less than 2%, and that increases to 83% for those with more than $100 million. This is in contrast to post-exiters with $10 to $20 million, which only have 12% with a spending rate below 2%. These relatively conservative consumption rates will push entrepreneurs to examine what to do with their ever-accumulating assets.

Figure 11: Spending rates as a function of net investable assets



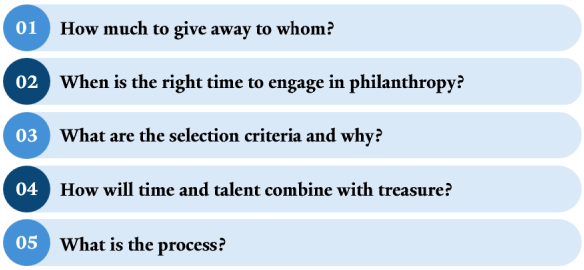
There are several reasons why some post-exiters can slip into a pattern of overconsumption. Some think that is how rich people are supposed to live, and others are looking for action and activity to fill the void and think consumption will give them the same satisfaction as building a business. And it often does provide a short-term dopamine hit. However, it is important to understand what factors drive spending and why. Spending drivers can include ego fulfillment, status, seeking sugar highs, convenience, or keeping up with a social group.

Additionally, spending can provide comfort, security, wonderful new experiences, and be a form of generosity when shared with others. An even more significant point to consider is what that spending actually delivers. Does it buy more free time, take care of undesirable tasks, or bring family and friends closer together? Striking the right balance between convenience and indulgence is integral. Finding meaning and purpose without needing to be on a spending treadmill is likely a worthy goal. Resisting self-definition through consumption is probably healthy for both the pocketbook and the mind.

03 Designing a philanthropic approach

It is common knowledge in wealth management circles that there are only four inescapable basic uses for money: consumption, taxes, bequests, and philanthropy. This section will discuss philanthropy, although, to a certain extent, living and testamentary bequests are philanthropic substitutes. When a post-exit entrepreneur is fortuitous enough to have excess capital, they can more thoughtfully contemplate the role philanthropy might play in their wealth management strategy. To frame the discussion in this section, we will examine a quintet of key questions depicted in **Figure 12**.

Figure 12: A pentad of principal philanthropic questions for post-exiters



We do not claim to be philanthropic experts. The concepts we present here are the result of conversations with post-exiters in our data set, lots of reading and thought, and plenty of missteps along the way. Philanthropy is a deeply personal topic, and we certainly do not aim to impose our views on our friends and readers. However, we will share some individual thoughts which can be taken or ignored. We have previously written about some philanthropic issues in our note A Call to Philanthropy in the Search Fund Ecosystem.

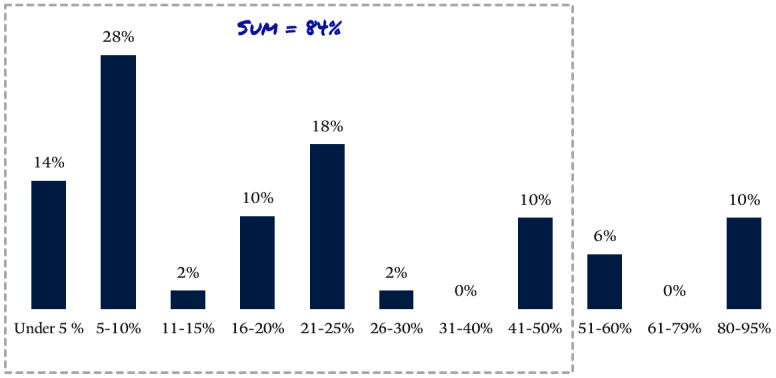
When we think about the four potential uses of capital described above, we are definitely comfortable with some consumption and indulgences. Eventually, however, perpetual consumption gets tiring. Giving to children also has its limits, as over-endowing them can be as much of a curse as it is a blessing. Regarding taxes (specifically estate taxes), we rarely encounter post-exiters who enthusiastically shoot to allocate more funds in this direction. So, if there is a governing limit to consumption, gifting, and taxes, the default becomes philanthropy. In some ways, we view philanthropy as a voluntary tax where the prosperous recycle capital into society and the system from which they benefitted.

01 *How much to give away to whom?*

Perhaps the fundamental question post-exiters will need to confront regarding the philanthropy vector is exactly how much they plan to give and to whom. The how much part of the question might be informed by how the entrepreneur views wealth accumulation over a lifetime. If the post-exiter is OK with attenuating balances over time, more philanthropy is a possibility. If the goal is amplifying balances, it might be harder to engage in material philanthropy early in the game.

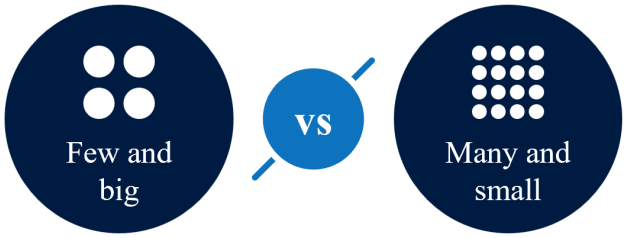
In our data set, the vast majority (84%) of post-exit entrepreneurs plan to give less than 50% of their wealth to philanthropy (**Figure 13**). The allocation appears to be at least partially a function of total wealth, with those with more wealth willing to increase their percentage distribution. This drives a big post-exit question: If spending rates are in the low-single-digit zone, and target philanthropy skews below 50%, where will all of this capital go? Conversationally, many post-exiters hint at giving their children $3 to $10 million each. This leaves plenty of riches leftover to do something with.

Figure 13: Post-exiter target philanthropy as a percentage of wealth



When deciding who should receive funding, we like to use the framework in **Figure 14**. We will not offer perspectives on specifically who should get funded since that is such an individual philosophy. However, we do propose that post-exiters evaluate whether they want to make relatively few significant and transformative donations or many small gifts to diversified recipients.

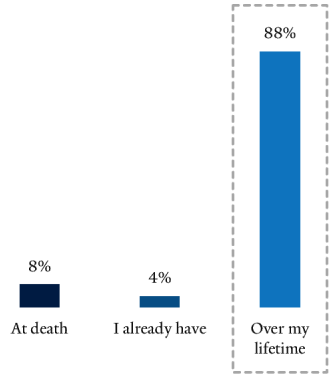
Figure 14: A framework for thinking about philanthropic recipients



02 *When is the right time to engage in philanthropy?*

Once a post-exiter decides the quantity of wealth to allocate to philanthropy, the next avenue to explore might be when to engage. Some folks view philanthropy as a posthumous event, while others pursue charitable activities while alive. In our data set (**Figure 15**), 88% of entrepreneurs plan on participating in philanthropic activities throughout their lives, while 8% plan on doing so at death.

Figure 15: Post-exiter philanthropic timing



We understand the notion of holding on to wealth while alive and disposing of it upon expiration. There is always some primal fear of running out of funds, and one way to mitigate the risk is to hold on tightly. However, when a post-exiter enjoys tens of millions of dollars, sharing some proportion of that earlier in the game is likely immaterial. Of course, there is the opportunity cost and the lost compounding growth, but the flip side is the chance to witness or participate in the philanthropy and see the positive impact it makes. Furthermore, while the post-exiter will miss the compounding, the philanthropy will gain it through growing positive impact.

Donor-advised funds (DAF) are a popular giving tool for philanthropy. We are fans of them and use them. However, we can also critique this structure as just a tax-advantaged warehouse for funds. When people donate capital to a DAF, they get an immediate tax benefit for the gift but are not compelled to actually distribute the funds to an end user—ever. So, this can technically be a form of giving early since the funds no longer belong to the benefactor, but no end user has received the capital. We are not against DAFs, but we suggest people put the money to work and make the world a better place in the present instead of warehousing the funds in the DAF holding vehicle.

With philanthropy in general, we lean toward earlier and more. Post-exiters are society's economic lucky winners. They might be brilliant and hard workers, but serendipity played a role, too. Our opinion is that post-exiters have a moral obligation to pay it forward and give back. What better time is there than now?

Alternatively, post-exiters can mimic the Warren Buffet model and hold capital in their coffers for most of their lifetimes and distribute charitable dollars towards the end. This has the advantage of allowing capital to continue to compound on a tax deferred basis and might result in actually giving away more funds.

03 *What are the selection criteria and why?*

Once a post-exit entrepreneur decides to pursue a philanthropic journey, they will need to establish selection criteria for their giving program. Without specified criteria, entrepreneurs might default to a willy-nilly approach. We will offer a few thoughts on general selection criteria.

Beyond broad categories like health, education, arts, and land preservation, post-exiters narrow down target organizations based on a handful of benchmarks. First, target organizations can fall into two buckets: classic brands and emerging brands. Classic brands can be nationally recognized, well-endowed, and behemoth-like enterprises. Emerging brands might be smaller and not as well funded while taking an innovative and novel approach to tackling a social need.

Second, post-exiters can evaluate potential recipients based on the scale of impact the organization can make and the area of society or geography in which that impact is made. Each charity has its purpose, and post-exiters can decide whether it aligns with their own perceived values. Third, some donors seek to support prestigious organizations, which might build social status for the benefactor. Participation here can provide social entrée and even business access. Other organizations are more about the impact and recipients and less about donor connections. Neither kind of organization is right or wrong, but post-exiters need to scrutinize what they are seeking in their philanthropic work and whether it includes a vanity component.

04 *How will time and talent combine with treasure?*

Time and talent can support and amplify financial giving. Some post-exiters turbocharge their gifts with a material volunteer role or a board seat. This is a way to not only boost the funds by monitoring the gift but

also witness the gift's impact with a front-row seat. Time can further be supplemented with specific talent. If a post-exiter has a unique skill or capability they can bring to the table, the charity benefits not only from capital but also from value-added labor.

Alternatively, some post-exiters might enthusiastically allocate capital to specific charities and have no desire at all to supplement their gifts with time and talent. This is not right or wrong, just a choice. Furthermore, adding time and talent might work better when the donor embraces a few prominent gifting approaches rather than diving into several charities where the financial commitment is small.

Finally, we encourage post-exiters to tread carefully when signing up for time and talent commitments. While we very much like the notion of giving back and funding worthy financial causes, these organizations can quickly become large time commitments akin to full-time roles. This is fine if that is what the post-exiter wants, but non-profits do not operate like nimble, entrepreneurial organizations. So, even if engagement is rewarding at some level, this can lead to disillusionment even when the organization is well-intentioned.

05 *What is the process?*

A post-exiter can easily slip into a giving pattern that is not thematic, programmatic, or intentional. This can result from reacting to who makes the ask as compared to what the philanthropy does and what the impact is. There is nothing wrong with this method; however, responding to serial charity requests throughout the year can feel like a hodgepodge approach that is grounded in replying in the moment and not driven by a deliberate process.

We advocate for a more strategic and structured approach. For example, selecting and supporting broad themes like education, literacy, or geographic-centered causes quickly determines what is eligible and what is not when an ask is presented. Additionally, we enjoy an annual heartbeat—the day after Thanksgiving in our case—for giving activities. This means all donations are made within context and prevents over- or under-giving. Furthermore, it is easy to say, "We process everything on Thanksgiving," when asked for a gift. This is a polite way to blunt the serial asks and signal that the right time to pitch is after Labor Day. We endorse giving programs rooted in a fixed dollar amount or a percentage of assets approach. This ensures hitting the mark rather than dribbling out funds over twelve months and sharing too much or too little. As children get older, it can be healthy to engage them in the process, too, especially in the theme of Thanksgiving.

Operating on an annual cycle does not preclude exploring and assessing opportunities throughout the year. That is an excellent and healthy practice and can build conviction in decision-making. Philanthropy is in some ways no different from investing in that it requires deep thought, strategy, allocation principles, and a process that best supports the goals and intentions. Philanthropy, especially six- and seven-figure gifts, warrants the same attention and rigor as building an investment portfolio.

04 Scheduling and structuring a new calendar routine

One of the most daunting issues for post-exit entrepreneurs is what to do with their newfound time. In a post-exit world, CEOs swing from zero free time to oodles of blank space in their calendars. The pace of life slows down precipitously, and time becomes abundant. This is certainly a blessing in some ways, but it can

also feel like a curse. Days begin to run into each other, and any modicum of structure and rhythm is all but gone.

Some of this is a normal part of decompressing after the exit and letting go, and that process might take years. However, at some point, reality must return, and post-exiters will need to get back to some normal calendar hygiene. One of the greatest gifts in a post-exit life is having the privilege to consciously and intentionally decide how to build a life and use time. Despite this good fortune, however, such strategizing can be a challenge.

Many post-exiters solve this problem by selecting a portfolio approach where they have a smattering of activities that build out a mosaic. Others pursue a one-big-thing system that dominates their calendar. Whatever method they choose, post-exiters need a default project, a go-to purpose. If that does not exist, there will likely be a lot of wasted time, reversion to worst habits, and a bunch of unmeaningful filler activities. Post-exiters often greatly miss the things they were once so desperate to give up—the people, the rhythms, feeling useful, putting points on the board, and so forth. Another conflict is finding something to work on that is worthy of sacrificing hard-earned freedom.

If the post-exiter decides not to work full-time, there are a handful of buckets where people tend to land. We will highlight those categories now.

- *Leisure*. Many post-exit entrepreneurs choose to spend time on leisure activities like recreational hobbies, working out, reading, and traveling. These are often the first actions that are suppressed when living a busy entrepreneur's life.
- *Service to others*. Post-exiters are often sought out for their experience and expertise in all things entrepreneurial. Young entrepreneurs often crave mentorship, coaching, and advice from seasoned and grizzly veterans. The presence and wisdom of the post-exiters can affirm and prevent unnecessary hazards. Although we think of this work as unstructured and uncompensated, it can be very fulfilling and satisfying.
- *Wealth management and investing*. If a post-exiter sees their new calling as increasing the pile of money they already possess, they will likely spend a material chunk of time on wealth management and investing. Even if a post-exiter outsources the primary wealth management functions, there is still stewardship and responsibility to govern and oversee a small fortune. Time on wealth management can provide a dopamine hit for adrenaline junkies when things work out well, and for others, it can be a burdensome nuisance.
- *Board work*. Post-exiters are prime targets for board roles. This option can be rewarding and fulfilling, but it does not have the purely altruistic patina of service to others. It feels more like a gig to engage the brain and generate more wealth, which is perfectly fine. Some post-exiters load up on board seats and view themselves as professional directors. Warning: Being a board member is very different from being a CEO, for better or worse. Some post-exiters might find board work less than satisfying.
- *Philanthropy*. Supporting non-profit organizations as a professional volunteer or spending time on philanthropic initiatives can provide an outlet for post-exiters, too. When entrepreneurs choose to support their charitable work with time and talent, it can quickly morph into a material part of their

weekly calendar. This can provide intellectual and social stimulation without all of the demands and inflexibility of full-time compensated work.

- *Figuring it out*. Depending on where a post-exiter is in their odyssey, they might spend a significant amount of time trying to figure things out. Anecdotally, many post-exiters talk about wandering and being lost after a sale. They need to spend time and energy processing the event and charting a new course. This can include working with therapists and coaches, having endless coffee chats with people for advice and perspective, and engaging in trial probes to test what they want next.

The ultimate goal here is to replicate structure, meaning, and identity in a new arena. This is often constrained by what the post-exiter is willing to do. For example, if a post-exiter is only interested in working 20 hours per week and prefers not to travel for work, that eliminates a bunch of choices and options. We think obtaining such an understanding is very healthy. It refines the potential arcs and reflects a positive self-awareness and set of priorities.

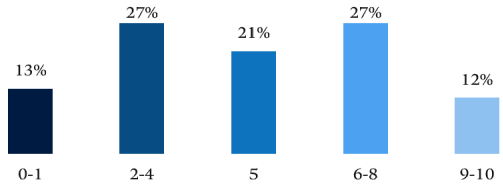
The real enigma in scheduling and structuring a new calendar routine is finding the right balance. Many post-exiters do not want to go back to their 100-miles-per-hour existence. Most also do not desire a life of complete leisure playing golf every day. The riddle, then, is how to create structure, meaning, and identity without being all in all the time. News flash: This is very hard to achieve. Post-exiters who want to do it again can usually find a spot, and being a dilettante is always a choice. However, finding the intellectual and social stimulation we all crave, being part of a team on a mission, making an impact, and feeling relevant is really difficult to figure out for 20 hours per week.

Time allocation is not just about professional activities; it is also about cultivating relationships with the people in one's life—spending quality time with a spouse, hanging out with the kids, assisting and supporting aging parents, and deepening friendships. There is now an opportunity for more meaningful activities or even just the everyday stuff a busy CEO struggles to fit in. Moving from active CEO to post-exiter also provides an opportunity for superior mental presence and participation in addition to physical presence. There are no longer daily crises and demands. Energy can be shifted outward instead of constantly being absorbed in the business. Be careful, however, about overwhelming older kids with attention, and remember that not everyone's calendar is as empty as a post-exiter's.

Perhaps the most important relationship to advance is the one with yourself. Post-exiters can now prioritize their health and spirituality. Having time to prepare the right foods, stretch, and do strength training and aerobic exercise is a blessing. Daily meditations are actually a possibility, and the entrepreneur can, in fact, slow down and really participate in a meditation practice without veering off into a business task list.

We have a pack of insights on time allocation from our data set. On a 10-point scale, our data set of post-exit entrepreneurs self-rank their level of retirement as 4.9, indicating they remain in some degree of professional work but not full-time. **Figure 16** depicts self-described retirement levels, with 0 being not at all retired and 10 being fully retired.

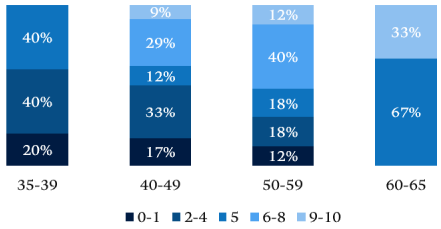
Figure 16: Post-exiter self-described retirement levels



When we splice the data further by post-exiter age, we see a clear trend emerge. There is a strong relationship between how retired an entrepreneur feels and their age. The younger they are, the less retired they feel, and vice versa. For post-exiters under 40, 60% are not retired at all, and for those above 60, 33% are fully retired. **Figure 17** fully breaks down the degree of retirement by age category.

Additionally, 60% of entrepreneurs who said they were a 9 or 10 on the retirement scale have exceeded their unequivocal net worth target. Meanwhile, 80% of those who said they were below a five on the scale are at least 25% short of their unequivocal net worth target. This indicates that there is a relationship between being below a net worth goal and how retired an entrepreneur feels.

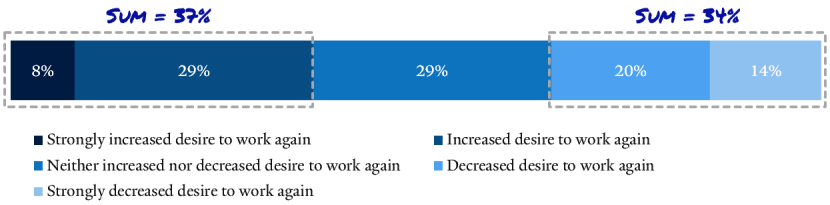
Figure 17: Post-exiter self-described retirement level by age



We asked survey respondents about their desire to work again. Overall, feelings toward retirement and working again are evenly split amongst entrepreneurs: 34% have a decreased desire to work again, 29% are in-between, and 37% have an increased desire to work again (**Figure 18**). Those who sold their company four years ago or less are almost twice as likely to have an increased desire to work again compared to those who sold their business over five years ago (64% versus 37%). This means that the more recent the exit, the higher the likelihood that an entrepreneur has an increased desire to work.

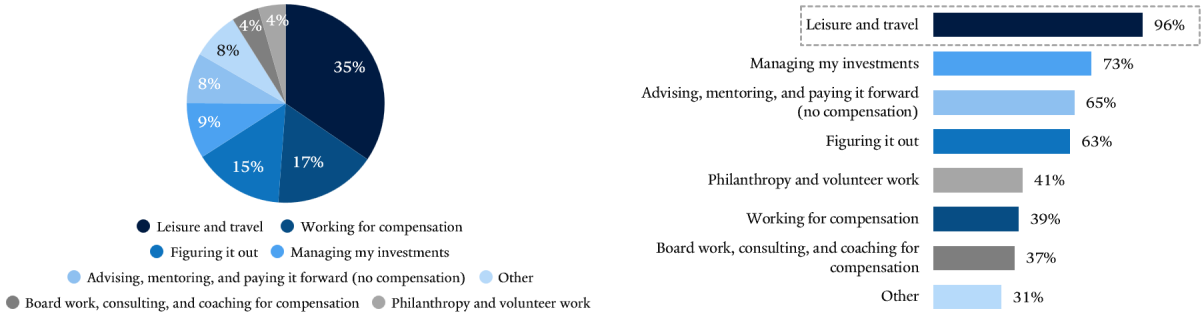
When we look at this data based on how retired an entrepreneur feels on a scale of 1–10, we also notice some intuitive and confirmatory findings. Of those with an increased desire to work, 68% say that they are a 4 or less on the retirement level. Of those with a decreased willingness to work, 76% say that they are a 6 or higher on the retirement level. This means that the more retired a post-exiter feels, the less likely they are to want to work again, and vice versa.

Figure 18: Post-exiter desire to work again



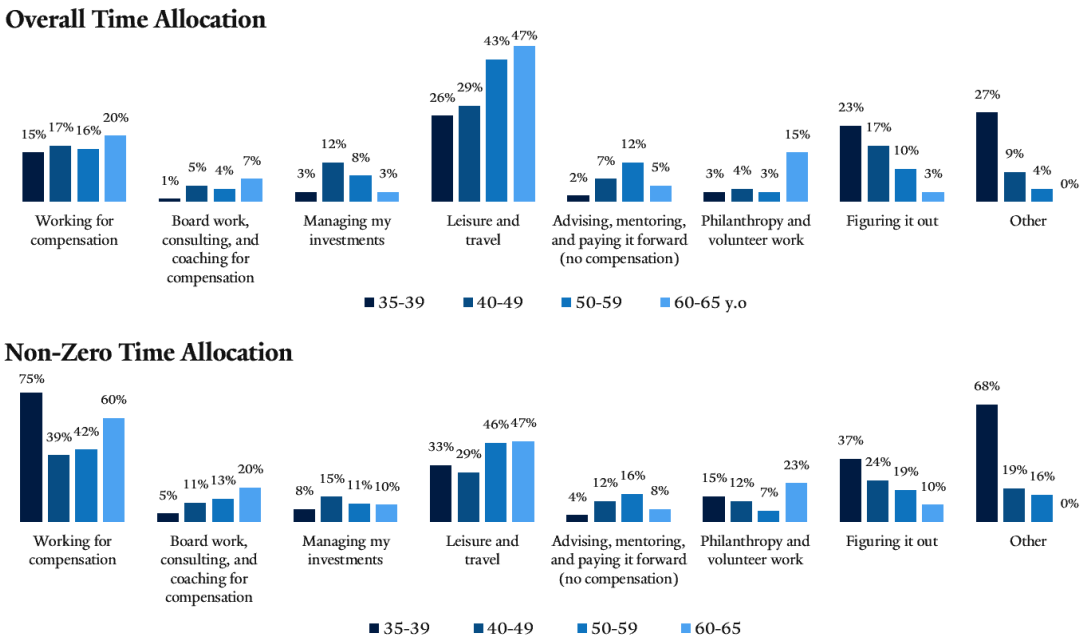
So, what exactly are post-exiters doing with their never-before-seen time? **Figure 19** tells the story. The pie chart represents average time allocation percentages across activities for both entrepreneurs who spend time doing an activity (non-zero time allocated) and those who do not. On average, entrepreneurs spend 35% of their time on leisure and travel, making this the most undertaken activity. In our data set, post-exit entrepreneurs only spend 17% of their time on average doing compensated work. Leisure and travel activities are the most popular by far, with 96% of all entrepreneurs spending some time this way. The next most undertaken activity is managing investments at 73%. Non-compensated work is the third most popular, with 65% of entrepreneurs paying it forward. Nearly two-thirds of post-exit entrepreneurs spend some time figuring it out.

Figure 19: Post-exiter time allocation



If we parse time activities by age group, a new story begins to unfold (**Figure 20**). The highest average time spent on leisure and travel is by 60-to-65-year-olds, who spend 47% of their allocated time on these activities. When looking at the overall picture, 35-to-39-year-olds spend the highest percentage of their time, on average, figuring things out as well as doing other activities. When we look at those who spend a non-zero length of time on compensated work, 35-to-39-year-olds spend 15% more time on average on compensated work than 60-to-65-year-olds and almost double that of 40-to-49-year-olds.

Figure 20: Post-exiter time allocation by age[†]



05 Deciding where to live

Choosing where to live and what type of house to live in can be a foundational decision, setting the stage for the post-exiter's newly designed life. Post-exit entrepreneurs are often tempted to relocate after exiting a business. We certainly understand contemplating a new, frequently warmer, and often more glamorous destination, but it is worth parsing out the where-to-live question because it dramatically influences the daily rhythm of life in a much more impactful way than investment portfolio construction. Furthermore, moving, acquiring, and shedding homes and building new residences have very high time and financial trading costs. They also present the risk of disrupting kids' lives. It is best to get the number of houses and the location of dwellings right up front.

We will now discuss a handful of dimensions that scores of post-exiters have kindly revealed to us, and we will share some results from our data set that might influence how future post-exiters think about this thorny topic.

There are pros and cons of building a new life in a glamorous destination locale. There might be better weather, restaurants and shopping, finer recreation, and a larger number of wealthy people to befriend. However, many folks in these posh ports are luxury nomads cycling through their multiple homes, making it more challenging to build enduring relationships and a sense of community. Even without this element, it will take time to establish new friendships, and those folks will not know the before you—only the after. This might also impact young kids if they are still in the picture. A potential mitigant here is moving to a

[†] The totals by age band in the non-zero time allocation chart do not sum to 100% because the percentages represent participation in a specific activity for the data set.

private gated community where there are lots of organized activities to speed up the community-building process.

Staying in the legacy hometown where the post-exiter built the business and created the wealth might feel confining and parochial. Still, if that is where friends, family, and community are, it might be worthwhile. If the kids and spouse are happy and comfortable, it can be a big ask for everybody to relocate. Furthermore, post-exiters have valuable social capital in their hometowns. People might seek their opinions or ask them to take on civic leadership roles. In many potential new locales, everyone is a former big shot, and when another hyper-wealthy post-exiter rolls into town, nobody really blinks an eye.

Deciding where to live post-exit will have a significant impact on the daily cadence of life. If a post-exiter is looking for a life that feels like a perpetual vacation, Maui or Aspen might be calling. However, living in Maui might stop feeling like vacation bliss when it is the norm. And even in Aspen, post-exiters still need to buy groceries, get the oil changed on the car, and deal with the leaky toilet.

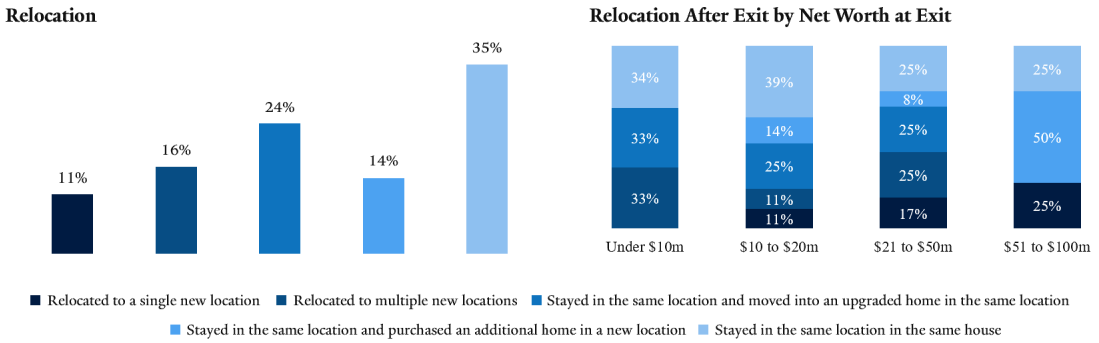
There is also the how-many-homes question. A popular post-exit strategy is to stay in the legacy home and purchase an additional house somewhere else. We see that approach, and nearly all of the participants in our data set have at least two homes. We think two homes are manageable and can provide a venue for building family memories and traditions. However, when considering more homes, post-exiters should remember that each dwelling comes with a slew of responsibilities, management issues, and inevitable mishaps.

We caution entrepreneurs to keep in mind that boats, cars, planes, and multiple homes require mindshare, consume time and energy, and often come with tax and insurance bills. They also require management and upkeep. Furthermore, these toys can be the result of the post-exiter seeking to fill a void or create a cure for boredom. Once that dream home is designed and constructed, however, the dopamine rush may well wear off, and the post-exiter may find themselves feeling unfulfilled yet again.

Another somewhat common post-exit tactic is to supersize the base home or the additional residence. We are talking about houses that are more than 5,000 square feet and veering into the 10,000 or 20,000 range. These are trophy assets that are amenity-rich with pools, tennis courts, movie theaters, bowling lanes, and in-home spas. However, these homes that are designed to entertain and host large gatherings can start to feel like small hotels or resorts rather than intimate family homes, and they require a small army of service providers to keep them running. All of this can be a lot to manage for a few large gatherings per year.

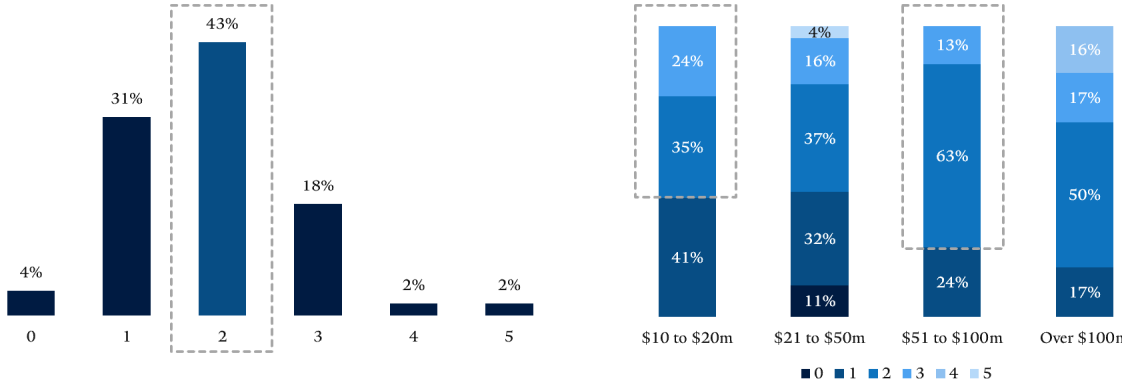
Wherever a post-exiter lands, we hope the decision is intentional and includes multiple dimensions and reality checks. In **Figure 21,** we display relocation trends in our data set. Only 27% of all entrepreneurs relocated to a new location after their exit, while 35% stayed in the same location and the same house. Of entrepreneurs aged 31 to 39, 53% relocated to a new location (single or multiple) compared with 33% of those under 30, 14% of those 40 to 49 years old, and 0% of those who were 50 years or older at the time of exit. There is no noticeable trend between the net worth of an entrepreneur at the exit and their choice to stay or relocate, meaning net worth is likely not a significant driver for choosing a location.

Figure 21: Post-exiter relocation trends



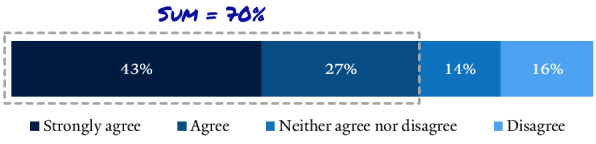
In **Figure 22,** we reflect data on the number of homes owned by post-exiters in our data set. Two is the most popular answer, and 78% of the entrepreneurs own two or fewer homes. However, three, four, and even five homes are visible in the data. It appears that the number of homes does not necessarily increase as post-exiter net worth amplifies. For those entrepreneurs with $10 to $20 million, only 24% have three or more homes, while for entrepreneurs with $51 to $100 million, 13% have three or more homes. Yet for those with more than $100 million, 33% have three or more homes.

Figure 22: Post-exiter home ownership data



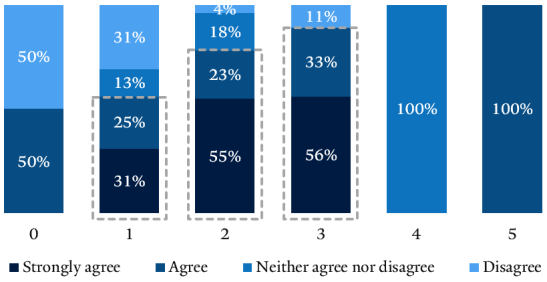
We have shared some facts about the number of homes and relocations for post-exiters. What we are more interested in is how the post-exiter population feels about their choices. **Figure 23** depicts general satisfaction with the number of homes owned by all post-exit entrepreneurs in our data set. Generally, the group is happy, with 70% agreeing or strongly agreeing with whether they are satisfied with the number of homes they own. Yet 30% disagree or neither agree nor disagree.

Figure 23: Post-exiter sentiment when asked if they are satisfied with the number of homes owned



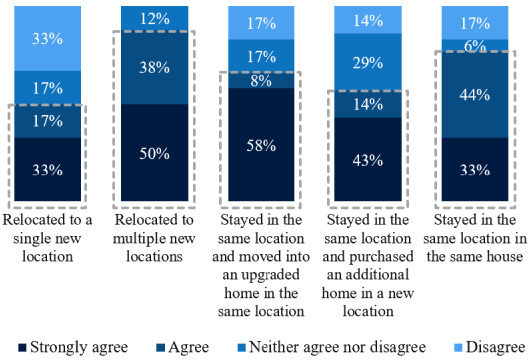
If we break down the data to explore satisfaction levels by the number of homes owned and location (**Figure 24**), we observe that agreeing and strongly agreeing with satisfaction levels increase from one to two to three homes, moving from 56% to 78% to 89%. We are going to ignore post-exiters with four and five homes because we have too few observations to rely on the satisfaction scores. In other words, those who express dissatisfaction do so because they have too few homes, not because they have too many.

Figure 24: Post-exiter sentiment when asked if they are satisfied with the number of homes owned and location



Finally, we share data on satisfaction levels related to relocation trends (**Figure 25**). Fifty percent of post-exiters were satisfied with relocating to a single new location. Satisfaction levels surge to 88% for those moving to multiple new locations. For post-exiters who stay in the exact location but upgrade their home, satisfaction levels hit 66%. Those who maintain the same location and purchase in an additional new location report satisfaction levels at 57%. Finally, those who stay in the same location and the same house come in at 77%. This indicates that relocating might not be a panacea. Yes, 88% of those who relocate to multiple locations have high satisfaction levels, but we are not sure how materially different that is in a subjective test from 77%. This implies that people might make relocation and stay-in-the-same-place decisions for idiosyncratic reasons and tend to be satisfied with their choices.

Figure 25: Post-exiter sentiment when asked if they are satisfied with location decisions



06 Reflecting on who I am now

Perhaps the most vexing question a post-exit entrepreneur will need to confront is reflecting on who they are now. We believe this is *the* question to address and the one that will inform all of the other queries we have explored in this note. We cannot emphasize enough just how difficult this question is. Many post-exiters take years, even up to a decade, to find their new self-definition and calling. Sadly, others never

discover the answer. It can be overwhelming to confront a new life that is a blank sheet of paper, even when coupled with abundant wealth and time. Money provides a cushion and can certainly assist in finding what's next and who to be, but it will not alone solve the puzzle.

Exiting a business is bittersweet. The entrepreneur is the beneficiary of unimagined riches, but the trade is based on giving up a gigantic part of their life. Gone is the professional platform, the structure, the vocational purpose, and the meaning. Social contact is hollowed out, as is social stature. Days blend together, and time loses context and significance when there are no deadlines or urgencies.

Post-exiters must grapple with their new lot and work toward replacing what they have lost. They need to contemplate whether they are still an entrepreneur and a builder or something else entirely. At some point, the post-exiter might have to look in the mirror and accept the fact that they are a PIP—a previously important person. They might realize that, like a retired Olympian, they have peaked in some ways and might never recreate the highs they have experienced. Post-exiters need to seek and find their next calling or live a life of leisure intentionally or by default. They must assess the fundamental question of "Who am I now?" This is grounded in their role within society and is intertwined with helping and serving others.

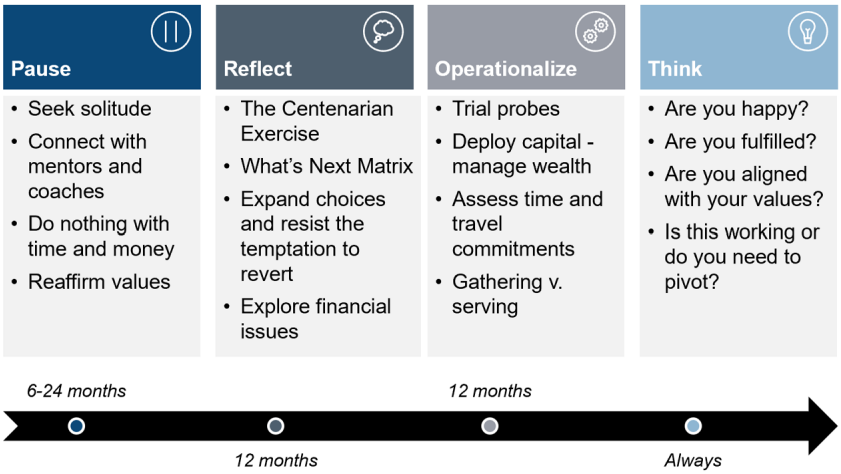
One way to think about the impact of an exit is to consider a fisherman in a small village who pursues a simple life. He wakes before dawn daily to the structure and rhythm of cleaning and organizing his equipment, getting his boat in order, and preparing for the day's activities. He experiences the community of other fishermen who exchange advice and pleasantries, assist each other, provide a safety net, and look out for the younger fishermen. Having to fish every day, without great risk of not having enough fish, gives our fisherman meaning and purpose, a place and position in the community, and a strong sense of identity.

Let's contrast our fisherman with another fisherman who sold his boat, nets, and fishing lines for enough money to be able to never have to fish again. This post-boat fisherman spends his days alone in the village with no need to fish. He can sleep late or rise early; no one cares, and it does not matter. He no longer keeps up with the other fishermen; they do not have as much in common anymore. He lounges about all day, trying to find things to do, and is not sure of his role or place in the community anymore. There is no default project for him to engage in.

Which fisherman is wealthier and why? Which fisherman would most people rather be: the one who must fish every day but has structure, meaning, and identity or the one who never needs to fish and has unfilled days and an unclear identity? Discovering who you are after an exit matters and can make all the difference in the world when considering happiness.

Unfortunately, we cannot offer a surefire path to help post-exiters find out who they are after the exit. We can only attest that it is a long process filled with endless false starts. In a previous note What's Next: The Entrepreneur's Epilogue and the Paradox of Success, we discussed our PROT framework (**Figure 26**).

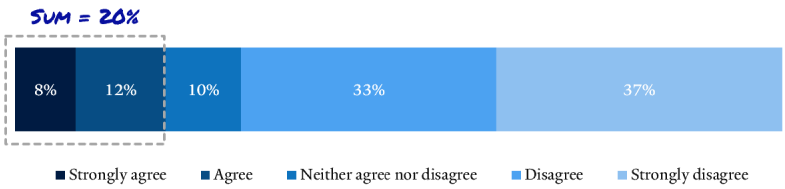
Figure 26: Pause, Reflect, Operationalize, and Think (PROT) Framework: The four steps for moving forward post-exit



We cannot overemphasize the importance of pausing post-exit to decompress, celebrate, mourn, and let go. Additionally, we strongly encourage post-exiters to open the aperture as wide as possible when thinking about who they are now and what fresh calling they might answer. Resist the temptation to be an entrepreneur again or its cousin, an investor. There is nothing wrong with those choices, but cast the broadest possible net initially. How about the pottery studio for the armchair artisan? Or leaning into the social services community in the local region? Focus on how activities drive feelings, and whether positive energy is waxing or waning, more than status or even familiarity. Think about a conversation in fifty years with grandchildren explaining choices and action steps when anything at all was a possibility. What will that interchange look and feel like?

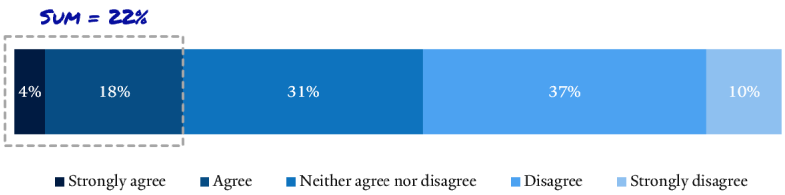
Unfortunately, most sitting CEOs do not contemplate life after the exit. In our data set, only 20% of CEOs spent any time thinking about life after exit before the exit (**Figure 27**). Almost all entrepreneurs (95%) who were under 40 years old when they sold the business either disagreed or neither agreed nor disagreed, meaning that those who were younger before exiting were less likely to think about life after their exit compared to their older counterparts.

Figure 27: Post-exiter replies when asked whether they thought about and prepared for life after the exit



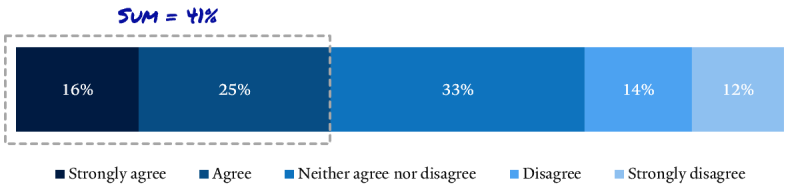
Furthermore, post-exit life is not exactly what entrepreneurs imagined (**Figure 28**). Only 22% of entrepreneurs in our data set foresaw the reality of post-exit life. The balance did not get what they thought they had signed up for. It is fascinating that this crowning entrepreneurial achievement is not what 78% of the entrepreneurs in our data set imagined.

Figure 28: Post-exiter replies when asked whether post-exit life is what they imagined



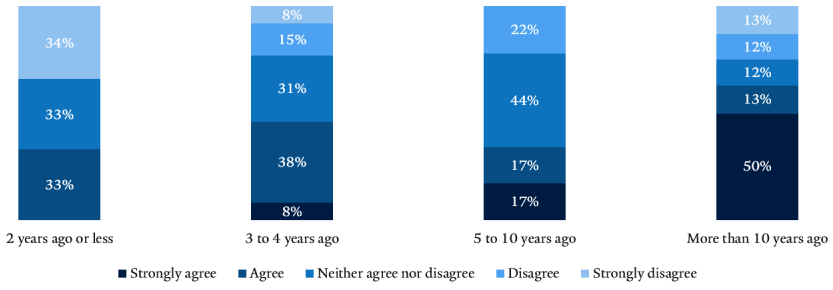
Let's see how our entrepreneurs fared in finding a new calling and discovering who they are post-exit (**Figure 29**). The good news is that 41% of those surveyed agree or strongly agree that they have found a new purpose and self-definition. However, that means 59% have not. This process takes time, and on average, our data set entrepreneurs are six years away from exiting. Be patient.

Figure 29: Post-exiter replies when asked if they have found a new purpose and self-definition



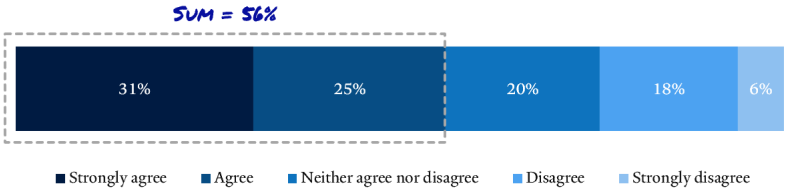
Finding a new purpose and self-definition can feel like an eternity for post-exiters (**Figure 30**). The data suggests that the longer the time since an exit, the more likely respondents are to have found a new meaning and identity. Respondents who exited their businesses more than 10 years ago report the highest levels of finding new purpose and self-definition, with 50% strongly agreeing and 13% agreeing. Short-term post-exit periods are marked by more uncertainty and less alignment with a new purpose. Post-exiters should be prepared for a long journey to discover their new calling and identity.

Figure 30: Post-exiter replies when asked if they have found new purpose and self-definition by the number of years since exiting



How does this all feed into happiness, though? When we asked our data set entrepreneurs if they were happier today as post-exit entrepreneurs as compared to active CEOs, 56% agreed or strongly agreed, 20% were ambivalent, and 24% disagreed or strongly disagreed (**Figure 31**). In a data set where the median net worth is $32 million, only about half report being happier as post-exiters than as sitting CEOs. We find this fascinating. Perhaps they are like the post-boat fisherman we described above.

Figure 31: Post-exiter sentiment when asked whether they are happier as post-exit entrepreneurs than as active CEOs



In the survey, 68% of respondents reported that increased wealth and liquidity made them happier and amplified general overall life satisfaction. Of course, the inverse is that 32% did not share these attitudes. We asked our participants to self-rank their overall happiness on a scale from 1 to 10. Directionally, this is a fairly content group with an average satisfaction score of 7.5. The scores cluster in the 7 to 9 range, but there is a smattering of 2 to 6 scores as well. When we reflect on a general satisfaction level of 7.5, we think that it feels like a successful orthodontist in northern New Jersey—a professional who has a pretty good life but not necessarily an uber-prosperous entrepreneur who is a multi-decamillionaire.

We compared our data to a Gallup World Poll, which is fed into the World Happiness Report on happiness and life satisfaction. In a Cantril Ladder[‡] study where a nationally representative sample explored happiness and life satisfaction, the U.S. respondents came in at 6.725 (23rd of 143). While our data set is higher (by 0.77 or 11.4%), we are not sure it is materially superior. For U.S. respondents categorized as old (over 60, ouch!), the happiness and life satisfaction index is 7.258, nearly identical to our data set (our data set is .24 higher or 3%). Apparently, old people are just as happy as rich people.

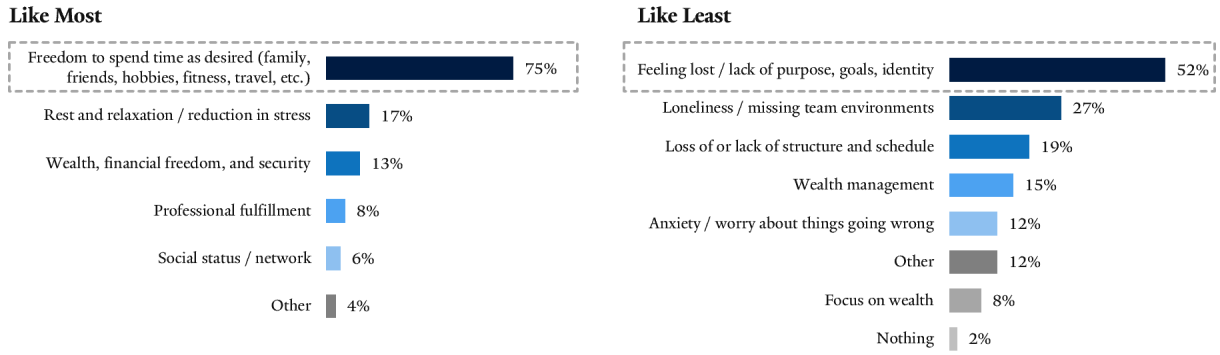
In the same report, Denmark and Iceland replicated our data set exactly at 7.583 and 7.525, respectively. We are fairly confident that these respondents do not have an average net worth of $32 million.[4] When we casually ask friends and students how happy a subset of people should be on a scale of 1–10 when their average net worth is $32 million, invariably, we hear the enthusiastic response, "10!"

So, how should we interpret this data? To us, it feels like a bunch of rich people are about as happy as everybody else. Having unimaginable wealth brings new opportunities, but new challenges and run-of-the-mill annoyances are still part of life. Life is pretty standard when you have money; the only difference is that money is no longer an ever-present worry.

Post-exit life is fundamentally a simple trade. The entrepreneur swaps their company for life-changing lucre and freedom, but with that comes confusion, a sense of loss, and a lack of purpose, identity, and goals. We asked our survey participants what they liked most and least about their post-exit life. Some clear themes are visible (**Figure 32**). They enjoy freedom, having an open schedule, spending time with family and friends, and pursuing recreational activities. However, they feel lost, lack meaning, and miss being part of and leading a team. The trade is not free, and post-exiters must reflect on who they want to be after selling their fishing boats. Otherwise, the pros of exiting might be overwhelmed by the cons. In **Exhibit 1**, we present select comments from survey participants on the benefits and drawbacks of post-exit life.

[‡] Participants are asked to imagine a ladder, with steps numbered from 0 at the bottom to 10 at the top. The top of the ladder represents the best possible life for them, and the bottom of the ladder represents the worst possible life for them. They are then asked on which step of the ladder they would say they personally feel they stand at this time.

Figure 32: What post-exiters like most and least about their new existence



A post-exit entrepreneur mini profile: Anson Tsai

Anson Tsai Anson Tsai (Massachusetts Institute of Technology 2005) is a serial entrepreneur who has started, built, and sold three companies. After earning a degree in Computer Science and Engineering, Tsai started his career at Microsoft before diving into entrepreneurship. His second company, Cardpool, was acquired by Blackhawk (NASDAQ: HAWK) in 2011. Cardpool was the largest and fastest-growing gift card exchange marketplace for buying, selling, and trading gift cards. The company generated over $100 million in revenue and received backing from Y Combinator and other leading investors. Tsai, currently 41, is a post-exit entrepreneur facing many of the demographic's typical challenges and opportunities.

> When I sold my first company, Anywhere.FM (a precursor to Spotify), I had expected to feel happy and excited but instead felt a deep sense of loss, like I had just given away my baby. My team was absorbed into a larger corporate structure, and our sense of agency disappeared. Worse yet, we had sold for highly coveted stock that became worthless, shattering my dreams of early retirement.
>
> I set out to build something bigger for my second company, and I succeeded with Cardpool. After the acquisition, our business operated as an independent entity with its own offices and culture in San Francisco. And since we sold for cash, I had enough liquid wealth to be financially independent. But even after this success, the same wistful feelings crept in. The joy and relief of the sale soon gave way to the realization that I was no longer in control. I quit shortly after.
>
> Being financially independent at the age of 28 was liberating but also isolating. I didn't admit I was retired or talk to anyone about it for over a decade. I sold all of my possessions, gave up my lease in San Francisco, and booked one-way flights all around the world. I was young and single, chasing adventure. My whirlwind lifestyle fueled my dopamine needs, but it also masked a deeper struggle: the loss of identity that came with no longer building something meaningful.
>
> I wouldn't have traded that freedom for anything. However, the lack of structure and loss of purpose were challenging. Sometimes, I'd look back on a day, month, or even a year and

ask myself, "What did I do with that time?" I did a lot of fake work that filled my days, but it was not meaningful or compelling to me. I was a bit lost.

After a five-year break, I started my third company, ClearMD, driven by a deeply personal mission of curing acne. Having suffered very severe acne growing up, I wanted to help others find relief. I dedicated myself fully, working seven days a week for four years, motivated by the belief that I was doing something that the world needed. But one day, everything changed—my father was diagnosed with terminal cancer. I sold the company and moved back to Boston to take care of him. That decision was clear. Nothing else mattered.

It's been 2.5 years since my last exit, and I find myself in transition again. I found love and got married after my second exit, and I am starting a family soon—something I know will bring deep meaning. Yet, even with this joy, I miss having a professional mission and a default project that consumes my time intellectually and emotionally.

Many post-exit folks make it their mission to get richer and spend their days on investments and deals. I tried a bit of that and found it deeply unsatisfying. I also believe beating index funds over the long run is nearly impossible (especially after taxes) and that most professional wealth managers are ridiculously expensive and are borderline scams. I manage my own money, sticking to a simple buy-and-hold strategy with a few Vanguard index funds. I only spend a couple of percentage points of my wealth each year and devote minimal time to wealth management. For some, investing fills the post-exit void, but for me, it does not.

Post-exit life isn't what I expected—though, to be fair, I never really thought about what it would look like. I'm happy, but I still feel adrift. I've joined several peer networks for post-exit founders, but I still haven't found my next calling.

Conclusion

Being a post-exit entrepreneur is an unimaginable dream for most people. With time and wealth, there are abundant possibilities. However, there are still challenges, and most post-exiters will not find life to be a paradise, at least initially. It will take time to move forward and build a fresh existence with new structure, meaning, and identity. Part of that will entail wrestling with the six key decisions discussed in this note. Unfortunately, we are unable to share surefire answers to building a life that is a never-ending nirvana. If that is even possible, it is for each post-exiter to discover for themselves.

Post-exiters should be prepared to spend years finding their new purpose and self-definition. This is *the* paradox that needs to be solved in post-exit life. Wealth management and consumption issues will inevitably sort themselves out. Real estate choices might not matter as much as we think, at least based on our data. Furthermore, fresh purpose and self-definition will drive meaningful and satisfying time allocation. Finally, we believe most post-exiters could and should engage more deeply philanthropically.

If you are a soon-to-be post-exiter, we hope this note is helpful in planning a smooth transition into a new life chapter. If you are currently a post-exiter, we hope this note assists you in discovering how to architect

the best imaginable post-exit existence. Regardless of where you are on your entrepreneurial odyssey, we wish you fulfillment, happiness, and an idyllic post-exit life! We are rooting for you every step of the way.

Exhibit 1: Post-exit entrepreneur responses when asked what they like most about their post-exit existence

Exhibit 1 (continued): Post-exit entrepreneur responses when asked what they like least about their post-exit existence

"Lack of **purpose**, even if that purpose was somewhat meaningless. Lack of structure. That **structure** was much more important to my relationship-forming than I realized. It is hard to **prove myself** to new people without my character being tested under duress."

"I find myself trying to figure out what I should actually spend. I seem to worry about lawsuits **taking it all away**."

"Questioning myself if I was lucky, if I can do it again, was it worth it, now what, what to do with wealth without taking away the value of work from others, etc. **It was never about the money** so the amount over 'need' is more of a burden than a bonus."

"I was very **lost and confused** after the exit. I had no purpose, far **fewer social connections**, and nobody cared whether I got out of bed or not. I felt **aimless** and confused. I took a ton of time to find new meaning, with plenty of false starts."

"For me it couldn't be more true that selling one's company is **trading identity and purpose for cash**. Post-exit I've experienced periods of feeling profoundly worthless (as in my time doesn't amount to anything, in contrast to the amount of impact/change I could have in a single hour of running my company). One afternoon I spent two hours sitting on the floor in the basement untangling kite string because I had nothing else 'productive' to do (it felt amazing to get it untangled and 'accomplish' something, by the way). I've also felt **isolated** because it's hard to discuss or complain about these higher-level needs with friends when they are stressed and struggling to keep their jobs or pay off credit card debt."

"**A lower perceived potential to grow wealth.** Owning a company provides you with a sense of unlimited opportunity."

Exhibit 2: Additional resources

- Bradley, S., & Martin, M. (2000). *Sudden Money: Managing a Financial Windfall*. New York, NY: Wiley.
- Bridges, W., Bridges, S., & Stanier, M. B. (2019). *Transitions: Making Sense of Life's Changes*. New York, NY: Lifelong Books, an imprint of Perseus Books, LLC.
- Brooks, A. (2022). *From Strength to Strength*. Penguin.
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- Buford, B. (2015). *Halftime: Moving from Success to Significance*. Grand Rapids, MI: Zondervan.
- Burlingham, B. (2016). *Finish Big: How Great Entrepreneurs Exit Their Companies on Top*. London: Portfolio Penguin.
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- George, B. (2019, November). The CEO's Guide to Retirement. *Harvard Business Review*, *R1906B*.
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- Rapkin, B. (Director). (2020). The Weight of Gold [Video file]. Retrieved from https://www.hbo.com/documentaries/the-weight-of-gold
- Roberts, B. & Low, M. B. (2016). *Life After an Exit: How Entrepreneurs Transition to the Next Stage*. Credit Suisse White Paper. Retrieved August 5, 2020, from https://www.credit-suisse.com/media/assets/private-banking/docs/uk/wp-03-life-after-exit-en.pdf
- Rohr, R. (2011). *Falling Upward*. San Francisco, CA: Jossey-Bass.
- Rood, J. (2024). *Beyond the Exit: What Successful Entrepreneurs Do with the Rest of Their Lives*. Greenrood Holdings, LLC.

Podcasts:

- Business Exit Stories
- Exit Paradox
- Lessons from Post-Exit Entrepreneurs Podcast
- The Deep Wealth Podcast hosted by Jeffrey Feldberg
- Your Next: A Guide to Finding Fulfillment After Your Exit Hosted by Jerome Myers Podcast

Peer-to-peer networks:

- Beyond the Finish Line
- Long Angle
- Post Exit Founders
- TIGER 21

Educational programs:

- Post-Exit Entrepreneurs Retreat | INSEAD
- What Now? Finding Passion and Purpose After a Big Success - MEA Wisdom

Endnotes

[1] Jeff Swearingen was the founder and CEO of SecureLink. After operating the business for 15 years, he exited. He is now a student and teacher of all things post-exit.

[2] A. J. Wasserstein is the Eugene F. Williams, Jr., Senior Lecturer in the Practice of Management at the Yale School of Management.

[3] Board of Governors of the Federal Reserve System (US). "Net Worth Held by the Top 0.1% (99.9th to 100th Wealth Percentiles)." FRED, Federal Reserve Bank of St. Louis, 1 July 1989, fred.stlouisfed.org/series/WFRBLTP1246.

[4] Helliwell, J. F., Layard, R., Sachs, J. D., De Neve, J.-E., Aknin, L. B., & Wang, S. (Eds.). (2024). World Happiness Report 2024. University of Oxford: Wellbeing Research Centre.