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Here are two opposing perspectives on the mandatory retirement question.

Anti-mandatory retirement. A group of partners in their late 50s and 60s, still vibrant and sharp, run a small firm. They make good money, have great clients and love what they do. Assuming they continue to enjoy good health and have no idea what they would do if they retired, why would they agree to be required to retire upon reaching a certain age, say 65?

Sure, they would love to turn the firm over to younger partners who will write their

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Pro-mandatory retirement. A group of partners has two long term goals:

- To protect the firm's largest asset, its client base, by providing for an orderly succession of firm leadership and the transition of client relationships to the next generation.
- To attract and retain top talent, who view the eventual transitioning of client duties to them as a promising career opportunity. Top talent will leave the firm if they don't see these growth and advancement opportunities. Both are critically important to assure the sustainability of the firm.

Eighty per cent of first generation firms never make it to the second generation. One of several reasons is lack of a mandatory retirement policy.

A compromise that many firms make: 81% of firms over \$20M and 58% of \$2-10M firms have a mandatory retirement policy. The vast majority have a related provision: Partners continuing to work past 65 is subject to annual approval by the other partners. If approved, they give up equity and delay receipt of retirement benefits until a proper notice and client transition takes place. They also accept that *the firm* decides how what they work on, and how much they work. This is very sensible.

Every firm has a choice. There is no wrong answer. It depends upon the goals of the firm.

Marc Rosenberg is a nationally known consultant, author and speaker on CPA firm management, strategy and partner issues. President of his own Chicago-based consulting firm, [The Rosenberg Associates](#), he is founder of the most authoritative annual survey of mid-sized CPA firm performance statistics in the country, The Rosenberg Survey. He has

consulted with hundreds of firms throughout his 20+ year consulting career. He shares his

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