Small business owners often tap personal funds to keep companies afloat

Insights from the 2025 Small Business Credit Survey

Small businesses are anchors of their communities and crucial to the economy. Firms with 500 or fewer employees account for nearly half of US employment and 61 percent of net new jobs created from 1995 through 2024, according to the US Small Business Administration.

But small business ownership can be an all-encompassing financial commitment, as illustrated by results of the Federal Reserve's annual Small Business Credit Survey. Most founders, notably those who run one-person "non-employer" businesses, told us they dip into their own pockets in numerous ways to keep their companies afloat.

This matters because pressure on an owner's personal finances can slow the growth of their business. Meanwhile, business struggles can strain owners' personal finances, so this can be a worrisome, self-perpetuating dynamic.

The good news: A solid majority of small business owners surveyed in late 2025 expect their revenues to increase over the next year. That optimism helps explain why so many are willing to put their personal assets on the line.



Biggest challenges

- Rising costs
- Managing cash flow: timing income and expenses
- Operating expenses

> "I am using my personal savings to keep the business open. I can't do this forever."
> – Small Business Credit Survey respondent

> "I stopped taking pay."
> – Small Business Credit Survey respondent



Most common response to financial challenges: tapping personal funds

- Dipping into personal savings
- Using personal credit cards
- Tapping retirement accounts
- Working without pay
- Borrowing against or selling their home

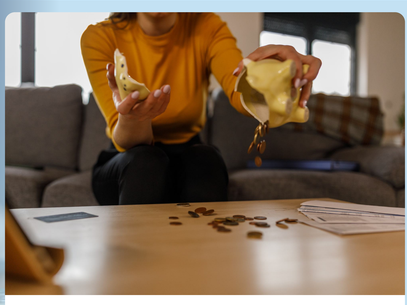


Majority tapped personal funds in the past year

- **64%** of non-employer firms
- **54%** of firms with employees
- **67%** of firms under 2 years old
- **39%** of firms 21 years and older

> "I am using my Roth IRA and personal credit card to get by."
> – Small Business Credit Survey respondent

> "I have leveraged all of my personal assets, including my home, to save my business."
> – Small Business Credit Survey respondent



Many secured business debt with personal assets

- **53%** of firms under 2 years old
- **31%** of firms 21 years and older

> "I got a HELOC to cover building expansion."
> – Small Business Credit Survey respondent

Quotes are lightly edited for readability, to preserve anonymity, or both. All quotes come from SBCS respondents and represent the views of the individual.