

Making the Business Dream a Reality

Some people dream of starting their own business but do not have the capability or resources to do so while they are in their prime working years. Then they go into retirement feeling unfulfilled. Good news: It is not too late to achieve this goal. For instance, a business start-up in retirement might be an extension of a hobby or an enterprise based on a special talent.

Despite the natural inclination for high hopes, late-starting entrepreneurs should not go into such an undertaking with their eyes closed. Consider all the obstacles involved in business ownership. With that in mind, here are several practical suggestions:

*Take your time and give it time. Explore any business possibilities carefully before making a commitment. Do not necessarily leap at the first opportunity that comes along. Also, do not expect miracles overnight. Frequently, it takes time to settle into a steady routine and show progress.

*Do not forget about retirement planning. This is a complex process that requires diligence. For instance, a retiree may want to use part of the distribution from a company retirement plan as "seed money" for a new business. As the business grows, it is important to refocus energy on cultivating retirement savings.

*Delegate payroll responsibilities. This enables the business owner to avoid the hassle, as well as potential liabilities, of handling payroll, withholding taxes and filing tax forms. Consider using a reputable professional or payroll service.

*Factor in Social Security benefits. A retiree under age 66 (the current full retirement age) may earn up to \$14,160 in 2010 without losing any Social Security benefits. However, if this limit is exceeded, the retiree forfeits \$1 of benefit for every \$2 received. For those who turn 66 in 2010, the earnings limit for the prior months is \$37,680. In that case, \$1 of benefit for every \$3 earned is forfeited. Result: It may be advantageous to delay the start of a new business until full retirement age.

*Protect the business interest. It may make sense to provide for the continuation of the business in the event of a sudden death or disability. One way to do this is to set up a buy-sell agreement with a junior partner or family member. Typically, the agreement will be funded with life insurance. The insurance proceeds can be used to buy the business from the owner's estate.

*Plan ahead. The best time to get started is before retirement. For example, a start-up business may be run from a home office while the owner is still otherwise employed. Spend some time each week in the office planning the enterprise, organizing files, collecting lists of contacts, etc. Document all expenditures related to the business. This will be invaluable come tax return time.

There is usually no reason why the dream of owning a business cannot be realized late in life. But it is important to proceed with a healthy dose of caution.