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## Your second wind - starting a new business in retirement

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For generations past, retirement represented an extended period of leisure time punctuated by occasional games of golf and bridge. But today, with lengthening life expectancies and dwindling pensions, many Americans are looking to retirement as an opportunity to start a new business.

**Senior Start-ups: Common Characteristics:** Older entrepreneurs differ from their younger counterparts in several critical ways. For one, seniors are usually in a much better financial position than younger entrepreneurs. Their bigger financial cushion—retirement packages, savings or home ownership—affords them flexibility in the initial stages of a start-up, where funding is often critical. Because they can often rely on other sources for current income, they are in a better position to take greater entrepreneurial risks. Start-up funding may also be easier to come by for seniors, who can draw from personal savings and a lifetime of business and professional contacts. Senior start-ups may also be looked on more favorably by lenders, who often associate older entrepreneurs with a lower risk of default.

Creativity and business acumen are also key characteristics of elder entrepreneurs. Older entrepreneurs often possess valuable intangible assets, such as a broad network of contacts, professional credibility and investment experience. Having been tested again and again in their lives, they may be less afraid of failure or worried about what others will think. Instead of that urgency to "make it," they get satisfaction from the process of building their companies.

**What Color Is Your Parachute?** The type of businesses started by seniors varies widely. Consultancies, small retail businesses and bed-and-breakfast establishments are perennial favorites. For many, web-based businesses offer particular appeal, since they can be operated right out of your home in the early stages, often requiring no more than a high-speed Internet connection and a phone line. While most senior start-ups are related to an individual's former career, some break out into completely new territory. This is often the case with "serial" entrepreneurs—those who have started many businesses over their lives and are experts at the start-up process itself. Whatever business you might consider, make sure to first do your homework. Talk to owners of similar businesses and scope out the market for such products or services in your area. Then, take the time to draft a formal business plan.

**Not for Everybody:** As attractive as starting a new business in retirement may sound, there are several considerations you should bear in mind before taking the leap. Start-ups can be physically and emotionally draining for a retiree. Seniors tend to work fewer hours and take more vacations than their younger counterparts. Ask yourself: Are you willing or able to work the long hours that may be required in a fledgling business? There is also the issue of health to consider. For seniors, health problems can come at any time. Even if you are in top shape, you should factor in contingencies for unexpected health issues for yourself and your spouse.

Then there's financial vulnerability. The real possibility of failure and money loss is much more

significant at the age of 60 or 65 than at 30 when there is ample time to rebuild your assets and start over. Seniors also rely much more on personal investments to supply a portion of their income. For these reasons, seniors are advised not to sink too great a portion of their investment portfolio into a new business and should avoid using personal assets, such as a home, as loan collateral.

**Successful Start-up Tips:** Build on already established contacts and expertise. Seniors have a distinct advantage over younger entrepreneurs in their experience and long-established business network, which can give them a competitive advantage in virtually any business.

**Start small.** When starting up a new business in retirement, many begin with a small consultancy and gradually work their way into a full-blown business. This will give you time to assess whether you are willing or able to take on another full-time career.

**Don't bet the farm.** If you're retired, you probably rely on personal investments for a portion of your income. Consider your income needs before investing a portion of your savings in a new business, and think twice before taking on any personal debt.

**Popular Choices -** Some popular businesses among retirees include: Adult day care; driving service; home handyman; sales; real estate agent; business consultant; home/pet sitting; and arts/crafts.

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