

# Enjoy

## Starting a Small Business After Retirement

If I were the boss . . . .

Anyone who has ever worked for someone else has probably uttered that line at one time or another. It's not surprising, then, that as people approach retirement, more and more of them are planning to actually become the boss and start small businesses of their own. If you're contemplating such a move, here are a few options to consider.

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### Buy or Start from Scratch?

One important decision is whether to buy an existing business or start from scratch and begin one of your own. Buying an existing business gives you the opportunity to begin to oversee your operation immediately. It's relatively quick, easy, and straight to the point.

On the other hand, you may wish to start a business because you have a new idea or maybe a twist on an old idea that you think might work. A compromise option that's also available is buying a franchise. You secure the business, but you may also obtain the experience and

expertise of others who have opened the same business in other places.

### Product or Service?

If your potential business involves selling a product, you'll have to consider what it will cost to manufacture the product, promote it, and distribute it. With a service, you'll have to determine what you expect to be paid for your time. In either case, you should find out beforehand who your customers will be and what they'll be willing to pay for your product or service. If you can't provide it at a price they're willing to pay, you may need to reconsider your business venture.

### Alone or with Others?

Businesses generally fall into four categories: sole proprietorship, partnership, limited liability company, and corporation. As the sole proprietor, you would own and operate the business. This form is easy to set up and it can be ideal for the beginner because you can always switch to a partnership or corporation later on.

A partnership involves one or more co-owners. This form is a bit more complicated because you must spell out the division of labor, responsibility, profits, debts, etc., among the various partners.



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A limited liability company can be formed by one person or it can have co-owners. A corporation is generally the most complex. It's an entity created under state law with a legal existence apart from its owners. Each of the four basic structures has its own advantages and disadvantages.

### Debt or Equity Financing?

No matter how you begin, no matter what you begin, and no matter with whom you begin, your business will need money. If you borrow money that you expect

to repay, that's debt financing. If you give up part ownership of your business in return for money, that's equity financing. Some business advisers recommend a balance between the two types to avoid cash-flow problems and to take advantage of invested dollars.

If you're thinking seriously about going into business for yourself, information is available from the government (see box) on how to get started.

### Publications and Assistance

- Tax Guide for Small Business, IRS Publication 334  
[www.irs.gov](http://www.irs.gov)  
1-800-829-3676
- Directory of Business Development Publications  
U.S. Small Business Administration  
[www.sba.gov](http://www.sba.gov)  
Consult your telephone directory under U.S. Government for your local SBA office or call the Small Business Administration Answer Desk at 1-800-827-5722
- Service Corps of Retired Executives (SCORE)  
[www.score.org](http://www.score.org)

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