BeneTrends offers several programs to reduce or eliminate concerns of using retirement funds. Including (1) an Accelerated program to rebuild your retirement (2) Partial Use of Retirement Funds (3) 100% Tax Deductions on fees (4) $1500 total Tax Credit (5) Tax Shelter options to defer Tens of Thousands of dollars in corporate taxes each year. Not just Funding – Funding, Tax, Growth and Exit Strategies included.

ENTERPRISE | *By Arden Dale*

How Baby Boomers Tap Nest Eggs to Fund Ventures

Costly Debt Is Avoided, But Time to Recoup Money May Be Limited

Earlier this year, Doug Dunbar got to the end of a 13-year career at Sprint Nextel Corp. and decided he wanted to strike out on his own with a small business. When it came to funding the venture, he decided to take a big gamble—one that is becoming increasingly common among boomer entrepreneurs.

"This business is going to be 100% financed by me," says the 47-year-old Mr. Dunbar, a former marketing executive in Tampa, Fla. "I'm not borrowing anything from anybody."

Why not just take out loans? Interest payments would put a big burden on the venture just as it was finding its feet, he says. "I have this nest egg sitting there, so it made perfect sense to leverage it," says Mr. Dunbar, who is using his trove of cash and stock options to start a branch of the **EYESthere** Inc. digital-video security franchise.

Entrepreneurs have always tapped their cash reserves to start businesses. But boomers are discovering they have a crucial advantage over younger businesspeople: They can draw on decades' worth of savings to fund their start-ups. And that means much more latitude. Boomers don't always have to spend valuable time and energy lining up loans. And they aren't stuck making onerous debt payments on top of other business costs.

The boomers' strategies vary widely. Some are going all-out and funding their ventures entirely with cash. Others are using their deep reserves more cautiously, using cash only for specific expenses such as inventory.

The Gamble: A host of baby boomer entrepreneurs are tapping nest eggs to finance start-ups—forgoing loans, credit cards and venture investors.

The Upside: Decades' worth of cash to draw on, allowing boomers to avoid the hassles of tracking down capital and big debt payments.

The Risk: Boomers who lose a big chunk of their retirement savings might not have time to earn back the money.

Of course, betting the nest egg carries big risks. If boomers lose a big chunk of their money, they may not have time to make back the cash. With that in mind, we asked small-business experts and boomer entrepreneurs to share their strategies for tapping a nest egg later in life. Here's what they had to say.

Figure Out Your Risk Tolerance. There aren't hard-and-fast rules for how much cash you should put on the line. It all depends on what you have, what your business requires—and what you're comfortable with.

"You have to say to yourself, 'How much am I willing to lose?' " says Martin Lehman, a New York-based adviser for Score, a group that assists small-business owners. "I'm going to sit down at the craps table, so do I put up my 401(k)? If I don't make it, what will it mean for me?"

Get Some Help. First, let's say you have got high risk tolerance and you are ready to pour everything you have into the business. Before you start writing checks, it is crucial to get some help.

Consider Jonathan Wilk, a 51-year-old in Lexington, Ky., with a long career at International Business Machines Corp. and Lexmark International Inc. Recently, Mr. Wilk decided to cash in his 401(k) to start up a **Floor Coverings International** Inc. franchise. Mr. Wilk had about $350,000 accumulated in his retirement plan. But he didn't just pull the money out—which would have meant tax penalties for early withdrawal. Instead, Mr. Wilk hired **BeneTrends** Inc., in North Wales, Pa., to help him convert his savings into money for the business.

BeneTrends arranged for Mr. Wilk to use the retirement savings without the usual penalties through a complicated legal process. The catch: Mr. Wilk had to put all of the money into the business.

Limit What You Pay. On the other hand, what if you have a pile of cash that you want to use for your start-up—but you don't want to dip too far into it? First, consider using your savings for a limited set of expenses, such as paying for inventory. This is one of the earliest and biggest investments a small business must make—and taking a loan to cover the cost can put a business in a deep hole right away.

Think About Franchising. These days, franchisers are actively targeting boomers because of their deep pockets. Entrepreneurs are generally expected to put up some of their own money to start a franchise, and boomers have lots of it on hand.

But you don't have to bet the farm. "We recommend that you use the smallest portion you can of your own money and leverage the rest," says Joel Libava, president of Franchise Selection Specialists Inc., a franchise consulting and marketing business in Cleveland. Generally, entrepreneurs should expect to pay about 15% to 30% of the total cost of starting the franchise out of their own pocket, including the franchise fee and working capital, Mr. Libava says.

For instance, Louis H. "Gig" Runge of Houston has put up about $80,000 of his savings to open a **Martinizing Dry Cleaning** franchise. The money has gone toward franchise and legal fees and other necessities. He plans to fund the rest of the business with a $350,000 loan guaranteed by the Small Business Administration. The loan requires him to provide an equity injection of $82,000.

"It was a challenge for me to work through the tax benefits of borrowing versus just funding it myself," says the 47-year-old Mr. Runge, a certified public accountant who has done a variety of financial jobs at JP Morgan Chase for the past 18 years. Mr. Runge decided that the SBA financing would help him protect his personal savings

BEST OF INDEPENDENT STREET

Excerpts from WSJ.com's Blog for Entrepreneurs

Where to Find Free Programs Online

By Gwendolyn Bounds

In a recent Wall Street Journal Enterprise column, I looked into how Microsoft, Yahoo, Google and others are wooing home-based entrepreneurs with free versions of tools that make it easier to run the office. It's not altogether altruistic—the giants want to woo start-ups so they'll eventually upgrade to more expensive versions.

favorite free online tools for entrepreneurs? What's been a waste of time?

Readers say:

"My dirty little free Internet secret is www.census.gov....The Web application that enables access to and reporting on this database is easy to use and if you are an entrepreneur that is executing your business at a local level (the huge buzzword in Internet marketing) the fact that this data is free is beyond comprehension."

firms shifts like GM's not only make their own traditional benefits packages look less puny, they open the door for more creative and cost-efficient solutions.

Small-business owners and managers, how do you compete on benefits?

Readers say:

"Small business was, is and always will be discriminated against in health care. Congress has seen fit to penalize Schedule C, S corporation and partnership owners who bear the brunt of increasing employment with health benefits nowhere near equal to the employee. Only when health care ceases to be tax-free to the employee, but deductible by all as individuals without a limitation, will equilibrium be restored."

■ **Top Small Workplaces: Continue**

up, so what was the point of further dialogue? If I wanted to generate new ideas to address a problem, I needed to keep my opinions silent. My role was changing and I had to quickly change for the company to continue to grow. One day I changed my title from President/CEO to Head Coach....A Head Coach puts the right players in the right positions; provides training, tools and opportunities for them to become star players; encourages an atmosphere of support and honesty; helps to define the team's strategy for winning."

Readers, what's the best way to build an organization so that top employees want to stay?

Readers say: