

# Are You Starting a Business Late in Life?

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For most people, retirement means a life of relaxation, travel or pursuit of hobbies. But for others, it is a chance to realize a lifelong dream: to start up their own business. The business might be an extension of a hobby or a new enterprise based on your field of expertise.

However, if you have harbored a desire to be an entrepreneur, don't go into the new business undertaking with your eyes closed. The rewards may be many, but so are the obstacles. Keeping that in mind, here are several suggestions for starting out:

**Consider all the ramifications of starting a business.** Common scenario: Panic overtakes you the first few weeks you are away from the workforce. It may take a while to settle into a comfortable retirement routine, and you may feel a sense of urgency to do something immediately. Explore any business possibilities carefully; do not leap at the first opportunity that comes along.

**Make smart retirement plan decisions.** This is a complex process that requires professional assistance. For instance, you may want to use part of the distribution from a company retirement plan as "seed money" for your new business. As the business grows, you might set up a retirement plan for yourself and any other employees.

**Delegate payroll responsibilities.** Many late-starting entrepreneurs do not want to be bothered with the hassle—not to mention the potential liabilities—of handling a payroll, withholding taxes and filing tax forms. If you do not have expertise in this area, consider the use of a reputable professional or payroll service.

**Weigh the impact on Social Security benefits.** A retiree under age 66 (the current full retirement age) may earn up to \$14,160 in 2009 without losing any Social Security benefits. However, if you exceed this limit, you must forfeit \$1 of benefit for every \$2 received. The earnings limit is \$37,680 for those who turn 66 this year. In that case, you lose \$1 of benefit for every \$3 earned. The year after you reach full retirement age, there is no loss of Social Security benefits based on earnings. Thus, there may be cases when it may pay to delay the start of a new business until you reach full retirement age.

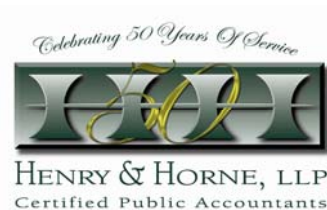
**Protect your business assets.** For instance, you might make provisions to continue the business if you should die or become disabled. One way to do this is to set up a buy-sell agreement with a junior partner that is funded with life insurance. The insurance proceeds can be used to buy the business from your heirs.

**Plan ahead.** The best time to get started is actually before you retire from your regular job. For example, it may be beneficial to set up an office in your home while you are still employed on a full-time or part-time basis. Spend some time each week in the office planning the enterprise, organizing files, collecting lists of contacts and so on. For tax purposes, be sure to keep track of any expenditures related to the business.

There still may be time to realize your dream of owning your own business if you are at or nearing retirement. But proceed with caution.

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