

Entrepreneurs Find New Way To Finance Dream

Statistics show that more than one million people in the United States start a new business each year. That **MICHAEL LIENERT** number would be much higher if all the would-be entrepreneurs had the financing required to get a business up and running. In order to accomplish their dream of business ownership, entrepreneurs are finding new and innovative ways to finance their new ventures. According to Leonard Fischer, President/CEO of BeneTrends, one of these new financing options is the use of a person's existing retirement funds—a pension, profit sharing, 401(k), IRA—which allows that person to start the business he or she has always dreamed of without tax penalties, consequences or mountains of debt. Under the Employment Retirement Income Security Act (ERISA), retirement funds can be transferred into usable capital for business investments or operations. If a person has more than \$40,000 in a retirement account and is not currently employed by the company that holds those funds, he or she qualifies for this Small Business Administration (SBA)-recognized financing approach to start a business. Retirement funds can be used for any business purpose, including: -> Purchasing a franchise or existing business-> Start-up expenses, such as purchasing property, equipment, etc.



-> Working capital, including paying salaries, franchise fees, etc. -> Business expansion, such as funding additional franchises, locations, etc. -> Equity toward SBA or other loans. The thought of dipping into one's retirement can cause some apprehension. Through this investment strategy an individual actually has more control over his/her retirement—instead of gaining minimal growth dependent on the stock market, those savings are actually being invested in one's own business. This approach often allows an individual to set aside more

money for retirement than ever before. "Today's entrepreneur faces an environment of tremendous competition, complexity and opportunity, so starting a business the right way is more important than ever," says Dr. Germain Boer, Director of Vanderbilt University's Center for Entrepreneurship. "This financing method is a good option for an individual who has accumulated funds in his/her retirement accounts."The entire process generally takes two to four weeks to be completed, and can be done by phone, email, fax, FedEx and regular mail. Working with an experienced employee benefits plan expert, starting a business is as simple as these four steps: Step 1: Establish a C-corporation. Step 2: The new corporation creates a retirement plan.Step 3: Funds are rolled over into the corporation's new retirement plan.Step 4: The new retirement plan purchases the stock of the corporation."So many people have watched their dream of owning their own business go out the window due to lack of funding options. We help people achieve that dream every day using money they already have," says Fischer. If you're ready to explore this innovative financing option, be sure to consult an expert to guide you through the specialized process.