

4 of the Best Tips for Retirees Who Want to Start a Business Without Sacrificing Financial Health

For some retirees, retirement is a time to explore new options because you have ample free time. Some travel, some purchase a second home, some volunteer, and some explore the possibility of starting a business. If you've always wanted to start a business but don't want to sacrifice your future financial health, check out our tips.

1. Create a Limited Liability Company (LLC)

One of the [best ways to protect](#) your personal finances is to create a limited liability company (LLC) when you start your business. The benefits of creating an LLC include eliminating the need to file corporate tax returns. You share the profit and loss on your individual tax returns, so you avoid being taxed more than once. Better yet, LLCs protect you with limited liability for your business debts and obligations, which helps you avoid sacrificing your future financial health should your business fail. It's worth noting that LLCs are better suited to smaller businesses, because you cannot issue shares of stock to attract investors. You also may be subject to the self-employment tax with your LLC earnings.



2. Set Up Separate Bank Accounts

To protect your future financial health when you venture into small business ownership, you must set up [separate bank accounts](#). Most important, separate accounts keep your business expenses separate from your personal purchases. You don't need to use your personal accounts to cover business expenses or your taxes when you set up separate accounts.

[Separate](#) personal and business accounts also simplify the process of recordkeeping. You can track your income and expenses much more quickly and easily when you have separate accounts. Keep your receipts, track your sales, and monitor your spending and earning in your business account to know where you stand and if your business is lucrative enough to keep it open. Your business account also will help you track deductible expenses, which makes it much easier for you or your accountant to accurately report your earnings and losses to the IRS. [MileIQ](#) offers tips for tracking business expenses if you need more information.

3. Secure a Small Business Loan

You also should get an employer identification number ([EIN](#)) from the IRS when you establish your business. Then, work to establish good business credit. Once you have proven yourself as a professional business owner with separate accounts and good credit, you can get a small

business loan as your company grows. You likely will find yourself in need of some capital to purchase more equipment or inventory, rent or lease a larger space, or cover any of the other expenses new business owners face. There are several types of small business loans available, and the type best for your business depends on your situation.

Available [business loans](#) include an SBA loan (a government-guaranteed long-term loan), a term loan (similar to a traditional bank loan), equipment financing, a business line of credit, invoice financing, a short-term loan, merchant cash advance, a small business startup loan, and a personal loan for business. The last option, a personal loan for business, is popular for new businesses that don't have a financial history; many new business owners prefer these loans because they often have lower rates than typical business loans.

4. Purchase the Correct Insurance Policies

Just as you insure your personal assets, you should insure your business assets, if for no other reason than insurance provides a safety net from anyone looking for a payout from your business. Various types of policies are available based on whether you own a rental property, professional practice, or retail store, according to [Entrepreneur](#). Work with a reputable insurance agent to ensure you get the proper policies, and don't forget that you may need to insure your building and your business with different policies.

Starting a new business in retirement is exciting and rewarding. When done correctly, it also can be quite profitable for seniors. The trick is to protect your [future financial health](#) by creating a limited liability company, setting up separate bank accounts, securing a small business loan, and purchasing the correct insurance policies.

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