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Table of Contents

Introduction	4
How to Use the Work for Yourself@50+ Materials	5
We're Here to Help	6
Step 1: Explore Your Options	8
What Does "Working for Yourself" Mean?	8
The Advantages and Challenges of Self-Employment	9
worksheet: Self-Employment Checklist	9
WORKSHEET: Do You Have the Disposition to Be Self-Employed?	10
Forms of Self-Employment.	11
WORKSHEET: The Importance of Goals	13
Talking About Money – How Much Do You Need to Make?	14
WORKSHEET: Your Self-Employment Considerations	15
Looking Back, Looking Forward	16
Step 2: Find Your Focus.	18
WORKSHEET: Getting Started – Knowing Yourself	19
Putting the Results to Work	20
Don't Forget Your Natural Talents	21
WORKSHEET: Getting Started: Prioritizing Your Goals and Ideas	22
WORKSHEET: What's the BIG IDEA?	25
Looking Back, Looking Forward	26
Step 3: Make a Plan	28
Building on Your BIG IDEA.	28
WORKSHEET: Moving Forward With Your Idea	29
WORKSHEET: Understanding Your Strengths, Weaknesses, Opportunities and Threats	21
Key Aspects of Business and Marketing Planning	
Capital: A Quick Guide to Financing Your Microbusiness	
Avoiding Financial Mistakes	
Looking Back, Looking Forward	აი

Step 4: Watch Out for Trouble	38
Work From Home Scams	38
WORKSHEET: Red Flag Drill	41
WORKSHEET: Action Plan for Avoiding Common Self-Employment Mistakes	42
Self-Employment and Your Taxes	44
It Isn't the IRS	44
Social Security Myths & Truths	45
Looking Back, Looking Forward	46
Step 5: Find Support	48
Where to Turn to Get Advice to Start and Grow Your Business	49
worksheet: Action Strategies for Finding and Engaging the RIGHT Mentor	50
Networking	52
Technology: A Vital Asset to the Self-Employed	53
WORKSHEET: Social Media Checklist.	55
Looking Back, Looking Forward	58
Taking Action	60
Lessons From Each Section	60
Final Thoughts	62
Resources	63

Introduction

Notes:

Welcome! You're in the right place.

If you are reading this toolkit, you are probably over 50 and looking for ways to improve your current financial situation and also pave the way for greater financial security down the road.

For many Americans, that goal has been accomplished via self-employment in one of its many forms: side gigs, freelancing, contracted services, or starting a small business or microbusiness.

And there's good news: It's an outstanding time to consider working for yourself. According to a number of recent studies, over 30% of the workforce is part-time or self-employed.

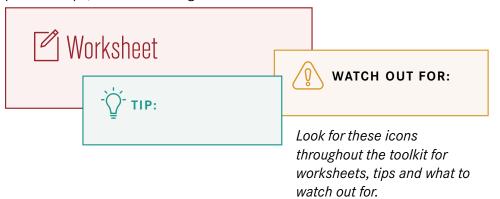
If you're considering self-employment, you may not know where to start. This guide will help you decide whether being self-employed is right for you. For example, what are the pros and cons of being your own boss? What resources do you need to be self-employed? How will self-employment affect your current lifestyle?

Our goal is to help you make the right decisions for you, and point you to additional resources to help you get started. We will share steps you can take and caution you about mistakes to avoid. We will help you understand what self-employment looks like in today's economy by reviewing some of the many options for those over 50.

You will be most successful if you don't approach self-employment alone, but rather tap the advice and support of both personal and professional colleagues, friends, mentors and the many organizations that provide assistance along the way. It is our goal to make you successful no matter what path you choose.

How to Use the Work for Yourself@50+ Materials

In the pages that follow, we will walk you through **Five Steps** that will help you decide if self-employment is right for you; what particular aspect of self-employment best aligns with your immediate financial goals and your long-term plans; and how you can get the help you need to be as successful as possible on your journey. Throughout the toolkit, worksheets and exercises will help you consider your options and focus your thinking, and icons will point out tips, extras and things to watch out for.



Technology has revolutionized the ways companies and individuals reach customers, deliver services and even find the funding to get started. Because technology will play an increasingly important role in how people work for themselves, the website at **aarpfoundation.org/workforyourself** has been specifically designed to supplement the material in this toolkit. The website is where you can find interactive versions of all the worksheets, and if additional information or resources are available online, the text will appear in bold with the web address highlighted in red.

Notes:

We're Here to Help

Our **Five Steps** will provide specific, hands-on guidance to help you assess where you are and get started on the self-employment track. But only you can decide if that track is right for you.

Step 1–Explore Your Options: A look at the different types of self-employment to help you learn more about the many options that fall into the category and decide if self-employment is right for you.

Step 2–Find Your Focus: Information, exercises and checklists to help you pinpoint your areas of interest.

Step 3–Make a Plan: A realistic overview of startup considerations, strategies and preliminary steps required for successfully moving onto the self-employment track.

Step 4–Watch Out for Trouble: Stumbling blocks along the road to self-employment can turn your dream into a nightmare, and this section will pinpoint ways to avoid some of the major pitfalls.

Step 5–Find Support: While there can be hiccups along the way, you don't have to approach self-employment alone. In this section we'll offer guidance on finding the best services and supports that can help you be the most successful.

Taking Action: Now that you've explored your options and made your choice, this section will help you bring together what you've learned and get you ready to take on the challenge of working for yourself.

Resources: Here you will find organizations that can support you in your endeavors, as well as information about programs that can help you make self-employment a successful reality.

This guide was created specifically for those 50 and older by AARP Foundation. We understand the particular concerns of older Americans looking to work for themselves and want to help you make the best choice so you can be on track financially, now and for years to come.



Step 1: Explore Your Options

Recent projections by the Bureau of Labor Statistics confirm that more and more Americans age 50 and over are starting their own businesses or working for themselves. Those age 55 to 65 recently accounted for 26% of all startups, up from 15% in 1996.

Many factors account for this surge: The world of work is changing as more companies are looking to blend full and part-time workers; people of all ages are seeking more independence and enjoyment from work; and a growing number of older adults approaching traditional retirement age are eager to stay working on their own terms. At the same time, a growing number of older workers are finding it difficult to make ends meet after long periods of unemployment or years of inadequate wage growth. To boost their income, these workers are finding new ways to be entrepreneurial – often opening "side businesses" or looking for "gig" work in the new economy. Whether working for yourself is the fulfillment of a long-held dream or a matter of necessity, you need to understand what your options are.

What Does "Working for Yourself" Mean?

Anyone who generates their income directly from customers, clients or other organizations by working for themselves rather than being an employee of a business is considered self-employed. The self-employed workforce comprises small firms, sole proprietors, temporary workers, contract workers, day laborers, consultants, freelancers, gig workers, independent contractors, on-call workers, 1099 workers (so called because of the official 1099 tax form they receive that shows what they've been paid), small- and microbusiness owners, and self-employed workers, all working in a variety of fields and industries.

It's a wide range of possibilities, and the first thing to do is explore your options. While owning your own brick-and-mortar storefront is vastly different from working as a freelancer, what is common across all types of self-employment is *being your own boss*.

The Advantages and Challenges of Self-Employment

Taking the step to self-employment requires time, energy and commitment, especially in the startup stages. Finding the right work/life balance can be challenging. Much will change, especially if you are used to a more routine work environment. Most self-employed people will tell you that a 9-5 workday is pretty much out the window.

Successfully self-employed people will also tell you that the extra time and effort are worth it. They like being their own boss. They like the flexibility that self-employment offers. They like the ability to make something they care about happen in the way they want it to happen.

Numerous studies have looked at how the self-employed view their lifestyle. Here is a summary of the major advantages and challenges as self-employed people see them. Which ones appeal to you? Cause you worries? By completing the two worksheets that follow you should get a pretty good idea of whether or not self-employment is something you want to pursue.

Notes:



Self-Employment Checklist

Check the box next to each advantage or challenge that is meaningful to you. At the bottom, add up the number of advantages and the number of challenges you checked.

Advantages

You are your own boss

You can define what you choose to do and not do

You can shape your business with your ideas

You enjoy the financial advantages of your

hard work

You take pride and satisfaction in what you do

You learn and develop a variety of skills

You name your own hours

You hire the people you choose

You grow or don't grow your idea as suits you

Challenges

You may risk failure

You may make wrong decisions – it's all on you

You don't get benefits like health care

automatically

Your income can fluctuate dramatically

You have to keep strict records

You may have to do tasks you don't like

You may have added expenses

You may have an unstructured work

environment

You may work long hours – including nights

and weekends

Total Challenges

_ Total Advantages

How do the good and the bad stack up for you? Use this as a reality check for assessing the feasibility of self-employment.

Worksheet

Do You Have the Disposition to Be Self-Employed?

Before getting to the practical considerations, which we will deal with in future steps, it is important to know how well your personality matches the demands of being self-employed. The following questions may give you a good indicator. There are no right or wrong answers, only honest ones.

1. Am I comfortable working for long stretches by myself?

Yes No Not Sure

2. Can I make tough decisions without the input of many people?

Yes No Not Sure

3. Am I self-motivated?

Yes No Not Sure

4. Do I have the patience to teach myself how to do things like learning a new computer program?

Yes No Not Sure

5. Can I deal with income that goes up and down over time?

Yes No Not Sure

6. Am I comfortable not having a daily routine?

Yes No Not Sure

7. Can I succeed without the praise and support of others?

Yes No Not Sure

8. Am I organized?

Yes No Not Sure

9. Am I comfortable handling risk?

Yes No Not Sure

These questions reflect the realities of self-employment. Even the most successful entrepreneur would probably not honestly answer yes to every single question. However, if you find yourself answering no to four or more of them or feeling uncertain about the majority of questions, you might want to rethink if self-employment is for you.



Family Matters

In Step 5 we'll cover how to build your external support team should you decide to pursue self-employment. As a person over 50 looking into self-employment, you will also want to take into account how your family or others important in your life feel about your decision. Is your spouse or significant other on board? Is he or she comfortable having you devote large portions of your time, energy and possibly finances to this new venture? What toll will it take on the kids? Having the support of others makes any undertaking easier, and the people most important to you are a vital part of your support team.

Forms of Self-Employment

Exactly how you go about becoming self-employed is a very individual question based on a number of factors, including: your current financial situation, your current employment status, where you are in the life cycle, what you expect to happen personally and financially in the next few years, and your immediate and longer-term family and other obligations.

Let's take a look at four major categories of self-employment that can be especially appealing to those over 50: running a part-time business on the side, freelancing or contracted services, owning your own microbusiness, and starting a social enterprise or nonprofit organization.

Running a Part-time Business on the Side

It can be easier to develop multiple sources of income than to earn more money from a single job. That's why part-time self-employment – working at something in addition to your job – has long been in favor. You don't "quit your day job" but add to your income. Out of financial necessity, many more Americans are having to look to part-time additional employment, whatever name you give it: second job, side job (or "side hustle") or supplemental employment.

Here are some things to keep in mind about running a part-time business on the side:

- Make sure your regular employer doesn't have a policy against it
- ▶ Be aware of how the additional income may affect your taxes and benefits
- ▶ Make sure there is a need for the service or product you are offering before you dive in
- ▶ Promote and leverage your availability (e.g., on weekends, evenings) when competitors might not be around
- Always try to save a percentage of your supplemental income for future financial needs

Notes:

Freelancing or Contracted Services

Freelancers and independent contractors make up the largest percentage of the self-employed workforce. As an independent contractor, you are paid only for the work you perform either on an hourly or project basis.

There are several benefits to working as an independent contractor or freelancer including:

- You can increase income by working for more than one client
- Little or no startup capital is required
- ▶ There are many resources, especially online, to help you line up projects

What are the drawbacks?

- ▶ There is less job security, and your work can be seasonal or highly irregular
- You have to spend time looking for clients
- ▶ Work can be solitary, with little contact with other employees

The website at **aarpfoundation.org/workforyourself** lists additional differences between regular employees and freelancers or contractors.

Owning Your Own Microbusiness

Microbusinesses are an important, viable and growing segment of the self-employed picture. They consist of self-owned businesses with five or fewer employees. Many are family businesses involving spouses or other close relatives. Microbusinesses cover a wide range of products and services but can include retail stores, microbrewers, craft-related operations, and online suppliers of products and services.

A small business is defined as an organization with more than five employees. Often, microbusinesses succeed and become small businesses. The tools, techniques and strategies for microbusinesses and small businesses are similar and will be handled together in this guide under the category of microbusinesses, since they are the more common type of startup.

Doing Well and Doing Good: Social Enterprises and Nonprofit Organizations

A 2011 study found that approximately 1 in 4 adults between the ages of 44 and 70 want to start their own businesses or nonprofit organizations in the next five to 10 years – and many of them want to make a positive social impact as well as a living. Businesses with the goals of generating profits and doing good in the community are called social enterprises or social entrepreneurship opportunities, and they have become increasingly widespread in the last several years as more people seek meaningful ways to work. Even though making money isn't the sole focus of social entrepreneurship or traditional nonprofit organizations, it's still important to treat your activities like you would any business, as all enterprises and nonprofits need planning and preparation to be successful and have an impact. Learn more about social enterprise on the website at aarpfoundation.org/workforyourself.

Notes:

worksneet	
The Importance of Goals	
eaching them by triggering your mind to start thinking about the next steps needed to achieve hem. As you explore working for yourself, take some time to think about what matters most to e.g., spending time with family, being successful, being your own boss and so on). In the space below, write down what is most important in your life.	-
How can working for yourself help you achieve that goal? For example: If the most important this you is being able to spend time with your family, how can working for yourself help you to ach hat? Will you want to start a business to involve other family members? Do you want to make money or have more flexibility in order to take more family vacations?	nieve

Ultimately, only you can decide what your goals are and how what you do can help you achieve them, but it's important to have your goals in mind to help guide you to the right decisions.

Talking About Money - How Much Do You Need to Make?

While one of the benefits of working for yourself is being your own boss, it also means that you are ultimately responsible for securing your own benefits and covering your taxes. Studies show that entrepreneurs will need to set aside *at least 30%* of what they earn to cover expenses usually paid for by an employer such as health care and taxes. To determine how much income you need to make with your self-employment venture, start by developing a personal budget.

Creating a personal budget can be as simple as figuring out how much money you have coming in each month, and then figuring out how much money you are paying out each month. There are numerous tools available to help you get started.

Once you know how much income you need to cover your expenses, you can determine how much profit you will need to generate as a self-employed person by multiplying that amount by at least 130%.

Applying the Numbers

For example: If you need to earn \$30,000 a year, your self-employment venture needs to generate \$39,000 (\$30,000 + 30% or \$9,000 = \$39,000) in profits. How much work will it take for you to generate that income? Will it require you to work seven days a week or can you comfortably earn that amount in fewer days? Only you can determine how much you are willing to work. Think realistically if your business is financially viable to support you. If you are unsure how to project financial profits, visit the program website at aarpfoundation.org/workforyourself or use the Resources Section starting on page 63 to identify an organization that can help you.



Budgeting Tools

AARP Foundation Finances 50+ has a great worksheet and Action Plan on Budgeting. Download it for free from aarp.org/finances50plus

Online calculators have made it easier than ever to craft a budget that works for your life. AARP's website offers a home budget calculator that allows you to enter your income and expenses and then does the math for you. Visit **aarp.org/homebudgetcalculator**

Worksheet

Your Self-Employment Considerations

Use the list of questions below to determine if self-employment is an option that you should consider now. If you answer "Not Sure" to two or more questions, you may need to continue exploring your options.

What self-employment model best suits your personality and financial requirements?

Running a part-time business on the side

Freelancing or contracted services

Owning your own microbusiness or small business

Starting a social enterprise or nonprofit

Not Sure

Is your family or personal circle supportive of your self-employment choice?

Yes

No

Not Sure

From where would you work?

Home

Outside the Home

Not Sure

Do you need employees to get started?

Yes

No

Not Sure

How soon would you like to get started?

Immediately

1-2 years

3-5 years

Not Sure



Self-employment may not be the right fit for everyone. But knowing what questions to ask yourself can help guide you to the decision that makes sense for you. In this section you:

- Explored the advantages and challenges of being self-employed
- Examined the personality traits that can help you when working for yourself
- Reviewed the four categories of self-employment that most appeal to those who are 50 or older

In the next section you'll take a deeper dive to help you determine what self-employment opportunity might be best for you.



Step 2: Find Your Focus

Sometimes getting started can be incredibly difficult, especially for those over 50, when it can feel like so much is riding on your decision. Fear can be crippling and a major roadblock on your journey to determining if self-employment is a viable option, but fear doesn't have to paralyze you. By taking the important step to think about what you like and what you don't, and what comes easily to you and what takes more work, you can pinpoint business ideas to help you focus your energies.



Getting Started - Knowing Yourself

Use the chart below to list the things you like to do and are good at, as well as things you want to avoid or would need to work harder at in any work that you do. As you compile your lists, be honest and let your passion flow. This isn't the time to worry about being practical. That will come later. Have fun looking for the options that work for you. Once you've pinpointed your five or six options, share them with trusted family and friends. Get their input. Let them be part of your process.

Likes	Dislikes
	•
	•
	•
	•
	·
I'm really good at	I need to work on
I'm really good at	I need to work on
I'm really good at	I need to work on
I'm really good at	I need to work on
I'm really good at	I need to work on
I'm really good at	I need to work on
I'm really good at	I need to work on
I'm really good at	I need to work on
I'm really good at	I need to work on

Putting the Results to Work

Once you have completed the chart, you will have a wealth of crucial information. Here are some tips on how to put that information to work:

Look at your likes and the things that you are good at. What ideas suggest themselves for self-employment? For example: If you love gardening, would you be good working part time for a florist or starting a small landscaping business? If people tell you that your cookies and cakes are wonderful and you love to bake, should you consider selling them? Put a checkmark by your top three likes on the previous page.

Look at your dislikes and the things you need to work harder on. Working for yourself can give you an opportunity to avoid what you don't like or what you're not good at. For example: If you hate to drive or have trouble following maps, would you be happy with work that required you to be on the road a lot? If you are allergic to animals, would a dog-walking business make sense to you? Put a checkmark by your top three dislikes on the previous page.

Putting it all together. Based on your likes, dislikes, things you're good at and things you need to work on, identify five self-employment opportunities that might be a match for you. For example: If you enjoy travel and one of your strengths is working with people, you might want to look into becoming a travel agent or a tour guide. If you enjoy writing and have good computer skills, you could explore technical writing, freelance editing or business writing.

You don't need to have a million ideas to get started. Instead, begin with a few that you want to explore.

Possible Self-Employment Opportunities That I Want to Explore

1			
2			
3			
4			
5.			

Don't Forget Your Natural Talents

All of us are born with natural gifts that can sometimes be forgotten when the real-world challenges of finding work come into play. While certainly not all talents are transferable to self-employment, some may very well be. If you know you have a natural gift, or if people have complimented you on it, you should think about ways that gift can lead to self-employment.

Notes:

Here are just a few examples of how others have put their talents to work.

- ▶ Jeff was often told that he had a wonderfully resonating, deep voice. When it became clear that he would need more savings for retirement, he decided to see if he could leverage that talent, and it worked. He did an online search and found two ways to earn some money from his resonating voice. One publisher retained him on a freelance basis to read audio books, and an ad agency uses him frequently to do voiceovers for commercials. All the income is supplemental to his full-time job.
- ▶ Susan was known to her family and friends as "the organizer." Everything from linen closets to garages to business files were in her wheelhouse of cleaning up and organizing. As she looked towards retiring at 55 from her stressful job, she was understandably asking the question: "What next?" Then it came to her. Why not start a one-person business where she would help people organize and downsize? She created a website and got the word out through family and friends. Pretty soon she had a number of assignments, especially from other older adults who were eager to downsize.
- Maria was a natural-born seamstress. She had made her own clothes for years and was also a whiz at following patterns, altering and mending. Her family was straining to get by on just her husband's income. She helped care for her elderly and sickly mother who lived with them, so working outside the home was not a viable option. After a friend insisted on paying her for a dress she made, Maria realized that taking in sewing could be a nice little business, and she could be flexible about the types of projects she took on while still accommodating her caregiving needs.



Getting Started: Prioritizing Your Goals and Ideas

As you explore self-employment, the challenge is usually not about finding the right idea, but narrowing your options down to the BEST idea. Life experiences that occur both on and off the job give those over 50 the advantage of having a clear sense of what they like and where their passions lie. Knowing this, the next task is to answer the question: "How do I narrow down and prioritize my business ideas?" The following worksheet builds on the work you have already done to identify potential self-employment opportunities and allows you to consider each self-employment option in more detail.

Look back at your list of self-employment opportunities on page 20, then answer the six questions below. There are no right or wrong answers, only honest ones.

1. Which idea excites me the most? Why?	
2. Which idea would be cheapest or easiest to get started? Why?	
3. Which idea would be hardest or most expensive to get started? Why?	

5. \	Which idea will my family most likely support? Why?
6. \	Which idea would most disrupt my current lifestyle? Why?

Analyzing Your Answers

The value of this exercise is not so much in your individual answers, but in the interrelationships among the answers. That's where you'll have to take a long, hard look.

Here are a few examples of how you might use your answers to narrow down your ideas for self-employment:

- If the idea that excites you the most is the most expensive, do you have the resources to make it happen? Can you find funding? Is it something you will have to postpone and do something else until you do have the funds to get started?
- If you are a very family-oriented person but your favorite idea means you'll have to spend a lot of time on the road or away from home, is it really the right idea for you, or should you go to a "Plan B"?
- If one of your less favorite ideas is fast and inexpensive to act on, are you interested enough and passionate enough to go for that one?

These are the types of interrelationships among the questions you should be looking for as you move toward narrowing down your ideas. Once you have done this analysis, you should have a realistic sense of where to put your resources, time and energy as you embark on self-employment.

Your end result should be your BIG IDEA for your self-employment venture.

Worksheet

What's the BIG IDEA?

AARP Foundation uses the tool below to help sketch out an idea. It's useful for both capturing the general thoughts of the idea and describing its key benefits. Using this tool can add richness and depth that will help you to build and improve upon your idea as you move forward.

Describe the idea (What are the features? How does it work?)	Draw the idea (Craft an image of your idea that will help others visualize the product/service/process you will offer.)
Describe who will want this idea or who it will help (What "jobs" are they trying to get done? What do they want to be able to do?)	
Describe why relevant audiences will love the idea (What audience pains does it relieve? What benefits will audiences get from it?)	Describe the idea's DNA (What elements are most critical to the idea?)

Looking Back, Looking Forward

Your likes, dislikes, talents and skills can help you focus in on possible self-employment options. By completing the exercises in this section, you:

- Determined what opportunities for self-employment might make sense for you
- Weighed how your priorities and present circumstances affect the options you might pursue
- Sketched out your BIG IDEA for working for yourself

In the next section, we'll explore additional exercises and resources that can help you plan for and take action to launch your self-employment idea.



Step 3: Make a Plan

The Association for Enterprise Opportunity – a membership association for hundreds of organizations that have helped entrepreneurs start businesses all across the country – says that there are four key elements that microbusinesses need to be successful: Capacity, Capital, Confidence and Connections. These elements can support your success no matter what type of self-employment venture you decide to pursue.

The next few sections of this toolkit will help you build your confidence and entrepreneurial capacity, understand what's needed to access the capital for your venture, and make the connections necessary for your success.

Building on Your BIG IDEA

Building your capacity means being well prepared to enter into a self-employment opportunity. The following section will help you not only flesh out the BIG IDEA you came up with in Step 2, but also begin thinking about the key operational questions that will transform your idea into a reality.

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Moving Forward With Your Idea

On page 25, you sketched out the BIG IDEA for your self-employment. Now it's time to flesh it out a bit. These questions are intended to get you thinking about developing a plan for implementing your idea. As you continue to put your plan into practice, you will find yourself revisiting these questions often, so if you don't have perfect answers yet, that's OK!

1.	How will my BIG IDEA for self-employment work? Exactly what do I want to do? Will I be offering a product or service? (Talk about your idea in one or two sentences.)
_	
_	
2.	Give it a name. (Don't worry about it being exact at this point. Just pin your idea down by calling it something that applies to what you want to do.)
_	
3.	Are people going to want what I have to offer? (Be realistic.)
_	How many other products or services like mine are in my area? How does my offering differ
4.	from the competition?
_	
	Continued on next page

6.	Describe the types of individuals or businesses you expect to use this product or service. Include age, gender, income and other important demographics.
7.	Can I grow my idea? (What do you want to happen one year from now five years from now? Will your idea for self-employment be sustainable? Will it fit in with your future lifestyle? Is it something you see doing for the long haul?)
-	you found these questions challenging, don't worry. Businesses large and small, as well as dividuals who work for themselves, grapple with these questions every single day. What these

Worksheet

Understanding Your Strengths, Weaknesses, Opportunities and Threats

On page 19, you completed an exercise that asked you to list the things you're good at and the things you need to work on. These can also be called your *strengths* and *weaknesses*. Strengths and weaknesses are internal and based on you. Together with *opportunities* and *threats*, which we will discuss next, they make up what is often called a SWOT (or Strengths, Weaknesses, Opportunities and Threats) analysis – an important tool in strategic planning.

Opportunities: Opportunities are potential chances, customers or experiences that exist that you can take advantage of. An opportunity could be a new housing development that needs landscaping services, or a changing demographic that suddenly demands more translators/interpreters. Think of opportunities as new leads or customers that you might be able to tap into. Now, thinking about your BIG IDEA, list what your opportunities are:
Threats: Threats are external factors that are beyond your control. A threat could be another company that has more experience than you that has opened a new office nearby, or a drought that has made it harder to purchase plants needed. Remember, there is nothing you can do to make the threats disappear, but it's important to acknowledge their existence and be prepared should they impact your business. Now, thinking about your BIG IDEA, list what your threats are:
Many businesses use these SWOT analyses and adapt and develop them regularly. They can play an important role in ensuring that your business has the information and the plans it needs to succeed
The website at aarpfoundation.org/workforyourself provides additional resources on this topic.

31

Key Aspects of Business and Marketing Planning

Now that you've begun brainstorming the strategy that you will use to make your self-employment idea successful, you may be wondering what other tools you can use to help plan your self-employment venture. All microbusinesses and individual operators create business and marketing plans to help guide their work. In reality, business plans and marketing plans can differ greatly depending on what industry you are working in, what form of self-employment you are engaging in, and your individual and stylistic preferences.

However, the good news is that the exercises you have already completed can provide much of the content needed for your business and marketing plans.

Business Plan: A business plan is often a long form document that spells out all of the technical aspects of your business including: an overview of your industry, a plan to market your idea, a financial plan, an up-to-date budget, a five-year strategy, an operating plan and a SWOT analysis. Many external investors require a business plan before they give you financing. If you would like a specific guide to writing a detailed business plan visit the website at aarpfoundation.org/workforyourself.

Marketing Plan: Likewise, a marketing plan is a specific plan about how you will reach customers or clients. Marketing plans often include basic ideas about branding (either yourself, your business or your product), pricing, competition, distribution and success strategies. Marketing plans can require a good amount of research to put together. For further exploration of marketing plans, visit the program website at aarpfoundation.org/workforyourself.

Capital: A Quick Guide to Financing Your Microbusiness

The amount of money you need to get started will vary based on the type of self-employment you want to pursue. Some options, like freelancing or consulting, may require less startup cash than a business where you need a physical plant or storefront. Finding the capital to start a business can be one of your biggest challenges. That's why it is especially important that both the business plan and the marketing plan present a realistic picture of the needed funds to start and sustain the business.

Of course, the age-old question is, "Where will the money come from?" Usually it's from two categories: personal investment and/or external financing sources.

Personal Investment

While financing may seem like a huge barrier to getting started, it's important to remember that 80% of businesses never need external funding. Before exploring external funding options, consider just how much money you really need to start your venture. If your startup costs are minimal, you may be able to cover them entirely with personal investments. These include:

- ▶ Your own personal funds: While not an option for everyone, if you do have personal funds you can utilize for your business, it can make getting additional financing easier because other investors appreciate that the owner has some "skin in the game."
- ▶ Family and friends: The advantage of this resource is that it is built on trust and understanding, often with little or no paperwork or legal issues involved. The downside: Money issues can sour relationships, so it makes sense to take a business-like stance with these investments, providing specific timeframes for how and when the lender will be paid back.

Notes:

External Financing Sources

The most usual forms of external financing are loans. Many commercial banks, credit unions and nonprofit organizations offer small business and micro-loans ranging from \$1,000 to \$250,000. Before taking out any financing product, be sure you know how much money you need, what size of payments you can afford to make, and what the requirements are to pay back the loan. Find more information about setting up a financing plan on the website at aarpfoundation.org/workforyourself.



Tapping the Crowd to Finance Your Business

In Step 5 we'll talk about ways that technology has changed the world of business startups, making it easier to reach a broad range of customers and access services that can help make your self-employment opportunity a success. Another way technology has helped increase access for potential entrepreneurs is by opening up some new funding opportunities. Two you may have heard of are:

Crowdfunding websites: These sites allow you to raise smaller amounts of money from large groups of people. These funds are generally not repaid, and donors (the people who give you money) are free to choose among a wide range of opportunities for their money. The most well-known crowdfunding sites include Kickstarter (**kickstarter.com**), Indiegogo (**indiegogo.com**), and GoFundMe (**gofundme.com**).

Crowdlending websites: Unlike crowdfunding sites that pool donated funds, crowdlending sites allow you to raise loans from networks of people. As with all loans, repayment is expected, though the loans are sometimes made at rates that can be particularly favorable for lower-income individuals because the organizations brokering the loans are committed to increasing access to capital for under-resourced entrepreneurs. Kiva Zip (kiva.org/borrow) is one such platform.

Avoiding Financial Mistakes

It is important to finance your self-employment in a way that doesn't jeopardize your financial future. Therefore, two sources you should NOT consider are:

- Credit Cards: High-interest credit card debt is a big mistake and can put business owners in over their heads very early in the process and make it exceedingly difficult to get out of debt. Although it is a capital source sometimes used by entrepreneurs, virtually all business and financial experts advise against it.
- ▶ Retirement Savings: Tapping retirement savings to fund your business can be hazardous at any age. Before you do so, it's important to ask the questions: "Is this money I will need later in life?" and "Do I have the funds to pay the taxes when I draw down from my IRA or 401(k)?"

Notes:



WATCH OUT FOR:

A Triple Risk for Those Under Age 59 ½

A very important caveat for those who are under age 59 ½: Tapping your retirement savings is a triple risk. In addition to endangering your financial future and incurring taxes, early withdrawals from retirement accounts (unless for specific hardship reasons) are subject to a 10% penalty.



TIP:

Get Smart About Credit

Banks and other lenders will require a credit check before making a loan. As you look at financing your new venture, take extra care to keep your credit rating high. AARP Foundation Finances 50+ provides helpful information on managing debt and credit for older adults. Learn more or request a guide at aarp.org/finances50plus.

It can often be difficult for self-employed individuals or microbusinesses to receive loans and equity financing. However, there are a variety of organizations that focus on providing seed money for microbusinesses started by women, minorities or those at lower economic levels. The Resources section of this toolkit starting on page 63 and the **website at aarpfoundation.org/workforyourself** can guide you to some places that can help you access these services.



Once you've made the decision to pursue self-employment, it becomes more important to be well-prepared to start and fund your idea. In Step 3, you:

- ▶ Started answering the key questions that will help you craft an effective plan for your self-employment venture
- Learned about two important tools that can help you launch your idea: a business plan and a marketing plan
- Pinpointed potential sources of money that can help you start your venture

In the next section, we'll cover some potential scams and pitfalls that can derail your self-employment dream and ways to protect yourself against them.



Step 4: Watch Out for Trouble

For people 50+ financial fraud and scams are a growing problem, and when you are working for yourself, business problems can often become personal problems and vice versa. This section will focus on the most common scams and mistakes to watch out for as you prepare for self-employment and once you get under way. Knowing how to stay safe can help you build your confidence and capacity to undertake self-employment successfully.

Taxes and Social Security concerns also loom large for people 50+. In this section we'll help you with the basics and point you toward reliable sources for trustworthy information.

Work From Home Scams

Work from home scams are almost always bogus and are usually perpetrated on the Internet. The problem has become so widespread that one researcher found that 95 out of 100 search results from the phrase "work from home" were scams. That's a scary 95%, causing the FBI to designate "work from home" as one of the top scam phrases to be on the lookout for.

The scam can take many forms. You can be "hired" and never get paid. You can be asked for an up-front fee and receive nothing in return. You can be scammed for your information and become the victim of identity theft. You can even unwittingly become part of illegal activities.

Common "Work From Home" Scams

- ▶ Envelope Stuffing: one of the oldest scams. For a fee the scammer offers to send you all you need to make "hundreds of dollars a week"... money that you never see.
- ▶ Home Assembly: No person can assemble anything as fast as a machine, so your work will always be subpar, and you will wind up dishing out money for a starter kit that takes you nowhere.
- Mystery Shopping: not always a scam, but often so. You pay an up-front sum to get put on a list so you can qualify as a mystery shopper and get paid for it. The problem is the list doesn't exist. Legitimate mystery shopping companies will not ask you to pay a fee.
- ▶ Rebates: For a fee you are offered the opportunity to make money processing rebates. It never goes any further.
- Online Surveys: You fill out loads of surveys before you make a penny and you are often required to provide contact information, which can be sold to other companies.
- Pyramid Schemes: Usually there's no product to sell and only the schemers make money. You wind up putting money in, recruiting people, and rather than making anything, you're out your initial investment.
- Medical Billing: You lay out money to get trained to start a medical billing business. The company promises to find you clients, but they never do.

The website at **aarpfoundation.org/workforyourself** includes examples of these scams and more.



WATCH OUT FOR:

Fake Check/Money Transfer Scam

Be especially careful if your self-employment plans include selling items on online auctions. In this scam, the winner (or buyer) offers to pay you by check for more than the offered price. Upon receiving the counterfeit check, you are conned into sending the difference back to the winner via bank wire. Then you have to pay the bank back in full when the check bounces. In the end, you've been scammed out of the item, its price, and the money you sent to the winner.

What to do: Never take more than your selling price for an item. Also opt for secure forms of payment such as PayPal or Google Wallet.

Yes, You Can Work From Home. Yes, You Must Protect Yourself

Many individuals are successfully working at home either full time or to supplement their incomes. Yes, you can be one of them, but you have to do it with your eyes wide open about which opportunities to accept. Here's a checklist of do's and don'ts.

Do's

- Do check out the company. Take the time to research them in advance before accepting any kind of at-home project.
- Do ask questions before you accept offers. It's your money, your time and your personal information on the line, and you owe it to yourself to be cautious.
- Do take action if you are victimized. File complaints with the Better Business Bureau and the Federal Trade Commission. You may also want to contact the state attorney general and the county district attorney where the company is located.

Don'ts

- ▶ Don't put any money down up front. It's almost always a come-on that will result in you spending instead of earning.
- Don't fall for big promises. If it sounds too good to be true, it is. You will not make thousands of dollars a month for doing very little.
- Don't ignore red flags. Be wary of unsolicited email messages, vague job descriptions and opportunities that ask for your Social Security number or banking information.
- Don't give out any credit card or bank account information on the phone unless you're familiar with the company. Anyone who has your account information can use it to commit financial fraud against you.



Questions to Ask About Any Work From Home Opportunity

- ▶ How much will I be paid?
- ► How will I be paid?
- ► How often will I be paid?
- What will I be expected to do?
- ▶ Who can I contact within the organization if I have problems?
- Who are other clients of this company?

Anyone offering a legitimate business opportunity should not be afraid to answer these questions and any others you come up with. Be cautious if you get the runaround.

Workshee))

Red Flag Drill

Read the scenario below and answer the questions. Use the space to include some action steps you would take if the same thing happened to you.

Joanne is eager to supplement her income by working from home in her free time. She receives a seemingly promising email highlighting how she can make money by being a mystery shopper. Joanne loves to shop, and the idea of combining business with pleasure is very appealing. She responds to the email and is linked to a PDF that describes the opportunities for profits in glowing terms. All she has to do is send \$300, "a drop in the bucket compared to the thousands a month you can make."

Should Joanne send the money? What are the "red flags" that indicate that this particular work

from home offer is a scam?	



Action Plan for Avoiding Common Self-Employment Mistakes

Below are some common mistakes self-employed people can make. Being forewarned is being forearmed. Protect yourself and your business with a plan to avoid these mistakes. We'll start you off with a step, but spend some time coming up with ideas of your own.

Failure to Keep Regular Hours: If you don't establish a schedule, you can wind up bouncing back and forth between not working enough hours and having work cut heavily into your free time.

Action steps to avoid this:

What other stens can you take?

1.	Use tools to manage your time.	Online calendars,	your smartphone	or even a date	book can help
	you stay on track.				

۷٠	What other steps our you take.	

Not Setting Financial Goals: If you don't know what you must make to cover expenses and maintain your lifestyle, you could find yourself losing money instead of making money with your venture.

Action steps to avoid this:

- 1. Calculate how much you need to earn and add 30% for taxes to determine your gross income.
- 2. What other steps can you take?

Billing Blind: You need to know what the going rate is for the type of work you are providing. Otherwise, you will be undervaluing your work or not getting business because you are overcharging.

Action steps to avoid this:

- 1. Conduct a web search or ask around to find out what other contractors similar to you are charging for their work.
- **2.** What other steps can you take?

Agreeing to a Fixed Price for Unlimited Work: It can be really difficult to set a fair price, especially when you are working on a project basis. If you don't clearly define up front how much you are going to do for the agreed-upon fee, you could wind up working at well below the minimum wage.

Action steps to avoid this:

- 1. When writing your agreements be sure to specify exactly what is included in your fee. If you are just starting out, it may be more helpful to bill on an hourly basis if possible.
- 2. What other steps can you take?

Not Tracking Time Spent on a Project: Even if you are not working on an hourly basis, you will need a sense of how much time a typical project takes. By getting a handle on time spent, you will have a clearer sense of what to bill in the future.

Action steps to avoid this:

- 1. Use the same tools you use to manage your schedule to track the number of hours you spend on different projects.
- 2. What other steps can you take?

The website at <u>aarpfoundation.org/workforyourself</u> includes additional information and guidance to help you avoid these and other self-employment mistakes.



Get Insured

The insurance you will need, if you move forward with self-employment, very much depends on the type of endeavor in which you will be engaging. Insurance is exactly that: protection against problems and liabilities that may come your way. It is important that you discuss your business venture with a qualified insurance agent so that he or she can steer you in the right direction of general business insurance, professional insurance, property insurance and the many nuances that fall under each.

Shop around for price and be careful to get what you need to be sufficiently protected, but not more than you need.



Get Help With Your Taxes

During tax season, free volunteer tax preparation services, including AARP Foundation Tax-Aide (aarp.org/taxaide) and the Volunteer Income Tax Assistance (VITA) program (irs.treasury.gov/freetaxprep) can help individuals file their individual tax returns - including Sole Proprietorship forms, also known as Schedule C or Schedule C-EZ, with business expenses up to \$25,000. VITA sites will not prepare Schedule C forms with business losses. Income limits and other restrictions may apply.

Self-Employment and Your Taxes

For many older Americans, looking into self-employment can initially seem like a sea of complexities, especially when it comes to taxes and record keeping. These considerations, while critical to put in the mix, should not stand in the way of your moving forward. They should not paralyze your momentum for one main reason: There are a variety of experts who can help, often at low cost or no cost. The IRS, trade associations especially for small businesses, accountants and financial experts are all available to answer your questions and get you beyond your concerns.

- Income Tax: Whatever form your self-employment takes, you will need to pay income tax. Depending where you live, you may also have to pay state and local taxes.
- ▶ Self-Employment Tax: Small business owners may have to pay this tax to cover Social Security and Medicare costs.
- Sales Tax: Retail operations may have to pay sales tax to their local and state jurisdictions.

Be sure to keep careful records of income and expenses. Many items that were not previously deductible on your taxes may become so once you are self-employed. Again, seek advice about which receipts and documents you should hold on to. Don't go it alone.

It Isn't the IRS

When you are starting out with self-employment it is completely natural to be unfamiliar with your new tax obligations. Unfortunately, as a result, new businesses are susceptible to scammers who pretend to be calling or emailing on behalf of the IRS and demand some kind of immediate payment for previously undisclosed owed taxes.

Remember that the IRS will NEVER:

- Call you to demand immediate payment. The IRS will not call you if you owe taxes without first sending you a bill in the mail.
- Demand that you pay taxes and not allow you to question or appeal the amount you owe.
- Require that you pay your taxes a certain way for instance, require that you pay with a prepaid debit card.
- Ask for your credit or debit card numbers over the phone.
- ▶ Threaten to bring in police or other agencies to arrest you for not paying.

If You Receive a Call Claiming to Be From the IRS:

- ▶ Do not give out any information. Hang up immediately.
- Contact the Treasury Inspector General for Tax Administration (TIGTA) to report the call. Use their "IRS Impersonation Scam Reporting" web page at treasury.gov/tigta/contact_report_scam.shtml. You can also call 800-366-4484.
- Report it to the Federal Trade Commission. Use the "FTC Complaint Assistant" at ftccomplaintassistant.gov. Please add "IRS Telephone Scam" in the notes.

Social Security Myths & Truths

Many older adults express concern about how earning while receiving Social Security retirement benefits can affect how much they receive. Here is some information to help put you at ease:

- If you have reached full retirement age, there are no limits on what you can earn. Retirement age varies depending on the year that you were born. If you were born between 1943 and 1959, your full retirement age for Social Security benefits occurs during the year you turn 66. For those born after 1960, the full retirement age is 67.
- If you are self-employed and under the retirement age and subject to earnings limit, only your net earnings are taken into consideration. Other government benefits, investment earnings, pensions, annuities and capital gains are not taken into account in calculating the limit.
- ▶ If you are below full retirement age, even if your earnings reduce the amount of Social Security benefits you can receive now, that money is never truly "lost" instead, when you reach full retirement age, your benefit will be increased to account for benefits withheld due to earlier earning. When you are self-employed and subject to earning limitations, the income counts when you earn it, NOT when you receive it.
- Special rules apply to the year you reach your retirement age.
- Special rules apply to income earned outside the United States.
- For more information, visit the Social Security website at ssa.gov and search "how work affects your benefits."
- Special rules apply if you receive Social Security Disability Insurance (SSDI) benefits or Supplemental Security Income (SSI). Visit choosework.net to learn more.

Looking Back, Looking Forward

Self-employment can feel like the fulfillment of a long-held dream of working for yourself, but the reality is that older adults are often targeted for scams and frauds. In this section you:

- Learned to recognize some potential scams and pitfalls
- Put together a list of action steps you can take to avoid scams or report them if they happen to you
- Gained an understanding of how working for yourself can affect your taxes and Social Security benefits

In Step 5, we'll help you put together a "team" to support your self-employment goals.



Step 5: Find Support

Just because you are working for yourself does not mean you are alone in your pursuits. A key concern often voiced by those over 50 looking at self-employment is fear of having to "go it alone." Seeking out the advice and counsel of experts and finding trustworthy support are sure antidotes to that fear and a way to build confidence and capacity. This section will guide you through the process of building connections and seeking support and mentorship, both from professional networks and organizations, and from your personal contacts.

Where to Turn to Get Advice to Start and Grow Your Business

Microbusiness Development Organizations

Many organizations offer expert advice and other resources to people aspiring to work for themselves. Microbusiness Development Organizations or MDOs are located across the country and offer a range of services to help aspiring microbusiness owners of all ages. Here are some of the things an MDO offers:

- Training and technical assistance help potential entrepreneurs develop the skills they need to plan, market and manage their own business. This is often offered at low or no cost. Training and technical assistance can cover a wide variety of topics, from helping you foster control of personal finances via budgeting skills and knowledge of basic financial instruments to guiding you through writing a business plan. Building self-confidence and teaching appropriate business behavior are often included in the curriculum.
- ▶ Capital in the form of individual or "peer" group loans from in-house loan funds or from collaborating banks provides entrepreneurs with financing for their businesses in affordable amounts and terms. Loans range from \$500 to \$25,000.
- ▶ Ongoing assistance is often available to program participants after they have completed the core training or taken a loan. This "after care" helps fledgling entrepreneurs successfully negotiate the many challenges they face in marketing, quality control, legal issues and business expansion.

Visit the Association for Enterprise Opportunity website at aeoworks.org and click on "For Entrepreneurs" to find an MDO in your community.

Mentors

In addition to seeking help from organizations, older Americans considering self-employment can also alleviate their "going it alone" anxieties by making sure they have an outstanding mentor. A mentor can be vital, providing encouragement and guidance to help you stay on track. A mentor is a trusted advisor with applicable experience in the area you are considering. A mentor will provide honest feedback and will be key in helping you brainstorm new ideas and initiatives. The website at aarpfoundation.org/workforyourself includes additional information about national mentoring programs.



Action Strategies for Finding and Engaging the RIGHT Mentor

Develop a plan to find a mentor and build a strong relationship by answering the questions below. Refer to this worksheet over time as you work with your mentor. Answer each question and list the specific action steps or ideas that you will pursue. Note: You won't be able to answer all the questions right away. Some you will need to address as you work with your mentor.

1. \	Where '	to	look	for a	mentor	check	all	you	plan	to	pursue
------	---------	----	------	-------	--------	-------------------------	-----	-----	------	----	--------

Trade associations
Friends and colleagues in the
desired field
Chambers of commerce

Support organizations
State and local government entities
Older Americans who have successfully
launched a business

2. Pointers for your first meeting with your mentor

Know your goals for your self-employment venture Know your goals for the meeting Be specific about what you want from the relationship Set up timeframes for future meetings

Action steps to prepare for your meeting:

3. Be pro-active with your mentor

Ask for specific advice Seek out constructive criticism Encourage him or her to be honest with you Make sure you have an agenda for each meeting

What do you need most from a mentor?

	Put your mentor's advice into practice
	Show him or her how you're acting on the advice and ask for input
	Apply positive behavioral and attitudinal changes to other aspects of your business
	and relationships
Actio	n steps to leverage the relationship
5. Ma	ke the relationship ongoing
	Stay in touch regularly
	Continue to use your mentor as a sounding board
	Feel free to contact your mentor regularly
	Always check that it is a good time for him or her
vviien	and how will you follow up with your mentor?
5. If t	he relationship isn't working Make the determination as early as possible Try to be objective – e.g., not breaking it off because you're getting needed but
	unpleasant information
	Exit gracefully with no hard feelings on either side
Notes	and comments

Networking

Networking, or the ability to get your information out via your social and professional contacts, is one of the most important ways that a new business can find support groups, leave a positive impact, and attract potential clients and customers.

How do you find people for your network? You probably know some of them already. They may be your friends, former coworkers, volunteer contacts or people you've helped in the past. Given your network is supposed to spread your information to their friends and vouch for your work ethic, those who know you the best in many cases will be your best advocates.

For example: If you want to work for yourself as a repair person, you want to make sure your friends and neighbors who have borrowed your assistance are looped in with your new business ventures. Likewise, if you are aspiring to become a consultant, your former coworkers will be your best form of free marketing and can tell their contacts about your abilities in the office.

Once you start building clients and customers, they should be part of your network as well. With so many tools available today, from rating apps to online reviews, your satisfied customers will do a better job selling your services than you could ever do alone.

How to Build Your Network - A Checklist

Seek out referrals from everyone: family, friends, colleagues

Make sure you have business cards and hand them out generously

Attend industry and trade shows that are relevant to your self-employment venture

Speak at local functions to position yourself as a thought leader in your area of interest

Include your complete contact information in the signature area of your email

Hold volunteer positions in organizations

Add former customers and clients to your network

Be pro-active: Follow through with referrals frequently

Stay in touch regularly, by phone or electronically, with those you pinpoint as key members of your network

Technology: A Vital Asset to the Self-Employed

Whatever form your self-employment may take, technology can be a vital help. There are many programs and applications designed specifically to facilitate planning, operations and procedures for both self-employed individuals and small and microbusinesses.

Social Media and Your Business

Increasingly, your standard network of friends is becoming more digital. Often called "social networks," platforms such as Facebook, LinkedIn and Twitter are probably familiar to you. What is not as well known is how microbusinesses and those who are self-employed can take advantage of these social media platforms to converse with people in their networks about their services.

Let's take a look at Facebook, LinkedIn and Twitter and the opportunities they offer small business owners and self-employed individuals.

Facebook

facebook.com

Facebook is the number one global social network and has over 1.5 billion active users. The Facebook audience is both active and committed to the network. You can use Facebook to both promote your business and attract new people to your website.

LinkedIn

linkedin.com

LinkedIn is a business social networking service. As of 2015, LinkedIn reported over 400 million registered users. You can use LinkedIn to connect with business professionals and build new connections.

Twitter

twitter.com

Twitter is an online social networking service that enables users to send and read short 140-character messages called "tweets." You can use Twitter to share news, events and resources about your business. Twitter is a real-time network, so customers expect a quick response time to tweets.

These three social media platforms are all extremely user-friendly and you can begin to take advantage of them literally in minutes by signing up and creating a password.

They provide easy, fast, free and effective ways to accomplish a number of important objectives including helping you to:

- ▶ Share basic information about yourself and your business
- Promote positive word of mouth
- Steer traffic to your website (if you have one)
- Target advertising of your business
- Offer deals to existing or potential customers



Do You Really Need a Website?

While a website isn't required to start a self-employment venture, it can serve as the centerpiece of your business's online presence and, if done well, can maximize the probability that your business shows up in web searches. This is especially important since the Internet is becoming the first stop when people are looking for information. A website doesn't have to be a very costly endeavor – there are many user-friendly, free or low-cost content management systems to assist with website development and content design. Visit the program website at aarpfoundation.org/workforyourself to learn which tools can help.



Social Media Checklist

Develop a plan to use social media to help get the word out about your self-employment venture by reviewing the ideas below. Want more inspiration? Visit the websites for companies and businesspeople that you like and see how they are harnessing the power of social sharing to drive interest and engage with customers. Depending on the industry, they may use even more social media programs like Pinterest, Instagram and YouTube.

Facebook

- Set up a business page and include monthly special offers for those who "Like" your page.
- Invite customers to share pictures on your Facebook page of them using a product they purchased from you.

with your potential customers?	Suge

What are other ways you can use Facebook to share information about your work or engage

LinkedIn

- Create a LinkedIn profile and link it to your website: Update your profile frequently with information that is interesting and useful to people in your network.
- ▶ Join LinkedIn groups that are in sync with your customer base and post questions or comments on those groups.
- Ask vendors, colleagues and other business associates in your network for recommendations for your product or service.
- Include brochures, PDFs, SlideShare, PowerPoint presentations and videos on your profile so anyone viewing your profile can download or share these resources.

with your potential customers?

/it	/itte

- Use Twitter to tweet interesting or unusual facts about your business or products and provide a link to your website, if you have one.
- Send out short tips via Twitter.
- Follow customers and vendors as well as influential bloggers, journalists, industry analysts, and other companies and people related to your business or industry.
- ▶ Tweet business-related pictures and videos to your followers.

What are other ways you can use Twitter to share information about your work or engagour potential customers?	age with

There are many other online platforms available to help self-employed individuals, small and microbusinesses to create larger networks. Some of these platforms allow those contacts that you are not as intimate with to leave feedback on your business or service, or even provide a place to contact you again in the future. The program website at aarpfoundation.org/workforyourself includes information about other ways to use social media for business.

Tech Tools for Working for Yourself

In addition to helping you build a network, technology can be your partner in terms of simplifying and streamlining how your business works. Record keeping, accounting and payroll can now be more easily done using technology. Technology also helps enhance communication processes with the use of emails, texting and websites. Now, self-employed individuals or small businesses can reach economic markets that would otherwise be difficult to access. Rather than just selling goods and services in the local community, technology makes it easy to reach regional, national and international markets. Retail websites are the most common way small businesses sell products in several different economic markets.

Below are a few examples of how technology can empower self-employed individuals and small businesses.

The Cloud: When something is in the Cloud, it means it is stored on servers on the Internet instead of on your computer. It lets you access your calendar, email, files and more from any computer that has an Internet connection. The Cloud eliminates the need for on-premise hardware. This lack of hardware can allow small businesses and sole practitioners to cut costs, enjoy greater flexibility, and ensure backup and recovery of vital data and access of information anytime, anywhere.

Mobile: Mobile technology is exactly what the name indicates – technology that is portable. It refers to any device that you can carry with you to perform a wide variety of tasks. Technology allows those tasks to be performed via cellular phone, tablet, laptops, etc. Mobile is the most prevalent digital platform in the world. Tap customers through mobile technology by making sure your website is mobile friendly and by creating applications, or apps.

Online Services: As the world becomes more and more digitized, so do the services available. Many formerly cumbersome tasks, including acquiring loans, getting tax advice, conducting marketing research and even obtaining legal counsel, can often be handled quickly, efficiently and less expensively online.

Apps: A variety of applications, or apps, are available to help the self-employed reach more customers, communicate with their customers, track the hours they work, manage scheduling and even apply for funding to get started. Apps are generally used on mobile platforms (e.g., smartphones and tablets). Many can be found on reputable websites like Apple's AppStore and Google's Play Store.

The program website at **aarpfoundation.org/workforyourself** includes more information as well as links to organizations that can help you get up to speed with technology.



Help is out there. You don't need to approach self-employment alone, and there are organizations, people and technology tools that can help you on your way. In this step, you:

- Learned about the support networks of organizations and services that can help you accomplish your self-employment goals
- Identified ways to effectively work with a mentor and build your networks for the guidance and support you need as you work for yourself
- Familiarized yourself with the ways that technology and social media can support your self-employment venture.

In the final section you'll pull together the work you have done throughout the book and craft your personal Action Plan for moving forward with your BIG IDEA.



Taking Action

Lessons From Each Section

Now that you have completed the five steps outlined in this toolkit, it's time to put it all together. Review the lessons that you have learned from each section by completing the following checklist.

Step 1: Explore Your Options

I understand the various forms of self-employment.

I have assessed the advantages and challenges of self-employment.

I have explored the personality traits that can help me when working for myself.

I have considered how self-employment may impact my life.

Step 2: Find Your Focus

I determined my likes and dislikes and generated self-employment ideas.

I have considered how my priorities and present circumstances affect the options I might pursue.

I have landed on the BIG IDEA that I would like to pursue.

Step 3: Make a Plan

I conducted a strategic analysis to examine the potential of my idea for self-employment.

I understand the components of a business plan and a marketing plan.

I identified potential funding sources for my venture.

Step 4: Watch Out for Trouble

I learned to recognize some potential scams and pitfalls.

I put together a list of action steps I can take to avoid scams or report them if they happen to me.

I have considered how working for myself can affect my taxes and Social Security.

Step 5: Find Support

I learned about the support networks that can help me accomplish my self-employment goals.

I identified ways to effectively work with a mentor and build my networks.
I explored the ways that technology and social media can support my self-employment venture.
The next steps are up to you. Use the space below to lay out your next steps and when you plan to accomplish them.
Step 6:
Deadline date to complete Step 6:
Step 7:
Deadline date to complete Step 7:
Step 8:

Deadline date to complete Step 8:

Final Thoughts

We hope you have found this toolkit helpful.

The journey to self-employment in its many forms is an exciting one, filled with options and possibilities. That's why so many 50+ adults have turned to self-employment before and after retirement. For many older adults, self-employment is certainly an important source of income, but it's much more. It can be the first time they actually turn a hobby or a passion into a money maker. It can be an antidote to boredom. It can provide opportunities for new interactions and socialization. It can keep both mind and body active well into old age.

Once again, only you can decide what's right for you.

Some final thoughts:

- ▶ Be ready for the passion that self-employment requires. Don't enter it half-heartedly.
- Make sure you will like what you are about to do. Work should be fun, especially later on in life.
- Remember to get the advice and opinions of your family and personal circle. Even if they are not in the business, they are nonetheless key players.
- ▶ Don't be afraid to walk away. If your research into self-employment shows that it isn't right for you, leave it behind. Early is definitely better than later.
- Keep this toolkit handy. Complete the worksheets and quizzes, and consult (and revisit) them as you move forward.

If you would like to further explore developing a micro- or small business, you can reach out to local and national support organizations to help you on your way. The Resources section starting on page 63 and the program website at aarpfoundation.org/workforyourself list some great places to start. The worst mistake you can make is trying to approach self-employment alone.

We're here to help, and we want to hear from you. Share your stories of success or struggles with us through **workforyourself@aarp.org** and let us know how you have used the material in this toolkit. We wish you all the best on your journey, wherever it takes you!

Resources

Microbusiness Development Resources

Many nonprofit and government organizations, banks and credit unions offer assistance to those who want to be self-employed or start their own business. Assistance could include help writing business plans; creating budgets, cash flows or other financial planning tools; conducting market research; and providing access to startup capital. In addition to the resources below, your local credit unions, colleges and universities, and workforce development organizations can often direct you to the resources available for aspiring entrepreneurs in your community.

Association for Enterprise Opportunity (AEO)

aeoworks.org

Association for Enterprise Opportunity (AEO) creates economic opportunity for underserved entrepreneurs. Their website includes a searchable database that includes information about resources for new business owners in your state and local community. By simply entering your state, you can identify resources that provide assistance in the following areas:

- a. Lending and/or other Financial Services
 - i. Loans
 - ii. Checking Accounts
 - iii. Savings Accounts
 - iv. Individual Development Accounts
 - v. Credit Reporting
- Business Training and Technical Assistance
 - i. Entrepreneurship Training
 - ii. Financial Literacy Training
 - iii. Mentorship/Coaching and Entrepreneur Support
- c. Access to Market Services
- d. Grantmaking

Additionally, you can search the database for programs with a specific focus such as for the following: urban areas, rural areas, green/environmental/clean tech, African Americans, Asian Americans, Latinos/Hispanics, immigrants/refugees, people with disabilities, veterans, women and youth.

Small Business Administration (SBA) resources

sba.gov

The Small Business Administration (SBA) is an independent agency of the federal government created to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation.

Available resources include information on starting and managing a business (estimating startup costs, preparing financial statements, developing a cash flow analysis, filing and paying taxes, hiring and retaining employees), loans and grants, contracting, counseling and training.

Encore Entrepreneurs

sba.gov/encore

The SBA and AARP have joined forces to mentor, counsel and educate Americans age 50 and over on how to start or grow a small business.

Available resources include free Encore Entrepreneurship Webinar Series (covering how to market your new and existing business). There are also free online courses specifically aimed at the older business owner: "An Introduction to Starting your Own Business for Encore Entrepreneurs" and "Encore Entrepreneurship for Women".

Financial Literacy

sba.gov/moneysmart

SBA and the FDIC jointly provide their free instructor-led business training curriculum.

Available resources include 13 modules covering a wide range of interests and knowledge levels, which can be taught in any order or independently. All curricula are free and available for download, and each module is available in English and Spanish.

SBA Office of Small Business Development Centers

sba.gov/offices/headquarters/osbdc

Promotes entrepreneurship, small business growth and the U.S. economy by providing the critical funding, oversight and support needed by the nationwide network of Small Business Development Centers (SBDC).

Available resources include information for SBDC Funding Recipients, SBDC Grantee Forms and Worksheets, and links to America's SBDC website and SBDCNet website (which serves the small business community).

SBA's Learning Center

sba.gov/learning

SBA's Learning Center is a virtual campus complete with free online courses, workshops, podcasts and learning tools.

Available resources include a listing of free courses covering the following topics: Financing, Government Contracting, Managing a Business, Marketing and Starting a Business.

Veteran-Owned Businesses

sba.gov/veterans

Each year SBA serves over 200,000 veterans, service-disabled veterans and military spouses across the United States and at military installations.

Available resources include information on Financing for Veteran-Owned Businesses and a link to the Loans and Grants Search Tool to help identify organizations that provide loans to veterans.

SBA Office of Women's Business Ownership

sba.gov/offices/headquarters/wbo

The Office of Women's Business Ownership fosters the participation of women entrepreneurs in the economy, especially those who have been historically under-served or excluded. The Women's Business Center Program was established to better help women overcome continuing barriers to success. Today there are Women's Business Centers in almost every state, tailoring services to the needs of their individual community and providing training in finance, management, marketing, and the Internet, as well as offering access to all of the SBA's financial and procurement assistance programs.

Available resources include free courses focused on women-owned businesses and a link to a searchable national network of 100 Women's Business Centers throughout the U.S.

Other National Resources for Entrepreneurs

AARP Foundation - aarpfoundation.org

Available resources include information for Job Search, Working at 50+, Career Change, Financial Capability, and Unemployment.

Better Business Bureau - bbb.org

Available resources include business toolkits, resources, and guides under the Council for Better Business Bureaus (including data security, cyber security, data privacy, etc.)

Business Planning Resources - bplans.com

Available resources include information on business planning; pitching, funding, starting and managing a business and other business tools.

Catalog of Federal Domestic Assistance - gsa.gov/cfda

Available resources include information on Federal programs, projects, services and activities that provide assistance or benefits to the American public.

Freelancers Union - freelancersunion.org

Freelancers Union promotes the interests of independent workers through advocacy, education, and services.

Available resources include joint benefits, live member events, expert guides and online networking opportunities.

MoreBusiness.com - morebusiness.com

Available resources include free sample business plans for a variety of businesses, marketing & advertising tips, branding information, Finance & Accounting information, Management information.

Service Corps of Retired Executives (S.C.O.R.E.) - score.org

Free, confidential, one-to-one counseling to small-business owners and those interested in starting businesses.

Available resources include information on a range of topics related to starting a business, running & growing a business, marketing, finance & money, technology, management and a link to business advice (mentoring and business plans).

Smart Business Network Online - sbnonline.com

Offers solutions to the daily challenges of growing a business; topics include management, finance, marketing, technology, health care and personnel.

Available resources include information on specific geographic markets, and access to their newsletter (also directed at specific geographic markets).

The Small Business Journal - thesbjournal.com

A magazine for entrepreneurs and small-business owners.

Available resources include small business plan templates, business ideas, information on how to start and write a business plan, information on team leadership training and advertising a small business.

AARP Foundation

AARP Foundation works to ensure that low-income older adults have nutritious food, safe and affordable housing, a steady income, and strong and sustaining social bonds. We collaborate with individuals and organizations who share our commitment to innovation and our passion for problem-solving. Supported by vigorous legal advocacy, we create and advance effective solutions that help struggling older adults transform their lives. AARP Foundation is the charitable affiliate of AARP. Learn more at **aarpfoundation.org**.

The Hartford

The Hartford is a leader in property and casualty insurance, group benefits and mutual funds. With more than 200 years of expertise, The Hartford is widely recognized for its service excellence, sustainability practices, trust and integrity. More information on the company and its financial performance is available at **thehartford.com**. Follow us on Twitter at **twitter.com/TheHartford PR**.

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