

# Why 2018 Is the Right Time to Start A Business

By: [Guidant Financial](#)

For those who want to start a business for themselves, one of the biggest decisions besides what kind of business to buy is when to make the leap. It can be nerve-wracking to think of leaving a secure job and income to endure the risks (and rewards) of business ownership. Fortunately, the stars have aligned to make 2018 a year full of newfound potential for small businesses. From the 2018 tax reform that offers noteworthy savings to small business, to the growing economy and ease of securing health insurance for small business owners, there's never been a better time to start a business and enjoy being your own boss.

Here's a look at notable trends that will benefit aspiring entrepreneurs looking to start a business in 2018:

## The Impact of the 2018 Tax Reform on Small Businesses

In December, President Trump signed into effect the largest tax reform in 30 years. While the new bill offers modest relief to most individual tax payers, it also reduces the tax burden on small businesses across the board, saving them a significant chunk of change. Most notably, the new tax legislation reduces the corporate tax rate from 35 percent down to 21 percent. C corporations are the only business entity that will benefit from this reduction since they are required to pay corporate taxes. However, pass-through entities (which make up the majority of small businesses in the U.S. and include sole proprietors, partnerships and S corporations) will also see a 20 percent deduction in taxes for pass-through income.

In years' past, many small businesses have been wary to choose C corporations due to the high corporate tax rate, opting instead for a pass-through entity that is not required to pay taxes at the corporate level. However, with the reduced corporate rate, the difference between pass-through and non-pass-through entities has become negligible, which will allow business owners to choose the entity that makes the most sense for them, regardless of taxation.



## **A Strengthening Economy**

Economists are also predicting growth in 2018 of up to 3 percent, a potential 43 percent increase since recovery from the last recession in 2010. The International Monetary Fund said it projects the U.S. [economy to grow 2.7 percent](#) in 2018, while Wells Fargo economists were even more optimistic at 3 percent. This beats 2017's 2.3 percent growth pace and the modest 2.1 percent growth seen during the recovery from the recession. Both groups noted the reduction in 2018 corporate tax rates should stimulate business investments and growth, create more jobs and spur more purchases of U.S. products.

Consumer confidence was also [at record highs](#) at the end of the 2017, and experts predict that confidence to remain strong in 2018, citing the solid job market, stock market increases and tax reform as the main reasons behind the spike. What's more, the unemployment rate in America is at its lowest level since 2000, and job openings are plentiful. Combined, it's a business owners dream come true as they can take advantage of these strong trends to jumpstart their growth.

## **Happiness as a Business Owner Remains High**

According to [Guidant Financial's 2018 State of Small Business survey](#), which reports on current and future business trends, current business owners are not only confident in the state of small business, but they're also happy with their lives as entrepreneurs. Sixty-three percent of small business owners ranked their confidence in the state of small business in today's political climate at a seven or above on a scale of 1-10. Meanwhile, their level of happiness was an average of eight out of 10, an increase from 2017's average of 7.52. Furthermore, almost 40 percent of respondents in 2018 rated their happiness as a 10 out of 10. While business ownership can certainly have its challenges, the independence and financial freedom it offers are proving worth it.



## **Ability to Write Off More Business Expenses**

Besides reducing the corporate tax rate, the 2018 tax reform also allows small businesses to write off up to \$1 million in tangible business equipment under the updated Section 179 deduction. This is double what the limit was in years past, essentially making the cost of starting a business easier to handle.

## **Greater Access to Health Care for Business Owners**

Last October, President Trump signed an executive order to expand health insurance options for small business owners and their employees. In January, the Department of Labor issued a proposed rule on small business health plans, which would allow business owners to join together to buy health insurance through associations or organizations if they have a common industry or geographic location. This makes business owners eligible to purchase coverage in the 'large group' insurance market, which could significantly decrease costs and offer access to greater quality care. Previously, small business owners were prohibited from forming groups, which forced them to purchase coverage through the individual market, which is often more costly.

All in all, there's never been a better time for aspiring entrepreneurs to take the leap and start a business. These provisions will make it easier and cheaper to start and operate businesses in 2018, and an abundance of business financing options exist to help business owners manage start-up costs, from traditional small business loans to alternative options, such as Guidant Financial's 401(k) business financing. The latter alternative funding method allows business owners to use their existing retirement funds to start or buy a business without incurring tax penalties or early withdrawal fees. This method (formally called Rollovers for Business Start-ups or ROBS) requires businesses be set up as C corporations, so not only will businesses funded using this structure see benefit in decreased taxes, but they'll be able to make a profit sooner since they don't have to make monthly interest payments. In fact, businesses funded using ROBS are 61 percent more likely to be in business after 4 years.

