

# Five Tips for Women Business Owners

Women are an integral part of the workforce, but they have had to overcome many obstacles along the way. Of course, challenges still remain, but women's success in the working world is worth commemorating – which will happen on American Business Women's Day Sept. 22. Are you a woman considering "setting up shop" on your own? If so, here are five tips to consider:

- *Balance your goals.* It's possible – perhaps even likely – that your business goals will conflict with your personal financial goals. After all, if you're purchasing new equipment or services for your business, you've got less money – at least for the time being – to put away for your own retirement or your children's education. Hopefully, your investment in your business will pay off in greater income, but, in any case, you will need to balance your personal and professional goals.

- *Create a retirement plan.* As mentioned above, your ability to contribute to a retirement plan may be affected by the amount you put into your business – but that certainly doesn't mean you shouldn't have a retirement plan. In fact, for your future financial security, it's essential that you launch such a plan. Fortunately, small-business owners have a choice of plans, including an "owner-only" 401(k), SEP-IRA and SIMPLE IRA. Although the various plans have different requirements and contribution limits, they all offer tax-deferred earnings, which means your money has the opportunity to grow faster than if it were placed in a vehicle on which you paid taxes every year. (Taxes are due upon withdrawal, and withdrawals prior to age 59 ½ may be subject to a 10% IRS penalty.) Plus, your contributions to a retirement plan may be tax deductible.

- *Arrange for "backup."* Virtually all working women are familiar with the conflict between their careers and their roles as caregivers. Women are still more likely than men to drop out of the workforce for an extended period of time to care for young children or elderly parents. And your caregiving responsibilities won't end just because you are now a business owner. Consequently, you need to have someone you trust available to step in for you when your family obligations call you away from work.

- *Design a succession plan.* When you want to retire, would you like to keep the business in your family? If so, you'll need to create a succession plan that works for you and whomever you'd like to take control. Such a plan can be complex, so you will need to work with your legal and tax advisors – and you'll want to give yourself plenty of time to work out the details.

- *Build an emergency fund.* Maintaining an adequate cash flow will always be a key task – one that involves your sales, billing cycles, inventory and other elements of your business. One way you can help yourself avoid troubles is to maintain an emergency fund consisting of a few months' worth of your business expenses. You'll want to keep this fund in a liquid, low-risk account.

Running your own business can be extremely rewarding, but it's never going to be an easy road. However, with perseverance and careful planning, you can smooth out some of the bumps along the way – and give yourself reason to celebrate American Business Women's Day.

*This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.*