

Noteworthy Events

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Forget Retirement. Baby Boomers Are Looking to Franchising to Stay Active.



America's big generation is heading into its next big phase of life. By 2030, baby boomers will be 65 or older and will constitute 20 percent of the U.S. population. That's a lot of retirees.

But many of them will not be retired in the traditional sense. They'll be working, according to a 2014 Merrill Lynch Retirement Study that spotlights the "new retirement workscape." The report concludes that "in the near future, it will become increasingly unusual for retirees not to work." Driving forces cited in the study include increasing life expectancy, elimination of pensions, economic uncertainty and re-visioning of later life towards purpose and social engagement.

Couple this with the stark reality that 22 percent of boomers have less than \$100,000 of retirement savings -- and half of those have less than \$50,000. It's no wonder that 62 percent of younger boomers (ages 51 to 65) expect employment to be a source of income in their retirement years.

Boomers are responding to the challenge by starting their own businesses in record numbers. According to the Kauffman Index of Entrepreneurial Activity, 23.4 percent of new entrepreneurs in 2013 were aged 55 to 64. Why the interest in entrepreneurship? When older workers are downsized, it can take nearly twice as long for them to find new jobs, so it makes sense to many boomers to start their own companies. Other boomers choose entrepreneurship as an encore career in order to pursue a passion, work on their own terms and continue to create wealth for themselves and their families.

Bohne Jones of Nashville, Tennessee, fits both categories. After 31 years in health care, she was downsized five times between 2002 and 2007 -- until she turned to something completely different. "I was looking to own my own business and work pursuing my passion for design, fabrics and color." Jones found her answer in the Decorating Den Interiors franchise that she has owned in Nashville for the last eight years.

She's not alone. Many baby boomers have embraced franchising as the chance to start a business without having to build it from scratch. The U.S. Small Business Administration notes, "Franchising can be a great alternative if you want to have some guidance in the startup phase of the business." Jones agrees. "For me, it was an ideal situation. I chose to move into an industry that was not at all where my experience lay. I interviewed existing franchise owners, as well as people who had left Decorating Den. They all said the same thing: Follow the system and you will do well."

The advantages of buying a franchise include built-in name recognition, proven business models and operational procedures and a wealth of support from the franchisor in locating, supplying and marketing the business. Jones used her own retirement assets to buy her franchise just before the onset of the Great Recession, and the educational materials and low-cost marketing ideas provided by Decorating Den helped her weather the storm. She also values the community that franchising creates. "You can get support from other owners who have experienced the same things you have, and you can get some great advice," she says.

Although all franchises require an initial investment, those worried about lack of sufficient savings can still find franchises that don't necessarily require large upfront payments or high net worth. Low-cost franchise options include commercial and residential cleaning services, printing and promotional products, tax preparation and a variety of services for children or seniors.

Small Business Administration loans may also offer a source of financing. And buying an existing franchise from a current owner, as opposed to building a new franchise location from the ground up, can give an entrepreneur more certainty when making a business investment. As with any undertaking, do your research and consult a trusted financial advisor to see if franchising makes sense for you.

Franchising can help baby boomers match their interests, their entrepreneurial spirit and their specific financial situation to a business they can build on -- with help and guidance from the franchisor, franchise associations and their fellow franchisees. Says Bohne Jones, "I've had eight years of employment without the worry of yet another round of downsizing. My business is strong, and I feel that I could, in a few years, step back and allow the business to take care of me. Then I can downsize myself!"

6 Money Questions to Ask Yourself in the New Year



Will you make financial resolutions for the New Year?

If so, you're not alone. According to a study done by Fidelity Investments, financial resolutions are the most popular kind of New Year self-improvement. Not only that, but they're also the most successful, with 29% of people surveyed reaching their financial goals and 74% getting halfway there. Compared to the 12% success rate for resolutions concerning health and fitness, planning to get your finances in order seems like the way to go in 2016!

1. What are your financial goals this year?

A new year often means new goals and milestones in your life, and your financial plan needs to change to keep up with those.

Maybe last year you were saving for a trip abroad, but this year you are saving for a down payment on a house. Or maybe you're edging closer to retirement and need to start saving more aggressively.

Don't be vague when identifying these goals. A concrete milestone, such as "I want to add \$6,000 to my emergency fund" is going to keep you motivated a lot longer than a vague one like, "I want to save money." Once you know what your financial goals are, you'll be able to come up with a spending and budgeting plan for how to reach them.

2. Where did you slip last year?

The New Year is an excellent time to take stock of what did and didn't work in the past year -- that includes where you didn't quite follow your budget. Did you eat out more than you should have in 2015? Not save as much for retirement as you wanted? Impulse shop too frequently?

You can't improve in 2016 until you know where you went wrong the year before. Take some time to look at your spending from the last twelve months and identify the area where you slipped up. Then make a plan for how to avoid those mistakes this year.

3. What are your mandatory expenses?

Once you know your goals, priorities, and weak spots, it's time to begin setting up your budget. Start by identifying the living expenses that you must pay every month. These will include your rent or mortgage, insurance bills, utilities, and any debt

payments. Budget for these expenses first, subtracting their total from your monthly income after taxes. Whatever is leftover is what you have available for variable expenses.

4. How much can you save each month?

Once you've determined how much to set aside for mandatory expenses, it's time to look at savings. Savings can include long-term goals, like retirement, or short term goals, like a vacation. Identify everything that you want to save for this year, then order them in terms of urgency.

Some goals, like retirement, you should save for every month. Other things, like travel or large expenses, can be saved for one at a time. Once you've met one savings goal, you can move on to the next one.

5. What are your spending triggers?

A lot of financial management is about cutting spending -- reducing your insurance bill, avoiding credit card interest, eating out less. But all the small cuts in the world won't help if you don't know your spending triggers.

Spending triggers are those moments or circumstances that make you pull out your credit card and break the rules of your budget, even when you have the best of intentions. If you want to cut your spending, take some time to identify these triggers and come up with a plan to eliminate them.

6. Where does your budget have wiggle room?

Managing your finances is awesome, and cutting down your spending to save more is a great goal. But if you are on a strict budget all the time, with no room for any lapses or fun purchases, you risk getting "budget burnout" and slipping back into old, bad habits.

To avoid that, identify the places where you can cut yourself some slack. Maybe you're giving up eating out but can still treat yourself to a latte once or twice a week. Maybe you're giving up cable, but you and your roommate can split a Netflix subscription. Allow yourself a few inexpensive extras and sticking to your larger financial goals will feel much less stifling.

Finally, wiggle room also means planning for the unexpected. It may seem smart to put every extra penny into savings and retirement, but what happens when your car breaks down and you don't have any money for the repair? Leave a little wiggle room for surprise expenses, and you won't just start a budget, you'll stick with it.

The beginning of a new year is the perfect time to get your finances in order. Be honest and realistic with yourself as you put together your plan for 2016, and you'll find yourself on your way to sustainable financial success.

What SBA's record year for loans means for small business

The Small Business Administration backed a record \$23.6 billion in loans to small businesses through its flagship 7(a) program in fiscal 2015, which ended Sept. 30.

That's up 23 percent from year ago. Demand for 7(a) loans continued to grow in October — through Oct 23, SBA lending this year was ahead of last year's record-setting pace.



SBA's 7(a) loans are attractive to small businesses because of their long terms, which reduces the size of the monthly payment. Plus, the SBA's guarantee enables lenders to make loans to small businesses that wouldn't qualify for conventional loans.

Demand was so strong for 7(a) loans this summer that the SBA had to briefly shut down the program until Congress raised the program's authorization level, allowing the agency to back more loans.

The number of 7(a) loans increased 22 percent in fiscal 2015 to 63,461.

Nearly 60 percent of these loans were for \$150,000 or less. In terms of dollars, however, these small loans accounted for only 10 percent of 7(a) lending last fiscal year. Loans of more than \$2 million, which weren't even allowed five years ago, accounted for more than 30 percent of 7(a) loan dollars. Nearly half of all 7(a) loans were between \$350,000 and \$2 million.

Two-thirds of 7(a) loans went to existing businesses; the rest went to startups.

The SBA is increasing its efforts to help new businesses get loans, since these firms have a particularly hard time finding conventional financing. It just signed its 100th lender for its Community Advantage program, which enables community development organizations to make loans of up to \$250,000 to businesses in underserved markets.

Lending to veteran-owned businesses doubled in fiscal 2015 to \$1.2 billion.

Wells Fargo was the nation's most active 7(a) lender in fiscal 2015, according to SBA's list of its top 100 lenders.

The SBA's 504 program, which primarily is used to finance commercial real estate, grew slightly in fiscal 2015 to \$4.3 trillion. The program remained far below its peak of \$6.7 billion in 2012, when a temporary program allowed businesses to use the program to refinance mortgages on their own-occupied properties. Lenders who make 504 loans have been lobbying Congress to revive this refinancing option.



THOUGH NO ONE
CAN GO BACK AND
MAKE A BRAND NEW
START
ANYONE
CAN START FROM NOW
AND MAKE A BRAND NEW
ENDING

CARL BARD

If your New Year always starts with you reeling off the same old dutiful commitments to join a gym, start a diet and give up all those bad habits, why not try something different next year to boost your happiness and revitalize your life? Here are some suggestions for alternative resolutions.

Get your photo taken in five interesting places

If you've got the travel bug and want to see a bit more of the world, why not make it a New Year's resolution to visit five interesting places you've always wanted to see? Even better, make a visual record of the year by making sure you get a photo of yourself taken in each place.

Learn a decent party trick

You know that party trick you've got, the one that always comes out after a couple of drinks? Think about it; is it really so impressive in the cold light of day? If the answer is no, it's about time you learned a new trick; one that will really impress. Mastering a new skill – no matter how pointless – can increase your self-esteem, as well as earning you some serious social kudos next time you reveal it in public.

Break a record

Want to give your confidence a boost and work towards a new challenge? Then make this the year that you break a record! You could aim at breaking a personal fitness record or, if you want to aim a little higher, set your sights on a world one. With lots of diverse (and bizarre) records there for the taking, this may not be as difficult as you think.

Make a new friend a month

Fact: friends are great for your health, and the more you have of them the better. So, why not make it a New Year's resolution to start collecting them? To expand your social circle, try to make one new friend a month by making a conscious effort to attend more social events, chat to strangers and get introductions to friends of friends.

Do something nice for others every day

Many of our resolutions (these included) are inwardly focused, concentrating on ways to become thinner, healthier, wealthier people. However, while there is nothing wrong with improving yourself, it's worth remembering there's a whole world out there too. Plan to do one nice thing a day for someone else; whether it's something small like giving a compliment, or something potentially life-saving like donating blood or sponsoring a child in need.

Try a new food each week

Rather than cutting out foods from your diet as with so many New Year's resolutions, opt to add more foods in to your diet next year instead (bonus points if they're green!). Try hitting the fruit and veg aisle first to sample some exotic fruit and vegetables you may have yet to try, such as dragon fruit, lychees, romanescu and plantain.

Learn something you never learned as a child

You may run your own company, pay your own bills and parallel-park like a pro, but do you know how to do a handstand or ride a bike? For this New Year's resolution it's time to nurture your inner child and learn that thing that you never learned to do.