

Empowered

A monthly online publication published by Thompson Management Consulting, LLC for small business owners and entrepreneurs – AUGUST 2015

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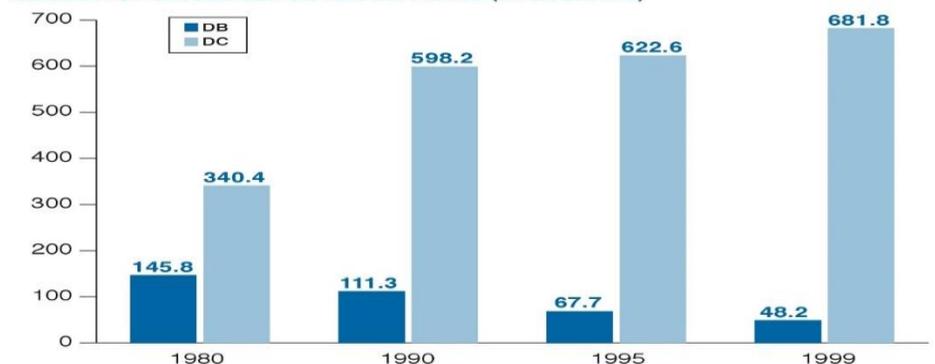
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Retirement Planning for Entrepreneurs

Jean-Jacques Maignan

All too often we come across an elderly person working beyond retirement age. We cannot help but to ask ourselves... What went wrong? Is this a situation the person have ever wanted, enjoying retirement or staying in the workforce? Not too long ago, I went to the post office to mail a letter, while there I saw an elderly person performing some housekeeping work, so we started talking. I could not help but to ask him what happened. He shared with me that he has been self-employed most of his life and he was so busy running his own business that he never planned his retirement. He stated “I thought I was going to have time.” Has it always been this way for someone to work hard for so long and have nothing to fall back on? Is there any provision in place to prevent that from happening to a self-employed person, a small business owner, or an individual worker? With an effort to mitigate that risk, in 1974, the U.S. congress enacted the “Employee Retirement Income Security Act of 1974 (ERISA)”, a provision that gave birth to what is now known as a pension plan and retirement plan; referred to as Defined Benefit Plan and Defined Contribution, respectively. The defined benefit was consistent with the mood of the moment because back then, employees worked for a single employer for most of his or her life. However, as it is shown below, that trend did not last long.

FIGURE
NUMBER OF SINGLE EMPLOYER DB PLANS (THOUSANDS)



- 100,000 fewer DB plans by 1999
- 87% of these due to plan termination of plans with <100 participants

Benefits Quarterly, 2010 Second Quarter, Vol. 26 Issue 2, p13-19, 7p, 3 Charts, 1 Graph; found on p14

The Carib & Company Show

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&
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The Jamaican Chamber of Commerce in Atlanta



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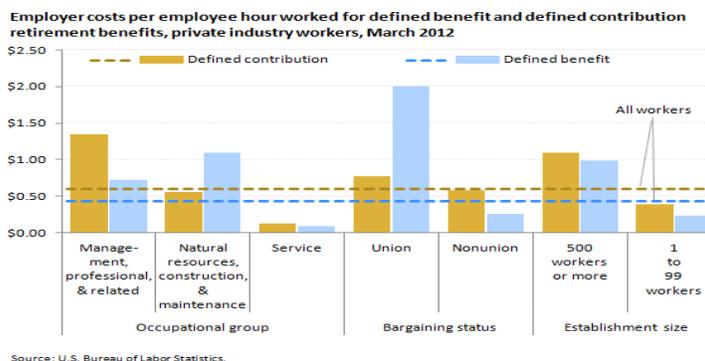
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Under the Defined Benefit (DB) provision, an individual would work for a corporation for a specific number of years, and in return, the company promises to pay him or her a specific amount of money for the rest of his or her life. Hence, such benefits were defined. However, it wasn't without a price. As people began living longer, and as business landscapes were changing, companies realized this was too much of a liability and started looking for ways to change it.



Source: U.S. Bureau of Labor Statistics.

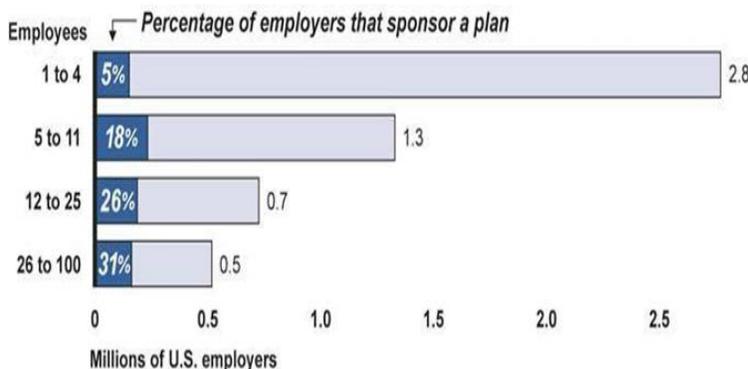
To this effect, they have moved away from DB and started focusing more on Defined Contribution (DC), better known today as 401(k) today or the Individual Retirement Arrangement or (IRA). Under that arrangement, the liability shifted from the employer to the employee, and from that time onward, it was the employee's sole responsibility to define or tell the employer how much money they wish to put aside for his/her retirement plan. There is no longer, a promise to take care of you financially during your retirement years. Your financial fate is in your hand! Today DB is almost non-existent, with the exception of governmental employees, such as cities and municipalities, and so forth. Most individuals, including self-employed entrepreneurs, as well as small business owners with or without employees, falls under the DC scheme which is the subject of our discussion.

What is a 401(k) anyway? Per the IRS "[401\(k\) Plan](#) is a defined contribution plan where an employee can make contributions from his or her paycheck either before or after-tax, depending on the options offered in the plan. The contributions go into a 401(k) account, with the employee often choosing the investments based on options provided under the plan. In some plans, the employer also makes contributions such as matching the employee's contributions up to a certain percentage." Simply put, it is any form of contribution an employee make toward a retirement plan. But if I am self-employed would that definition apply to me? Yes. Why? Essentially, you are considered to be an employee of your own company.

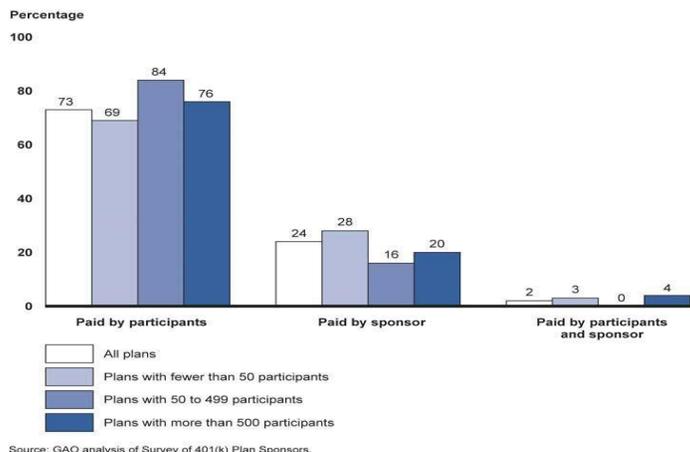
How do you make the contribution? This is where it gets interesting. It is done through a method we call Employee Elective Deferral Contribution. By definition, Elective Deferrals are amounts contributed to a plan by the employer at the employee's election and which, except to the extent they are designated Roth contributions, are excludable from the employee's gross income. That is where most small business owner miss the point. Since the definition states employer and employee, they think they are not included in the definition, when in reality it gives them an opportunity in saving for retirement, which most employed individuals don't have. We will come back to this later, but for now let us look at an example of two individuals who are contemplating saving for retirement. Each are in a 25% tax bracket and make an elective deferral contribution to a 401(k) of \$ 4,000 or 10 % of annual salary.

	Employee A	Employee B
Gross Salary	\$ 40,000	\$ 40,000
401(k) Savings:	\$ 4,000	\$ 0
Income Subject to Tax:	\$ 36,000	\$ 40,000
Income Tax:	\$ 9,000	\$ 10,000
Personal Savings (after tax):	\$ 0	\$ 4,000
Net Spendable Income:	\$ 27,000	\$ 26,000
401(k) Advantage:	\$ 1,000	

The point is obvious. Remember I mentioned this arrangement gives you, as a small business owner, a unique advantage. Well, the \$4,000 that was contributed toward the 401(k) is from you and the matching contribution is also from you as the business owner and the employee. Sounds confusing? The tax code views you as two separate entities: you the owner and you the employee of the owner. If that is the case, why are most business owners not taking advantage of it? The figure below shows of employers that actually have a retirement plan. Shocking, isn't it?



Source: GAO analysis of Labor and IRS data.



From what we have covered so far, it is evident that whether you are an employee, a self-employed person, or a small business owner, establishing a retirement plan is a must. It is up to each individual to get empowered with the proper knowledge of what is available in the market. It will not happen by osmosis, some actions must be taken to make sure that after you have spent a life time working in your business or for an employer, you do not say “I thought I would have time to prepare for it”. The banks, including the financial services sector, have done a phenomenal job mystifying a simple subject. They made it appear as if planning for comfortable retirement is for the rich and famous, and that it is out of reach of the average person. Somewhat, only a sophisticated person can figure it out. Nothing can be further from the truth.



Jean-Jacques Maignan is a Financial Advisor with Primerica Financial. He specializes in 401(k), IRA, and other financial programs for retirement planning, especially for small business owners. Jean-Jacques was a Facilitator at our NSBW 2015 small business summit. For an appointment to discuss your options, he can be reached at (678) 619-0094/office or at (678) 704-3471/mobile.

Thompson Management Consulting, LLC

3rd Annual Entrepreneurship and Small Business summit

May 19 & 20, 2016 (Workshops)
DeVry University, Duluth

May 21, 2016 (Forum & Vendor Expo)
Georgia Piedmont Technical College
The Conference Center

Hold the Dates • More Information to Follow

NOW Corp Steps Up to Fill Gap in Wake of EX-IM Bank Shutdown

NOWaccount® Revenue Accelerator Program Now Available for US Small Businesses to Fund Exports and Offload Payment Risk to Compete Globally and Create Jobs at Home

With the shutdown of the [U.S. Export-Import Bank](#) (Ex-Im Bank), small businesses across the country have been left with few options to fund growth, mitigate risk, and compete successfully around the world. Ninety percent of Ex-Im Bank customers are small businesses, representing significant job creation opportunities.

To date, the NOWaccount program, which is complementary to the Ex-Im Bank offering, has enabled small businesses in Georgia alone to create or retain more than 1,500 jobs, as tracked by the state’s Department of Community Affairs.

“For small businesses, funding trade credit for their commercial and government customers can be challenging,” said Lara Hodgson, president and CEO of NOW Corp. “When those customers are an ocean away, that challenge is exacerbated. Payments often take longer, and many times the small supplier does not know the customer or their creditworthiness, resulting in increased payment risk. “We developed NOWaccount to allow small suppliers to compete more effectively by offering extended payment terms to their commercial and government customers, both in the U.S. and abroad, without taking on added risk,” she said.

NOWaccount provides U.S. small businesses, regardless of size or number of years in business, with access to up to \$1 million at any time, or up to \$8 million annually through a simple and innovative new funding model that is not a loan or factoring. The NOWaccount program works like and costs the same or less than accepting a credit card for payment, allowing small suppliers to choose to get paid within days and offload the payment risk of their commercial and government customers. At the same time, their customers continue to receive the invoice with the extended payment terms they require, and pay according to their own schedules, with no late fees or penalties. NOWaccount is largely invisible to the customer who continues to send payments in the name of their supplier. They simply send the check or electronic payment to a new remittance address.

“When our Australian distributor’s orders grew to multiple pallets, so did their need for payment terms. But I was worried about the risk of not being paid,” said Marc Perla, president of [Sorbent Technologies](#), maker of chemical absorbents and green cleaning products. “With NOWaccount, I was able to eliminate that concern and offer them a choice of Net 60 or Net 90 terms – and even pass on the cost.”

The NOWaccount program was developed nearly five years ago, and has helped small businesses drive significant growth since 2012.

“We wanted to create a simple solution that would give small business owners the flexibility and control to determine how and when to fund sales, without negatively impacting their customer relationships,” continued Hodgson. “As a result, we created the NOWaccount program to allow them to choose which customers to put on their NOWaccount, with no long-term contract. It also has been designed to complement a growing small business’s other sources of capital, such as loans, lines of credit, and the Ex-Im Bank offering.”

Because the flat fee is based on the terms offered on the invoice, rather than when or if the customer pays, business owners can determine upfront when it makes sense to use their NOWaccount.

“Our goal for making the NOWaccount program available to Ex-Im Bank clients and prospects is to enable business continuity, facilitate growth for small exporters, and ensure continued jobs creation, regardless of what happens in Washington,” concluded Hodgson.

About NOW Corp:

[NOW Corp](#) is a certified women-owned business founded in December 2010 to address the needs of small businesses seeking affordable and accessible means to fund growth, create jobs, and stimulate the U.S. economy. Recognizing a void in funding solutions in the \$32 trillion trade credit sector, the founders leveraged their engineering and entrepreneurial backgrounds to optimize the best components of a variety of traditional capital sources to meet the needs of small businesses funding trade credit for their commercial and government customers. Since launching the revenue accelerator funding model, with its flagship offering NOWaccount®, NOW Corp has empowered small businesses across the nation to GROW FEARLESSLY!™, often resulting in double- and triple-digit revenue growth within the first year of enrollment. For more information, visit <http://www.nowcorp.com>.

About NOWaccount®:

[NOWaccount](#) is a revenue accelerator and revolutionary new funding model designed to empower small businesses across the U.S. to GROW FEARLESSLY!™ – often resulting in double- or triple-digit revenue growth within the first year of enrollment. NOWaccount enables small businesses to Get Paid NOW® on invoices to the customers they choose in order to leverage capital from operations, rather than debt or equity, to confidently fund new and larger contracts with their commercial and government customers. With NOWaccount, small businesses get their actual revenue immediately, for the same or less than the cost of accepting a credit card, while offloading customer payment risk, and outsourcing the professional management of their accounts receivables. Similar to accepting a credit card for payment, except the small business supplier chooses when to use it, NOWaccount is largely invisible to the customers who continue to take advantage of the free and flexible trade credit they require through the traditional accounts payable system. For more information, visit grow.nowaccount.com.

This story was originally published July 21, 2015 in PRWeb. NOWAccount has granted Empowered permission to reprint this very important article in its publication for our readers.

How Do You “Grow Into Your Greatness” as an Entrepreneur?

Tina Greer, Entrepreneur and Author

As I think about what it takes to identify your passion and purpose while cultivating it into a financial lifestyle as an entrepreneur, there are steps and processes that must be implemented in order to be the best you can be. We all have talents and gifts inside of us, but sometimes we do not know how to tap into our greatness. It should be our goal to really focus on what we can do to ignite our own talents and gifts and not try to duplicate others.



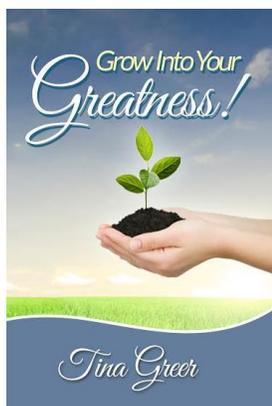
We sometimes may be our worst enemy when it comes to greatness because we cannot get out of our own way. It is wise to seek guidance and counsel from others that are where you want to be, therefore; you must be willing to be coachable. True leaders know how to follow as well as lead.

Here are 5 Tips to getting out of your own way in order to “Grow Into Your Greatness!”

- 1) **Trust:** Trust yourself, and your instincts. If something does not sit well with your spirit, then maybe that is not the direction you need to go. Remember to pursue your plan, passion, and purpose.
- 2) **Respect:** Respect is earned, not given. People are watching your every move such as how you handle your household, finance, and life in general. As I always say, as long as you handle yourself in a professional manner, people may not agree with everything you say or do, nor does everyone have to like you, but they do have to respect you.
- 3) **Mentor:** If you know of someone that is where you are striving to reach, ask them to mentor you. Many people are willing to help and will provide some insight of how they got the lack of money out of the way and achieved success.
- 4) **System:** Implement a system or way of doing business through a plan, allowing you to document your progress. There are many systems out there in the industry and you can tap into the one that fits your criteria the best.
- 5) **Stamina:** No matter what, do not give up! Sometimes your payday is just around the corner. You have to keep pushing! Build that muscle of never giving up and that determination to succeed!

Today is Your New Day!

To learn more of how you can “Grow Into Your Greatness” as an entrepreneur, visit www.tinagreer.com and schedule a discovery session. You can also purchase the book “Grow Into Your Greatness” on Amazon and Kindle. Tina is available for booking as your next keynote speaker.



Are You Running a For-Profit or Not-For-Profit Charitable Business?

Austin E. Thompson, Jr.

If your experience is similar to mine, you probably receive several calls weekly from individuals who wish to sit and discuss their business with you. Enthusiastic as they are, and as involved as they wish for you to be providing whatever service you do, sometimes you have to determine the value of your time when planning to sit and chat about someone’s business. First, you determine if the meeting will require face-to-face engagement for a more personable session, or would a phone conversation suffice. Second, once you determine that a physical meeting is required, set the time limit for the duration of your meeting. People can suck up your time. I am saying this, because the substance of a meeting can lose value if it turns into a rambling session. Your time is of value, and the objective of your meeting should accomplish and capture the following:

1. What is the nature of your potential client’s business, and how much of his or her industry and product does that individual understand?
2. What is the level of experience they possess of that industry?
3. What services are they looking for you to provide?
4. Will there be a division of labor (i.e. what percentage of the work will you perform)?
5. What is the timeframe for the project?
6. What is the full scope of the project?
7. What budget are they working with to cover the cost of the work they are asking you to provide?
8. What is your background and expertise, and total value proposition which makes you a viable candidate to provide the services they expect.

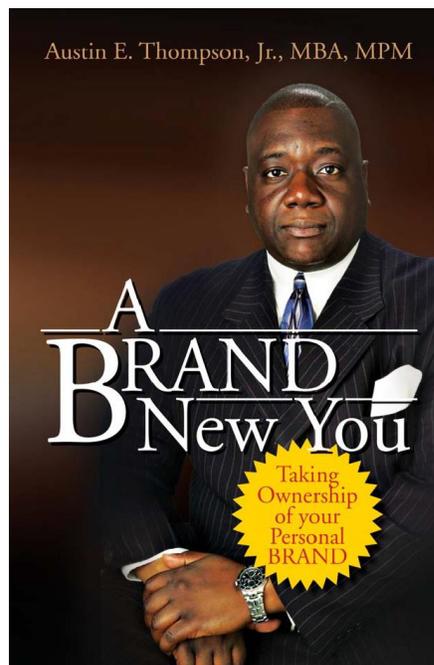
These are the main points of the conversation, which should be discussed in one hour. As a consultant, I usually meet with a potential client for the first hour at no cost, but charge for anything thereafter. Time is money!! Finally, #7 above is very important. If you operate a for-profit business, and the potential client would like to hire you below your market rate, or as many have said to me “I don’t have any money”, well here is your chance to let them down easy. You don’t run a charitable business, and should not be expected to devalue your services and work for free. Place a value on your time and be honest about what you are charging. If they can’t afford to pay, recommend payment options, which should include your retainer. This works, and will help them meet the payment obligations and get great service.

Business Marketplace

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