Going it Alone

From Employee to Independent Employment

By Mark Stevens

My goal as an advisor is to do more than help clients buy and manage investments; my goal is to show clients that you can't separate your money from your life. They are completely intertwined: when you re-energize their money mindset, you re-charge your life.

It can take smaller steps than you think, as long as they're in the right direction. With a simple shift

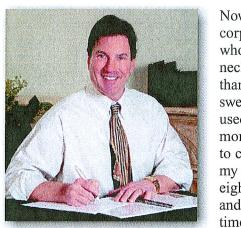
in thinking, a tweak here and a gentle push there, true financial independence may just get a chance.

Or, it can take a major leap – like becoming your own boss. What about the people in Erie County and our auto factories who are beginning to see that their financial standing is unraveling? What if they decided to get off the W2 employee bandwagon and started their own business? How can a good financial advisor help?

I believe you pay an advisor based on what's between their ears, not for the products they sell. So allow me to share a little thinking, based on a lot of experience. If you are transitioning from being an employee to being an employer – or becoming self-employed – buckle up. I've been where you are, and I'm now where you want to be. I have been for 11 years. Here's what I learned:

Create a winning money mindset.

What does a winning money mindset have to do with starting your own business? A winning money mindset is all about attitude. It's rising above the mentality that says "the company gives me" or "I got good benefits" or "I give my 40 hours and that's all they get." You know what's going on in the world. Benefits are being cut, costs are being passed to employees and effort is no longer measured by hours. So, "going it alone" requires an unraveling of the above financial success blockers.



Now, mind you, in 1994, I was a corporate guy, W-2 income earner who luckily herniated a disc in my neck. Yes, luckily. Because rather than milk the company for the sweet disability package I had, I used a no-pain, no-gain winning money mindset and created a plan to create my own business. One day my wife came home from work, eight months pregnant at the time, and heard the statement of a lifetime: "Honey, I'm leaving the company". She almost had the baby

right there! You need to have the same mentality and must also communicate it to your spouse and family. They will be your biggest supporters if you lay out the plan, work the plan and keep them in the loop.

Your family and your finances.

screen TV. The mistaken attempts

On my radio spot on WHLD 1270 AM, I addressed this same topic of starting your own business. I have found that fifty percent of start-ups fail because either they, or their spouses, couldn't see the forest through the trees regarding the potential future benefits of independent employment. The short-term income decrease?

Well, it interfered with the family vacation, the new car, or the big

to maintain the "look at me lifestyle" and resulting stress forces a mental quit point. It's short-term, instant-gratification thinking that only causes a return to an employee lifestyle. It smashes dreams. The real damage is shown when another person, like the old partner who continues the business, reaps the benefits that would have been bestowed on the quitter.

What to do? Shore-up your arsenal. While I was recovering from my herniated disk, I laid out a concise budget, all money in, all money out. I factored in the insurance costs to maintain my coverage from work individually. I factored my

wife's income and anticipated the decrease due to childbirth, and factored in the debt I would use to



offset her income decrease. My business plan was simple; I laid out the amount of clients needed, contacts required and revenue generated as the result. Then I got back to work, when I could, and worked the plan, worked the plan, while still devoting time to my existing job.

If you're reading this article, and are already a successful business owner, you probably followed these tips, maybe without even knowing it. I have found out from clients I counsel that many do not pen and paper anything; they merely wing it on a hunch or first lucky break. You owe it to your family to maintain financial independence. Move into self reliance. Give your business model the attention it deserves. Don't hunch anything.

Do your precious benefits benefit you?

Many people stay with a company "'cause they got good benefits", but as I said in my article, R.E.T.I.R.E. (available at MarkStevens-

Financial.com), your benefits won't help you. Not as much as you think. Holding

on to a moderate-income position that you hate just for the benefits may not be as good of an idea as you thought. Think about General Motors, Erie County, and all the other organizations where benefits are being reduced, and

costs are being passed on to employees.

Now, your benefits, like a 401k, can help you transition into independent employment. How? The federal government — cognizant of the employee mini-flush — has liberalized the use of retirement assets for income as well as the continuance of Health Insurance. When you prepare to make your move, your retirement assets may just give you the fuel to move on, offering unprecedented opportunities where none may have been thought to have been present before. Always research and re-factor your current asset structure when looking to leave the hourly employee lifestyle.

Obviously, the course you set depends on you. In conjunction with your advisor, a well thought out strategy for work and career independence may be just what the doctor ordered. Along with this simple, though effective, advice:

Independent Employment Tips:

- 1- Shore Up Your Arsenal: You need to get real about your finances: all money in, all money out. Anticipate what you will receive from your employer when you leave. Remember no unemployment will be available. Get all the forms you can for your retirement benefits, because when properly positioned, they play an important part in your transition.
- 2- Communicate your intentions: That means having a good heart to heart with your spouse, kids, family members and friends. All parties need to realize that you are making short-term sacrifices for their future as well as yours. Expect that everyone clearly understands that your "look at me lifestyle appearance" within the community may stall, or take a small hit. My wife and I held off on major improvements in our home etc. Your family should expect that too. Make this point clear, as the stress from your spouse and family can kill a well thought out transition plan.
- 3- Research your business model: Take off the rosy, all

- will be great glasses, and anticipate worst-case scenarios. What if I am out-priced? What if my old employer attempts to slow me up, now that I am their competitor? If you ever read the Art Of War, by Sun Tzu, know your enemies better than even your closest friends.
- 4- Get Help: Many people come to advisors like me, CPA's and Attorneys after they have made their businesses work. Enlist these soldiers now, most can really help you with your plan, and good advisors will keep their fee low, understanding that they will enjoy the ride with your success, bringing to them more work, assets to mange, referrals etc.
- 5- Work the plan, work the plan, if needed, modify the plan: work the plan: approximately fifty percent of startups fail because one, they do not follow the tips above, or two they DO NOT WORK HARD ENOUGH. Bottom line: many give up only to see their partner, or worse, competitor pick up the ball and enjoy the success you should have achieved.

If you would like to learn more about how to re-wire your money mindset – Visit us on the web at www.markstevensfinancial.com

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