



Mompreneurs®

The word “Mompreneurs®” is a trademarked term to describe women who are raising children and operating small businesses at home. “Mompreneurs” typically merge their personal and professional lives, simultaneously juggling dentist appointments and deadlines, self-promotion and school conferences, play dates and presentations, networking and nap times.

Technological advancements have made it possible for an increasing number of adults to work from home, and the flexibility of owning their own business appeals to many women. In 2006, the Center for Women’s Business Research reported that women-owned firms without employees, including “mompreneurs,” are increasing in number and revenues are growing faster than all firms in the United States without employees. Statistics include:

- One of every 11 adult women is an entrepreneur.
- Between 1997 and 2004, women-owned, non-employee firms grew at 18 percent, twice the national rate (nine percent) for all non-employee firms.
- There are 5.4 million sole proprietresses that generate \$167 billion in sales and comprise nearly a third of all firms with no employees.

While most “mompreneurs” are skilled multitaskers, they may not pay close attention to money-issue details involved in running their home-based businesses. Following is a checklist to help keep “mompreneurs” and other home-based business owners on track.

Be creative in financing the start-up or expansion of your small business. Consider loaning yourself the money from personal savings or a financial windfall, borrowing from family and friends, or obtaining business loans from banks or government programs. You may want to consult a financial advisor before you use credit cards, home equity, or retirement assets to fund your business. After your business is underway, consider these cash-flow tips: invoice promptly; periodically evaluate and raise your prices; work on retainer; get some or all of your money upfront and have access to a prudent business reserve such as a savings account, credit line, or credit card. Create and use a spending plan to operate and grow your business.

Confirm that you have adequate insurance coverage. Talk to your insurance agent about the need for additional homeowner’s insurance to cover your business equipment, inventory, liability, etc. Depending on your business and personal circumstances, you also may want to investigate professional liability and health insurance.

Have a good Tax Advisor. It’s critical to keep complete and separate records for your business and to track all income and expenses. This includes recording all sales, invoices, receipts, payroll,

and purchases as well as keeping copies of all receipts, invoices, and cancelled checks. Record your business mileage in a logbook that you keep in your vehicle. You may want to meet with a tax advisor/CPA to learn about the various state and local tax and accounting issues for your business; these issues include potential deductions and substantiation requirements, when to pay estimated taxes, and if you are planning on hiring an employee.

Last but not least, think about the future. Once you get the above-mentioned steps completed and start generating an income from your business, consider saving a percentage of it every year in a SEP-IRA or other small-business retirement account. SEP accounts are easy to set up and your contributions are tax deductible. Once your account is established, you can contribute every year up to your tax-filing deadline, including any extensions. In 2007, you can generally contribute the lesser of 25 percent of your salary or \$45,000. Your contributions can vary each year, offering you some flexibility when business or personal conditions vary.

Whether you’re just getting started as a “mompreneur” or have operated a home-based business for several years, you may face both personal and business challenges. Consider consulting a professional financial advisor to help you set financial goals and create an action plan to achieve them. □

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