



# MILITARY FAMILIES LEARNING NETWORK

## *Entrepreneurship Essentials for Service Members & Military Spouses*

**<https://learn.extension.org/events/2018>**

U.S. DEPARTMENT  
OF DEFENSE



This material is based upon work supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, and the Office of Family Policy, Children and Youth, U.S. Department of Defense under Award Numbers 2010-48869-20685 and 2012-48755-20306.



# **MILITARY FAMILIES**

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# **MILITARY FAMILIES**

## **LEARNING NETWORK**

Research and evidenced-based  
professional development  
through engaged online communities.

[eXtension.org/militaryfamilies](http://eXtension.org/militaryfamilies)



# PERSONAL FINANCE

## Military Families Learning Network

*Providing continuing education opportunities and resources for financial educators working with military families*



Find us on Twitter by following [@MFLNPF](https://twitter.com/MFLNPF)



Join our community on Facebook: [Personal Finance 4 PFMs](#)

# Available resources

<https://learn.extension.org/events/2018#.VQGQ-WR4rzE>

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Tuesday, April 14 at 11:00 am EDT   **APR 14**

90 minute session

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Location: <https://connectcol.dco.dod...>

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**Related Events**

[Latino Military Families: Current Issues &](#)

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*Find slides and additional resources under 'event materials'*

# POLL

How would you best describe your current employer?

# Personal Introduction and “Street Cred”

- Distinguished Professor and Extension Specialist in Financial Resource Management
- Rutgers Cooperative Extension employee for 37 years
- CFP® for 30 years
- Intrapreneur/Entrepreneur
- Twitter handle: moneytalk1



# Webinar Objectives (Part 1)

- Discuss recent U.S. labor force changes
- Discuss entrepreneurship & intrapreneurship
- **Activity:** Entrepreneurship Assessment
- Discuss five essential “Need to Knows” for entrepreneurs
- Discuss entrepreneurship teaching resources



# Key Take-Away #1

An increasing number of American workers are entrepreneurs and independent contractors

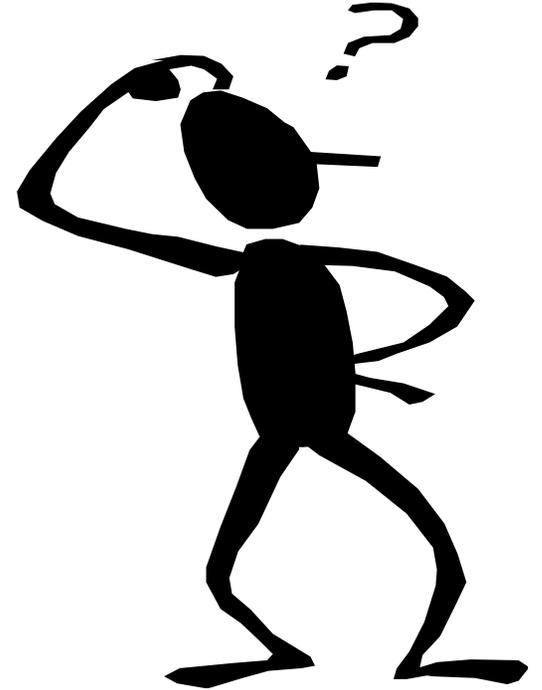


# Question #1

**Are you an entrepreneur?**

Yes or No?

If yes, please describe your business in chat box



# Entrepreneurship is an Important Life Skill

- Included in “career and technical education” curriculum standards in many states
- Often included in high school personal finance textbooks and curricula
- More important today than ever before



# Freelance Nation

- The U.S. is increasingly becoming a nation of permanent freelancers and temporary workers
- An increasing number of employers are addressing their human capital needs by hiring independent contractors
- This trend is expected to expand beyond “traditional” freelance jobs and include accounting, law, engineering, sales, academia, etc.



# U.S. Labor Force Changes

- 40% of America's workforce (>60 million people) will be freelancers by 2020:

<http://qz.com/65279/40-of-americas-workforce-will-be-freelancers-by-2020/>

- About 30% of workforce in 2006
- 29% increase between 2009 and 2012 (BLS)
- Huge and growing sector of American workforce



- [Freelancers, permalancers, contractors, long-term temps, contingent workers, independent contractors, etc.] number currently about 42 million:

<http://news.rutgers.edu/medrel/q-and-a-hot-topic/hot-topic-is-america-20120402>

# Reasons For This Change

- Employers avoid hiring and layoff hassles
- Employers avoid payroll taxes and fringe benefits
  - Affordable Care Act (ACA) will accelerate this
- Employers learned how to do more with fewer people
- Rapid adoption of mobile technology and Internet access
- Number of people willing to work as independent contractors:
  - Better than unemployment
  - “Encore” careers
  - “Moonlighting”
  - Avoids commuting
  - Can be your own boss



# Definition of an Independent Contractor

“The worker is subject to the direction or control of another person merely as to the result to be accomplished by the work and not as to the means and methods by which the result is accomplished.”

*Journal of Financial Planning (2/13):*

<https://www.onefpa.org/myFPA/journal/Documents/Independent%20Contractor%20or%20Employee.pdf#search=February%202013>



# Employees vs. Freelancers

## Employees

- Business expenses are miscellaneous itemized deduction subject to 2% of adjusted gross income
- FICA tax collected and matched by employer
- Employer may provide health insurance and a retirement savings plan
- Employer provides income tax withholding
- May receive “sick days”

## Freelancers

- Self-employment expenses are deductible directly against business income
- Freelancers must pay full FICA tax (15.3%) themselves
- Freelancers must secure their own health insurance and retirement savings plan
- Must do own tax withholding through estimated quarterly payments
- No work= no pay



# The Influence of Technology

- Consulting Web sites help independent contractors land “gigs” online with limited time and money required for self-marketing
- Web sites include:
  - odesk.com
  - guru.com
  - elance.com
  - Others?



# Key Take-Away #2

Successful entrepreneurs have certain work habits and personal attributes



# Is Entrepreneurship for You?

Statement	1 Strongly Disagree	2 Disagree	3 Agree	4 Strongly Agree
1. I sometimes enjoy taking risks.				
2. I like to work hard at projects that interest me.				
3. I have a high level of energy.				
4. I want to achieve results based largely on my own efforts.				
5. I like being creative.				
6. I like to start projects on my own.				
7. I tend to see tasks through to completion.				
8. I am confident in my abilities.				
9. I am good at a lot of different tasks.				
10. I am interested in making lots of money.				
<b>Totals</b>				

Source: *Financial Fitness for Life (Grades 9-12)*, Council for Economic Education

# Entrepreneurship Assessment Scoring Grid

- **10-19-** Very little to slightly inclined toward being an entrepreneur



- **20-29-** Inclined toward being an entrepreneur
- **30-40-** Very inclined toward being an entrepreneur

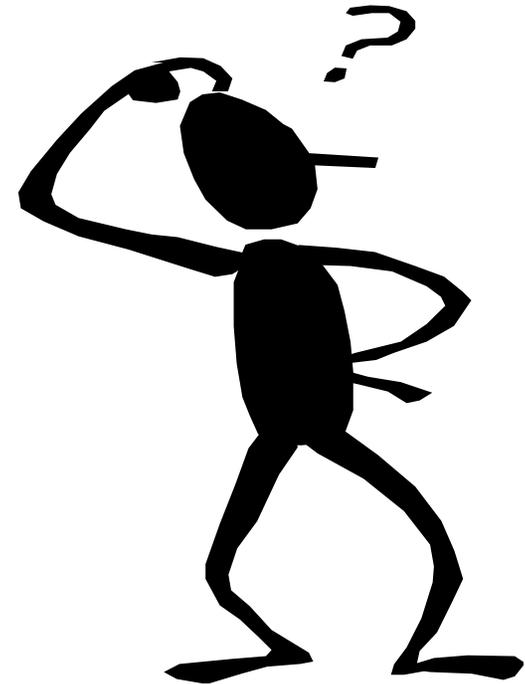
# Question #2

**How inclined are you to be an entrepreneur?**

Somewhat inclined

Inclined

Very Inclined



# Business Structures



- **Sole Proprietorship-** One person operating a business; easiest form to set up; owner responsible for business debts
- **Partnership-** Two or more people operating and managing business; easier to set up than a corporation; all partners responsible for business debts; formal agreement advisable
- **C Corporation-** May shield personal assets from business debts; can be complicated to establish and maintain
- **S Corporation-** Permits a corporation to be taxed as a partnership (to partners), must meet IRS requirements
- **Limited Liability Company (LLC)-** Provides benefits of corporations but less complicated to set up and maintain; hybrid entity combining partnership and corporation features

# Key Take-Away #3

Entrepreneurship requires different financial planning strategies than salaried employment



# Five Key Planning Topics for Entrepreneurs

- Business planning
- Cash flow (income/expenses) management on an irregular income
- Income taxes
- Insurance
- Retirement savings





# Parts of a Business Plan



- **Executive Summary:** (appears first but write LAST)
- **Business Objectives and Goals:** (i.e., success metrics)
- **Business Description:** (mission, vision, locale, uniqueness)
- **Market Analysis and Strategy:** (need for business product or service and planned marketing methods)
- **Financial Information:** (cash flow projections, balance sheet, pricing methodology, break-even analysis, marketing and supply costs, depository institution, contingency fund)
- **Management and Organization:** (business structure, title and duties of principal personnel, insurance needs)

# What is Your Business Value Proposition?

- Consider the 4 P' s of marketing (product, place, price, and promotion)
- Answer the value proposition question “What demand problem am I solving by being in business?”



# Business SWOT Analysis

**My Business**

**Its Environment**

<i>Strengths</i>	<i>Opportunities</i>
<i>Weaknesses</i>	<i>Threats</i>

## 2. Irregular Income Cash Flow

- Can't do a “typical” spending plan (budget)
- Estimate baseline monthly expenses
  - Include 1/12 of annual cost of periodic expenses
- Project self-employment income
- Identify “peak” and “lean” months (if applicable)
  - If so, save money from peak months for lean months
- Build a substantial emergency fund (6 to 12 months expenses) to tide yourself over between gigs
  - Also consider getting a bank line of credit



# 3. Income Taxes

- **Schedule C** (Profit or Loss From Business) or **C-EZ**
  - Beware: “Hobby Loss Rules” (profit in 3 of last 5 years)
- **Schedule SE** (Self-Employment Tax); > \$400 earned
- **Home Office Deduction:** IRS square footage rules (\$5/sq. ft. up to \$1,500); office must be used “regularly and exclusively” for business
- **Quarterly Estimated Tax Payments**
  - 4/15, 6/15, 9/15, and 1/15 of following year
  - Set aside at least 30% of self-employment income for taxes
  - Another option: over-withholding on “day job” taxes
  - Safe harbor: Amount of tax paid the previous year
- Should get 1099 form for every job paying > \$600



# 4. Health Insurance



- Affordable Care Act (ACA) Marketplace policy
  - <http://www.healthcare.gov> or state Marketplace
- Consider a high-deductible policy with a HSA
- Join a professional association or business network group plan
- Spouse/partner's employer plan
- Retiree health insurance (if qualified)

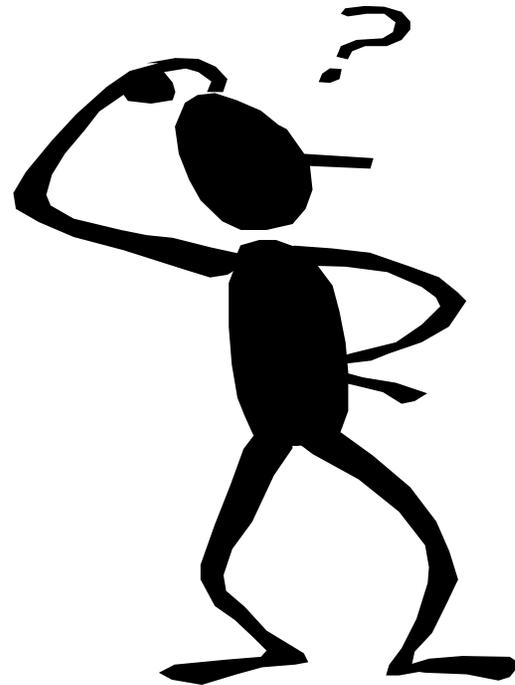
# 5. Retirement Savings Plans

- **Simplified Employee Pension (SEP)**
  - Easiest to set up
  - Sole proprietors can contribute up to 20% of net self-employment income by 4/15 of the following year
- **Individual Retirement Account (IRA)**
  - Up to \$5,500 (\$6,500 catch-up for age 50+) in 2015
  - Roth and/or Traditional IRAs
- Set up a plan for plan deposits



# Question #3

**What other financial planning strategies do entrepreneurs need to consider?**



# Key Take-Away #4

Intrapreneurs work creatively as employees within established organizations



# Intrapreneurship

Acting like an entrepreneur but working for an employer within a large organization

- Directing programs or projects
- Securing resources
- Determining use of time
- Overseeing the work of others
- Large measure of self-direction



# Intrapreneurs vs. Entrepreneurs

- Both are creative
- Both are “self-starters”
- Both are hard-working and passionate about what they do
- Intrapreneurs work within existing organizations while entrepreneurs assume the risks of starting their own business



# More About Intrapreneurs

- Act as “inside entrepreneurs” who focus on innovation and creativity
- Often think and behave like business owners
- Operate within the goals and environment of an organization

- Valued as executives and team members



- Quiz:

<http://www.blanchardinternational.com.au/>

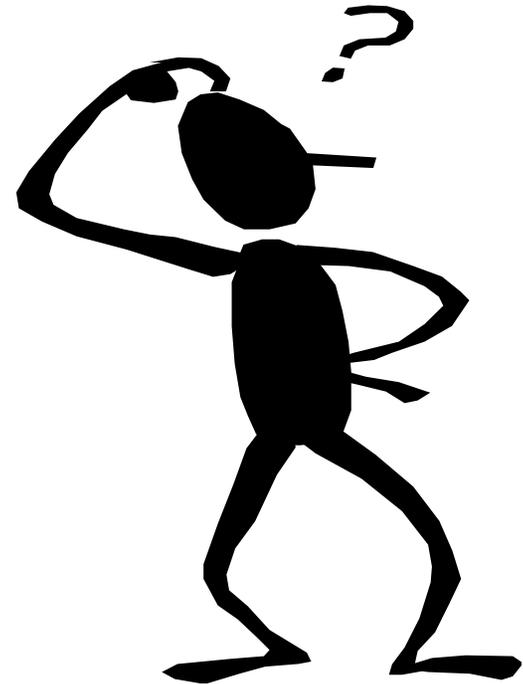
[Leadership Research/Business Innovation Quiz.php](http://www.blanchardinternational.com.au/Leadership_Research/Business_Innovation_Quiz.php)

# Question #4

**Are you an intrapreneur?**

Yes or No?

If yes, describe why?



# Key Take-Away #5

Helpful resources are available to build entrepreneurial skills



# Entrepreneurship Resource: *Shark Tank*

- Product/service niche
- Business planning
- Marketing plans
- Company valuation
- Return on investment
- Intellectual property protection



# Question # 5

**Do you watch Shark Tank?**

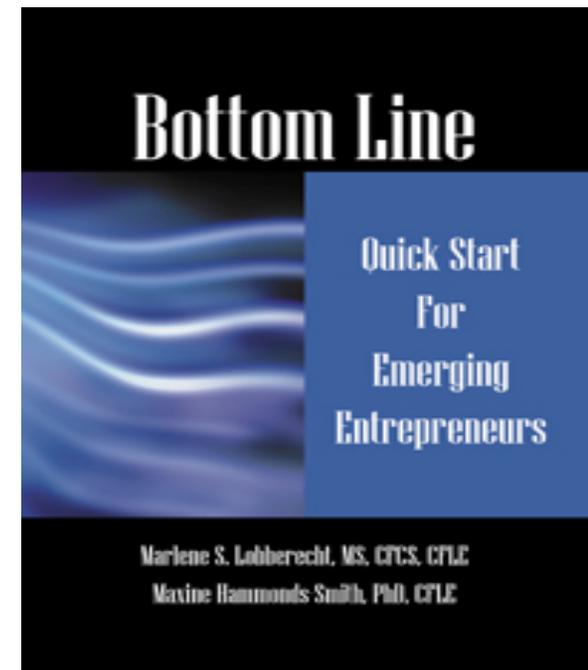
Yes or No?

If yes, who is your favorite “Shark”?



# Entrepreneurship Resource: *Bottom Line Quick Start For Emerging Entrepreneurs*

- See <http://www.outskirtspress.com/bottomline/>
- Designed to “shorten the learning curve” from working for a business to owning a business



# Other Key Resources

## Advisors

- Lawyer
- Accountant
- Lender
- Insurance broker
- Business Development Resources
  - SBDC
  - SCORE
- Professional networks

## Web Sites

- [www.sba.gov](http://www.sba.gov)
- [www.nawbo.org](http://www.nawbo.org)
- <http://www.extension.org/entrepreneurship>



# FFL Activity: I Wonder Why Nobody Ever Made a...”



## Lessons for Grades K-12

Financial Fitness for Life® (FFFL) provides high-quality instructional materials for use with students from kindergarten to grade 12. These materials are presented in separate publications for four grade levels.

LEARN MORE ►

<http://fffl.councilforeconed.org/>

# Entrepreneurship Quizzes

- *Entrepreneur Magazine:*  
<http://www.entrepreneur.com/personalityquiz>
- **WESST:**  
<http://www.wesst.org/business-toolkit/entrepreneur-quiz/>
- *Forbes Magazine:*  
<http://www.forbes.com/2010/08/02/entrepreneur-personality-quiz-thomas-harrison-entrepreneurs-management-serial-startups-10-quiz.html>
- **BizMove.com:**  
<http://www.bizmove.com/other/quiz.htm>

# Final Thoughts About Entrepreneurship

- Look Before You Leap: Is your business idea unique? If not, what will you do better than others? Do you know the industry? What are the risks and the reward potential?
- A concept/idea is NOT a business! Think and plan ahead. Have a vision of what and where you want to be.
- Follow your strengths and weaknesses.
- Entrepreneurship is not a job, it's a lifestyle.



# Key Take-Away Summary

- An increasing number of American workers are entrepreneurs and independent contractors
- Successful entrepreneurs have certain work habits and personal attributes
- Entrepreneurship requires different financial planning strategies than salaried employment
- Intrapreneurs work creatively as employees within established organizations
- Helpful resources are available to build entrepreneurial skills



# Key Take-Away Applications

- Recognize that many people that you teach and/or counsel will want or need to become self-employed
- Help people (and yourself) assess aptitude for entrepreneurship
- Teach specific financial planning strategies for entrepreneurs
- Help people (and yourself) become intrapreneurs
- Review online resource list and other materials for entrepreneurs and intrapreneurs





# MILITARY FAMILIES LEARNING NETWORK

To follow up with questions and comments

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Twitter: [@moneytalk1](https://twitter.com/moneytalk1)



Part 2 by Jaime Wood, Veterans Affairs  
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*U.S. Small Business Administration*

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*Office of Veterans Business Development*

# Jaime Wood, Small Business Administration

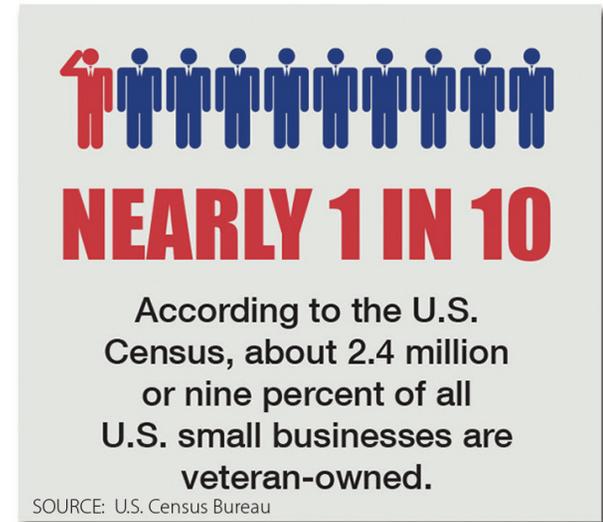
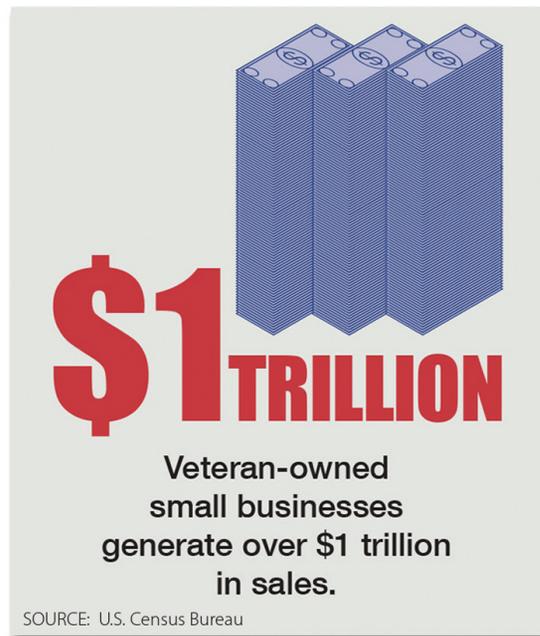
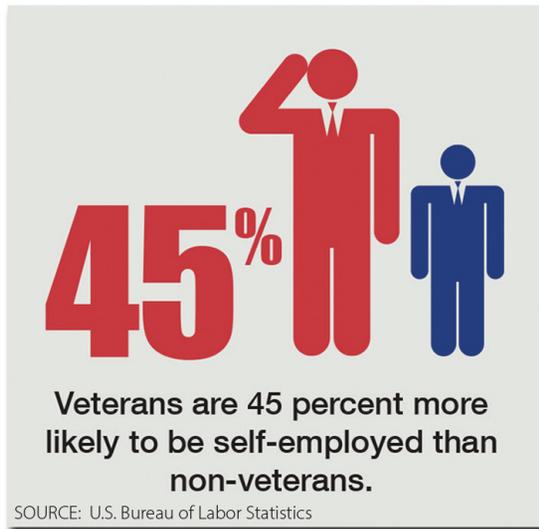


Ms. Jaime L. Wood joined the U.S. Small Business Administration (SBA), in Washington, D.C, in October 2014. She is the Director for Policy and Engagement for the Office of Veterans Business Development (OVBD). At SBA, Ms. Wood develops, promotes and employs policies and programs that support veteran owned small business. Her efforts focus on SBA veteran related programs for active duty and reserve service members, service disabled veterans, and military dependents and survivors.

# Office of Veteran Business Development

- Maximizes availability and business programs for Veterans, Service-Disabled Veterans, Reserve Component Members, and their dependents or survivors
- Assist aspiring and existing veteran entrepreneurs through counseling and training, access to capital, and guiding veteran-owned businesses in seeking federal procurement opportunities

# Veterans are *integral* to U.S. economy!



# OVBD Priorities

- **Counseling & training for veterans and spouses**
  - Boots to Business (B2B)
  - Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE)
  - Entrepreneur Bootcamp for Veterans with Disabilities (EBV)
  - Veteran Business Outreach Center (VBOC)
- **Access to Capital**
  - Veteran Lending Pledge
  - SBA's Veteran Advantage
- **Contracting**
  - Reached 3% SDVOSB federal goal in both 2012 & 2013!



# TRAINING AND COUNSELING

Each year SBA and partners help more than 200,000 veterans, service-disabled veterans, reservists, and spouses to start and grow their small businesses



# Boots to Business

- In 2014, more than 14,000 transitioning service members participated in the two-day Introduction for Entrepreneurship course, held on 165 military installations worldwide
- As of April 2015, 25,000 service members graduated from the two-day B2B course since the program's inception
- In FY 2015, OVBD will train a projected additional 20,000 transitioning service members through the Boots to Business program
- Highest rated elective in TAP
- [www.sba.gov/bootstobusiness](http://www.sba.gov/bootstobusiness)



# Veteran Business Outreach Centers

- Provide entrepreneurial development services such as business training, support and mentoring, and referrals for eligible veterans, service-disabled veterans, and National Guard and Reserve Component members, and family members who currently own or are considering starting a small business.
- There are 15 organizations serving as VBOCs through cooperative agreements
- In 2014, VBOCs counseled and trained more than 78,000 veterans
- In early 2015, SBA began preparations for the upcoming VBOC selection awards. In April, SBA will award grants to the winning VBOC programs set to begin this spring.
- <https://www.sba.gov/offices/headquarters/ovbd/resources/362341>

# Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE)

- Provides women veterans and female spouses of veterans with the tools required for successful entrepreneurship
- Our goal is to integrate women veterans' leadership, integrity, focus and drive into a premier educational training program taught by accomplished entrepreneurs and business educators from across the United States
- In 2014, V-WISE hosted two conferences that trained 400 women
- In 2015, there are four [VWISE events scheduled](#) in New Orleans, LA (registration full), Washington, DC, Boston, MA, and Kansas City, MO. An additional 800 women will be trained during these three-day conferences
- V-WISE has trained more than 1,700 women veterans, since 2007.\*
- More info: [www.whitman.syr.edu/vwise](http://www.whitman.syr.edu/vwise)

\*Within six months of completing the EBV and V-WISE programs, there is a 56 percent new business start rate among graduates; and within three years, the start rate increases to 72 percent.



# Entrepreneurship Boot Camp for Veterans with Disabilities (EBV)

- A one-of-a-kind initiative that leverages higher education skills, resources, and infrastructure in order to offer cutting-edge, experiential entrepreneurial training to post-9/11 veterans and active duty service members with service-connected disabilities. The program is also available to military family members serving in a caregiver role to a veteran with a service-connected disability
- Since 2007, over 1,000 veterans have been trained through EBV\*
- SBA partners with Syracuse University, Oklahoma State University, and Florida State University to provide entrepreneurial training to service disabled veterans
- <http://ebv.vets.syr.edu/>

\*Within six months of completing the EBV and V-WISE programs, there is a 56 percent new business start rate among graduates; and within three years, the start rate increases to 72 percent.



# Access to Capital

## **Veterans Pledge Initiative**

- SBA challenges the top national and regional lenders to make a pledge to increase their lending activity to veterans by 5% each year for the next five years
- With the support of our lending partners, SBA will serve an additional 2,000 veterans and increase lending by \$475 million over five years

## **Veterans Advantage**

- Provides fee relief for eligible veterans and military spouses and survivors and began on Jan 1, 2014
- The program applies to SBA Express loans between loans up to \$350,000 On October 1, 2014, the Veterans Advantage expanded to loan sizes up to \$5M with fee relief at varying loan size levels

## **Leveraging Information and Networks to Access Capital (LINC) tool**

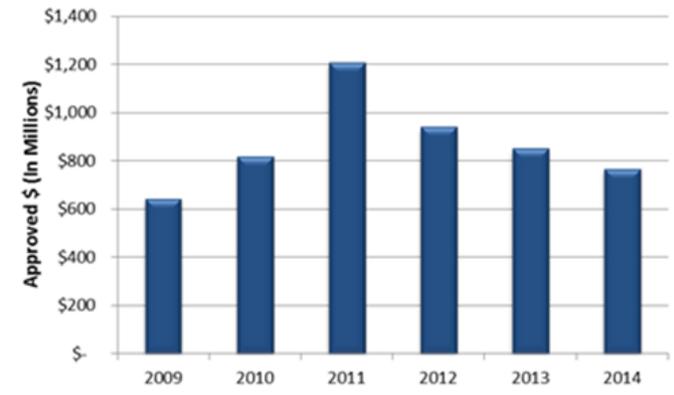
- A simple way to connect borrowers with prospective SBA lenders based on their business needs
- Borrowers fill out the form and their business information is sent to participating SBA lenders who will contact the borrower within 48 hours should there be a match

# Veterans Advantage

- Provides fee relief for eligible veterans and military spouses and survivors and began on Jan 1, 2014
- The program applies to SBA Express loans between loans up to \$350,000
- From January 1, 2014 to the end of the federal fiscal year, September 30, 2014, SBA Express yielded 835 veteran loan approvals totaling \$78,506,700. This accounted for 65% of the number of approvals and 52% of the dollars for all delivery methods for loans to Veterans during this period.
- On October 1, 2014, the Veterans Advantage expanded to loan sizes up to \$5M with fee relief at varying loan size levels
  - As of January 23<sup>rd</sup>, 2015, 252 Lenders have made 762 loans for \$295,524,900 with the expanded fee relief.
- Of all SBA loans that go to veterans, 73 percent are \$350,000 and below

Time Period Comparison (activity through 9/30 of each FY)		
APPVFY	Approved Loans	Approved Dollars
2014	2,376	\$ 766,075,900
2013	2,693	\$ 849,200,200
2012	2,784	\$ 938,723,800
2011	3,782	\$ 1,207,392,300
2010	3,914	\$ 815,236,879
2009	3,586	\$ 642,968,271

This chart shows lending to Vets for the years displayed, 2009 – 2014. Veterans Advantage refers to loans under \$350K made beginning 1/1/2014 with fee relief. \*Veteran fee relief (initiative began 1/1/2014) stands at \$610k



# FEDERAL PROCUREMENT

**SBA's Mission:** Enhance the effectiveness of small business programs by working with Government Contracting and Business Development program offices and others to develop policies, regulations, and statutory changes

- The federal procurement goal of 3% for service-disabled veteran-owned (SDVOSB) was exceeded in FY 2013 for the 2nd year



# Montgomery County Chamber of Commerce Veteran Institute of Procurement (VIP)

- Educational training program for owners, principals and C-level executives of veteran-owned businesses that trains SDVOSBs and VOSBs to compete and comply successfully in the federal market place
- VIP will host three training sessions a year to support up to 150 SDVOSBs and VOSBs to attend the program
- The 3-day certification curriculum is designed for veteran businesses to increase their ability to win government contracts
- Next course is set for June 2015
- Register: [www.nationalvip.org](http://www.nationalvip.org)



# Discussion / Questions

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<https://www.sba.gov/offices/headquarters/ovbd/resources/362341>

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7. Contact [fsawebinars@gmail.com](mailto:fsawebinars@gmail.com) with questions.

# **MFLN Personal Finance Upcoming Event**

## **The Ins and Outs of Target Date Funds & The New L Fund TSP Default Option**

- Date: May 26, 2015
- Time: 11 a.m. ET
- Location:  
<https://learn.extension.org/events/2030>
- For more information on MFLN-Personal Finance go to: <http://blogs.extension.org/militaryfamilies/category/personal-finance/>

# Personal Finance Virtual Learning Event

## Encouraging Positive Financial Behaviors Through Motivation, Counseling & Coaching

June 2-4, 11 a.m.-12:30 p.m. ET

- June 2:  
Motivating Clients to Develop Positive Financial Behaviors, Dr. Barbara O'Neill
- June 3:  
Financial Therapy Insights for Financial Counseling and Education, Dr. Mary Bell Carlson
- June 4: Step by Step Financial Coaching Techniques, Jerry Buchko

*Each webinar followed by a 1-hour Twitter chat with #MFLNchat*

Learn more here: <http://bit.ly/1wyltmW>



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