

Recession may mean better retirement plans for small businesses

Written by Australian Business

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The Great Recession caused many small businesses to struggle to keep their doors open. Yet, according to research conducted by Forbes, these struggles may have led to long-term benefits for owners and employees involved in small businesses, particularly with regards to retirement planning. According to the research, the number of small businesses offering retirement plans jumped from about ten percent in 2008 to over 24 percent in 2013.

Why the change? Forbes is crediting the economic downturn for a greater appreciation of preparing for financial crisis through personal saving. Regardless of the reason behind this shift, one thing is clear: businesses are building solid foundations by helping to ensure a strong financial future for owners and employees alike.

Small business basics

In addition to a strong financial outlook for those involved in the business, a solid foundation also requires a careful startup. If you are considering starting a business, keep the following in mind:-Develop a basic business plan. Why are you going into business in the first place? Figure out the motivation behind the startup and what the business' niche is before beginning to raise money and invest in the business. Answering these questions will help to develop a focused business plan. This plan should include a cost analysis, outlining cash flow and expected costs.-Never underestimate the power of a contract. Although it may be tempting to make business deals with a handshake, it is not wise. In fact, it may not even result in a valid agreement. Generally, agreements for sales of goods over \$500 and contracts that are intended for more than one year are not valid unless they are made in writing. Even if an oral agreement is valid, getting it in writing can save a business from a wide array of issues.-Organize the business wisely. What is best, an LLC or a sole proprietorship? Deciding the best form for the business can mean the difference between tax savings and liability issues.

Because of the many legal issues inherent to starting a business, it is wise to consult with an attorney for guidance. Legal issues that can arise include developing contracts for investors and employees, registering and forming the business as an LLC or other organization as well as dealing with taxes and the IRS. Arguably the most concerning legal issue involves liability. If a

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business is not properly structured and something goes wrong, an owner's personal assets could be at risk.

As a result, if you are interested in starting a business it is wise to contact an experienced business formation attorney to discuss your plan and help develop a solid foundation.