



**Brighthouse**  
FINANCIAL®  
Build for what's ahead™

# Three Key Steps for Female Entrepreneurs

Three action steps for  
women balancing business  
and personal finances



• Not a Deposit • Not FDIC Insured • Not Insured by Any Federal Government Agency  
• Not Guaranteed by Any Bank or Credit Union • May Lose Value

This material should not be interpreted as a recommendation or as fiduciary investment advice by Brighthouse Life Insurance Company, Brighthouse Life Insurance Company of NY, or Brighthouse Securities, LLC.

# Balancing Business and Personal Financial Success

Women launch and lead businesses at a rate five times faster than the national average. They are also majority owners of nearly 48% of the country's businesses, up from 29% in 2007.<sup>1</sup>

However, for many entrepreneurs, building an equally strong personal financial plan sometimes takes a back seat to building their business: 2 in 5 say they are better at managing their business than their own personal finances.<sup>2</sup>

Fortunately, these two issues don't have to be mutually exclusive. The key is to define financial goals for both business and family – and then integrate these priorities in ways that work best.

This guide outlines three of the most vital issues to consider in creating a successful personal financial plan. Working with a trusted financial professional can help piece together a roadmap toward a more secure financial future for you, your family, and your business.

---

**Let's examine a few details for each core step**

**Step 1** Reducing risk

**Step 2** Investing in yourself

**Step 3** Planning for the future

---

<sup>1</sup> The State of Women-Owned Businesses Report, American Express OPEN and Womenable, 2018.

<sup>2</sup> Insights on Wealth and Worth, U.S. Trust, 2016.

---

## Step 1

# Reducing Risk

### Build and maintain an emergency fund

It's always advisable to have cash reserves set aside, but as a business owner, it's even more important. After all, your personal financial security is heavily dependent upon the success of your business.

Some experts recommend that business owners set aside 20% of their annual income for unanticipated expenses,<sup>3</sup> but a more conservative approach calls for three to six months of income.<sup>4</sup> Whatever the amount, the idea is to build a personal financial cushion should your business experience an unexpected slowdown.

### Balance personal debt and external financing

For both start-up and expansion financing, women entrepreneurs are more likely than men to use personal and family savings. And more than half of women business owners have carried business costs on a personal credit card.<sup>5</sup>

Every business has different needs, and no financial solution is one size fits all. However, shaping the future of your business may require a wider mix of financing sources, both internal and external.

A financial professional can offer guidance in this area, so that personal resources aren't stretched too thin. This advice might include identifying alternative funding sources – perhaps through Small Business Administration programs in your region, business accelerator organizations, grants, commercial lenders, or investor and venture capital groups dedicated to your industry or to women-led start-ups.



## 20% of annual income

The rainy-day fund recommendation for business owners.<sup>3</sup>



## Venture investment in women-founded firms is on the rise.

Venture capital firms backed a higher percentage of companies with at least one female founder in 2016 than in any year prior.<sup>6</sup>

---

<sup>3</sup> Back to Basics: How Much Money Should I Have in My Emergency Fund? FiGuide, National Association of Personal Financial Advisors, March 2016.

<sup>4</sup> Do You Still Need an Emergency Fund as You Get Older? Kiplinger's Personal Finance, July 2016.

<sup>5</sup> Annual Membership Survey, National Association of Women Business Owners, 2018.

<sup>6</sup> Female-Founded, VC-Funded, PitchBook, March 15, 2017.

## Step 2

# Investing in Yourself

### Pay yourself

While some entrepreneurs forgo a regular salary in the interest of boosting growth and profitability, it's helpful to create a reasonable compensation policy as the business grows and matures. Nearly half of women entrepreneurs with multimillion-dollar revenue say they have plans to increase their salaries, but many women entrepreneurs have never given themselves a raise.<sup>7,8</sup>

### Maintain adequate insurance coverage

As a business owner, having suitable personal insurance coverage in place can offer peace of mind and financial protection. Here are critical coverages to consider:

- **Life insurance** – To protect those who rely on your financial support, or to provide a tax-advantaged asset that builds cash value over time.
- **Health insurance** – Because even though female entrepreneurs enjoy better health overall than their male counterparts, business owners are more likely to lack health coverage than do workers as a whole.<sup>9</sup>
- **Long-term disability** – To replace income if you become unable to work due to illness or injury.
- **Key-employee insurance** – To help the business survive the unexpected loss of a key employee, founder, or partner on whom the continued successful operation of the business depends.

Your financial professional can help assess how much coverage is right for your situation.

---

Almost a  
third of  
women  
business  
owners have  
never given  
themselves  
a raise.<sup>8</sup>



<sup>7</sup> Business Outlook Survey, Women President's Organization, 2014.

<sup>8</sup> Annual Membership Survey, National Association of Women Business Owners, 2018.

<sup>9</sup> In U.S., Female Entrepreneurs Thrive in Purpose Well-Being, Gallup-Healthways Well-Being Index, October 2014.

## Step 3

# Planning for the Future

### Save for retirement

Business owners have more options in setting up retirement plans that qualify under the tax code, which generally means your contributions and earnings aren't taxed until you withdraw money from the plans. These options give you the ability to put aside more tax-deferred funds than people who work for someone else. Typically, there are four types of plans that business owners might consider:

- **Simplified Employee Pension Plan (SEP IRA)** – For businesses with any number of employees or for the self-employed.
- **Savings Incentive Match Plan for Employees (SIMPLE IRA)** – For businesses with 100 or fewer employees.
- **Self-Employed 401(k) Plan** – For business owners with no employees, but with a business partner or spouse.
- **401(k) Plan** – For a larger enterprise.

Your financial professional can offer guidance for growing your personal nest egg even further. For example, traditional or Roth IRA contributions, as well as guaranteed-income sources like immediate or deferred annuities, may also fit into an overall retirement income plan.

### Establish an estate plan

Make time for conversations about your legacy goals, and how to protect what you've built and those you care for. Your financial professional can make referrals to estate-planning specialists, who can outline the use of trusts and other asset-protection options that may deliver significant tax benefits.

In addition, think about plans for succession, business continuation, and exit strategies. That way, you can be proud of what you started, share in the venture's continued success, and realize its full value to the wealth plan you envision.



**46% of women**  
business  
owners have  
a business  
succession  
plan in place  
vs. **36% of men.**<sup>10</sup>

---

<sup>10</sup> Insights on Wealth and Worth, U.S. Trust, 2015.

---

# Ready for a Plan?

Every entrepreneur's  
journey is unique.

But there are many smart financial moves that all women business leaders can make to help meet the dual challenges of promoting business success and providing a more secure future for themselves and their families. Rely on your financial professional for valuable guidance, resources, and support along the way.

Annuities and life insurance are issued by, and product guarantees are solely the responsibility of, Brighthouse Life Insurance Company, Charlotte, NC 28277 and, in New York only, by Brighthouse Life Insurance Company of NY, New York, NY 10017 ("Brighthouse Financial").

Brighthouse Financial® and its design are registered trademarks of Brighthouse Financial, Inc. and/or its affiliates.

• Not a Deposit • Not FDIC Insured • Not Insured by Any Federal Government Agency  
• Not Guaranteed by Any Bank or Credit Union • May Lose Value

**Brighthouse** | Build for  
FINANCIAL® | what's ahead™

Brighthouse Life Insurance Company  
11225 North Community House Road  
Charlotte, NC 28277  
brighthousefinancial.com

Brighthouse Life Insurance Company of NY  
285 Madison Avenue  
New York, NY 10017