

7 Powerful Reasons why Everyone Should have a Part-time Home-based Business

A home business is a powerful tool that helps you build financial & economic security

By Paul Mladjenovic, CFP
www.RavingCapitalist.com

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(IMPORTANT UPDATE: In the age of a global pandemic, the pandemic/lockdown crisis is really the 8th reason why having a home-based business is more important than ever!)

Teaching about investing since 1983, I am obviously a big proponent of “passive wealth-building”...the idea that your money and assets work for you. Whether you are talking about stocks, mutual funds, ETFs, options, real estate or a myriad of other vehicles, everyone should be in the business of “having their money work harder for them”.

But why stop there? I think that everyone should develop the approach of a “raving capitalist” and build wealth using the 2-pronged approach; passive wealth-building...and active wealth-building.

Having your own business definitely sounds good...but it is something that I think all investors (and folks in general) should strongly consider. Given that...here are my seven reasons why I think you (yes...you!) should consider having a part-time home-based business.

1. **Extra income.**

This is, of course, the main reason that draws most people to the idea of having their own business...and it's as good a reason as you need. More money...cash in your pocket just means more financial security. Even income generated in your spare time means you have more breathing space in your budget. Maybe it means a good vacation...versus a mediocre one. For many...it means having a vacation...period! For many, it just means paying bills on time and having a little extra at the end of the month.

2. **Enjoyment.**

I think running a business is fun...and it should be fun! Many years ago, I worked in a bank in mid-town Manhattan. I had a good friend that worked in a different department and he was miserable...he hated his boss! To get his mind off his job (a job he desperately needed for the money), he did landscaping on the weekends.

He loved landscaping! He enjoyed it...and he got good at it too. So good, that he kept getting referrals due to his excellent work. In his first year of doing this part-time on the weekends...he earned \$60,000...pretty good money in the mid-1980s...and not too shabby in today's world either. The bottom line is that this enjoyment blossomed into a six-figure business. He needed to quit his job because it was getting in the way of his wealth-building pursuits. A great story...I just wish I was a fly on the wall when he was saying "good bye to his former boss!"

But the bottom line is...make sure you are truly enjoying your business...that passion can go a long way to greater financial success.

3. **Tax benefits.**

Taxes is the single largest expense in a typical America family's budget. Many people are surprised at how much they pay in taxes when you drill down and see what they actually pay...federal income taxes, state income taxes, sales tax and so on. Even when you analyze a detailed corporate income statement, you will find that taxes paid by corporations typically far exceed whatever net profit they earn. Suffice it to say, if you lower your over-all expenses (such as taxes), then you will have more money for more desirable expenditures such as vacations or retirement savings. If you could reduce taxes by even as little as \$500 or \$1,000 per year...year-in and year-out...that (invested!) capital could easily add another 6 figures to your retirement nest egg at the tail-end of your working years.

For most folks working a (W-2) job...there is not a plethora of tax benefits and tax reduction strategies easily available...even with a sharp tax person on your team. But here is where a home-based business becomes very valuable.

When you run a business from home, you have the power to qualify for a tax-deductible home office (look up IRS publication 587 at www.irs.gov). When you are doing business-related activities, you can write off business use of your car, business meals and travel to business sites (conferences, etc.) and you can get details in IRS Pub. 463 (Travel and Entertainment deductions). You can also deduct business use of your telephone and computer too (IRS Pub. 535 gives details on Business deductions). The tax deductions available are plentiful and numerous. Talk to your tax person about the tax benefits of a home business today.

With a home business...the tax savings could be worth thousands to you...year-in and year-out so start doing hour home work now so that you can start realizing the joy of lower taxes come the next tax season. Here is an entire course on maximizing your tax deductions using a home-based business.

4. **Build long-term wealth.**

A frequent complaint with those that are working hard to set aside funds for their retirement is that Traditional and Roth IRAs don't allow them to put more money in...they don't like the funding limitations. This leads to another spectacular reason to have a business...even part-time from home.

When you own and run your own business, you qualify to open up your own retirement plan. You could launch your own 401K plan...or a SEP-IRA. The SEP-IRA (Self-Employed Plan IRA) allows you to contribute up to 22% of your net business income up to a maximum of \$57,000 (for tax year 2020).

Check out IRS publication 560 for details on small business retirement plans. Now you can have a powerful tax-advantaged way to invest more money for your retirement years...and it all started in your spare time.

5. **Have a profitable asset you can sell later.**

After you've gone to the time, effort and cost of launching a successful, income-producing business, the rewards don't end when the income stops. Don't just stop doing your business because you are truly retiring or just don't feel like running the business anymore...consider selling the business and bagging a nice, fat capital gain.

A business idea can be given away for nothing...but a business that has customers and profits can be sold for a tremendous amount. Imagine selling your business later on for \$50,000...\$100,000...a million dollars...or possibly much more. Businesses are bought and sold every day...and one day it can be you selling this asset that you built up! For big bucks of course...

6. **Diversification.**

I am a CFP...and in my sleep I say what every CFP says..."you should be diversified...you should be diversified". Of course, that is sound, time-tested advice and I am sure that every investment-related professional says it daily. But we usually mean this in regards to your assets...financial and otherwise. You are advised that your brokerage account and your 401K should be properly diversified.

The point I am making here is that I think you should be diversified in your active wealth-building pursuits as well. A part-time business helps you to diversify your sources of income...which for most people is a full-time job.

If your only source of active money-making is a job...then what happens when you lose your job? Fired or laid off? What if the company closes...what if you end up hating your job or your boss? A part-time business in your situation adds safety to your job situation...especially if the economy turns sour or your company starts looking shaky.

A part-time business is a great way to get diversified in your active wealth-building pursuits...on top of all the other reasons I cited earlier. By now, instead of saying "should I have a business?"...the real question might be "Wow...why shouldn't I have a business?!"

7. **Understand Economics.**

When folks vote for a politician because his or her economic policies "sound good" but they end up doing more harm than good...that is maddening. Bad economic policies brought up the Great Depression and numerous recessions and market crashes since then. In 1999, Venezuela was one of the most prosperous economies in South America but...they voted for socialists like Hugo Chavez and Nicholas Maduro and watched horrendous policies turn their prosperity into massive poverty and economic suffering.

The point is when you run a business...even something relatively simple such as a home business in your spare time...you learn about economics. You learn about sales, profits, customer service,

market research, consumer behavior, financial statements, pricing strategies and on and on. A small business is a microcosm of what large businesses and economies do every day to produce goods and services for a demanding populace.

The more all of us understand basic economics (especially teens and young adults) the better choices we will make at the voting booth and for economic policies for the entire country.

But for now...get going on that part-time home business...your financial success awaits you!

I wish you continued success...join me for my 1-hour, information-packed webinar "50 Business Ideas to Make Money ASAP!" found at this exclusive page:

<https://www.ravingcapitalist.com/leesa-myers-conference-free-bonus/>

Thanks for joining me...I wish you continued success for 2021 and beyond!

Regards,

Paul Mladjenovic, CFP

Author of *Stock Investing For Dummies*

and *Investing In Gold and Silver For Dummies*

Co-author of *Affiliate Marketing For Dummies*

Bio: www.Linkedin.com/in/PaulMladjenovic

www.amazon.com/author/paulmladjenovic

Main site: www.RavingCapitalist.com

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