5 Top Financial Tips for Entrepreneurs

Advisor-approved ways to ensure growth and security.

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It can be hard to navigate the world of finance, much less the highly competitive startup ecosystem. No matter what age you are, everyone should think about retirement planning, mutual funds, life insurance, savings and tax planning, all of which can be even more difficult if you're already working to grow a new business (or keep an older one alive) at the same time.

What's most important is that you plan to make your money work for you and establish financial goals, even if you're running a company. Here are five of the best tips financial advisors offer that entrepreneurs can apply to their journey.

1. Develop financial goals.

How much do you want to have in savings? Do you want your money to grow, save for a vacation or buy a home one day? It may not be possible all at while you lead your company, but it is all possible over the long term if you work with your best interests in mind.

If you're not sure what you're looking for with your finances or how to ensure a strong financial future, you may want to speak with a certified financial planner. They can help you develop goals and work towards achieving them systematically over the course of several months or years. It may simply be a

matter of putting money away each month. A financial advisor can help you build the strategy to make that happen.

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2. Set a budget.

A budget is the core of any financial plan, and for good reason. Without it, you’re like a ship without a rudder. First, take stock of your expenses, including housing costs, weekly food spending, utilities and entertainment, among others. This will be your starting point. From there, look for opportunities to make cuts. This will likely come in the form of extraneous spending on entertainment, but don’t fear – you can still see friends and family, go out to dinner and see movies if you want. You may just have to curb spending overall. Look into a budgeting system that works for you, whether that’s working in a spreadsheet or a financial planning app like Mint, PocketGuard, You Need a Budget or Wally.

One example is to follow the 50/30/20 approach, which allocates 50 percent of your funds to needs, 30 percent to wants and 20 percent to savings. Your financial decisions are up to you, and setting a budget will help you define those goals and stick to them.

3. Explore investment opportunities.

Consider when you’d like to buy a home or when you’d like to have paid off your mortgage. Maybe you’ve been thinking about taking more risks with investment, or perhaps it’s the time in your life when you need to be more conservative with investments. No matter where you are on that spectrum, don’t shy away from exploring investment opportunities.

Look into vehicles like CDs, bonds, stocks and IRAs. Each has its own benefits and drawbacks depending on where you are in life and the state of your finances. In general, if you're younger, it's a good time to take risks. If a stock drops off or that investment in Bitcoin (or some other crypto) goes south, you'll have time to recover. When you're approaching retirement, on the other hand, it's better to play it safe and make sure you don't take a huge hit right before you move to living on a fixed income.

4. Plan for retirement.

Speaking of retirement, it's never too early or too late to look forward to a time when you won't be working. Your early stage venture may be an all-consuming passion right now, but that doesn't mean you can't lay the groundwork for a more quiet future. In fact, I've met many young entrepreneurs working hard to save enough money so they can retire in the 20s, 30s or 40s. Develop a savings plan specifically for retirement in an account where your money will grow without you touching it. Decide that money is off limits and stick to that rule.

Start a 401(k) match plan at your company and take advantage of that perk yourself. This can be a huge boost to your retirement-savings account. It also acts as a way for you to stay motivated as you see your money grow.

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5. Keep learning.

Financial planning can be daunting, especially if you're already managing a business. There are so many terms, acronyms, legal implications and steps to take. From life-insurance policies to money-market accounts, IRAs, stocks and bonds, there's a lot to learn about. Check out different apps

that can make investing and budgeting more enjoyable. Surround yourself with the right people, like an accountant or financial advisor, who can help you make sense of your current and future finances. Stay abreast of ongoing economic developments, not just in the space your company operates, but in the economy as a whole. You can do this through audio books, reading online or taking classes.

Try not to get overwhelmed, and take it one step at a time. Rather than looking at financial planning as a challenge, see it as an opportunity to keep learning. The state of your personal finances may not be your highest priority, but don’t underestimate the importance of your individual financial future and the potential to keep learning and growing.

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