

**IN SEARCH OF A SECOND ACT:  
THE CHALLENGES AND ADVANTAGES  
OF SENIOR ENTREPRENEURSHIP**

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**JOINT HEARING**  
BEFORE THE  
**SPECIAL COMMITTEE ON AGING**  
AND THE  
**COMMITTEE ON SMALL BUSINESS AND  
ENTREPRENEURSHIP**  
**UNITED STATES SENATE**

ONE HUNDRED THIRTEENTH CONGRESS  
SECOND SESSION

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**WEDNESDAY, FEBRUARY 12, 2014**

U.S. SENATE,  
SPECIAL COMMITTEE ON AGING,  
COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP,  
*Washington, DC.*

The committees met, pursuant to notice, at 10:01 a.m., Room 562, Dirksen Senate Office Building, Hon. Bill Nelson, Chairman of the Committee, presiding.

Present from the Special Committee on Aging: Senators Nelson, Casey, Collins, and Scott.

Present from the Committee on Small Business and Entrepreneurship: Senators Landrieu and Risch.

**OPENING STATEMENT OF SENATOR  
SUSAN M. COLLINS, RANKING MEMBER**

Senator COLLINS. Good morning. With the Chairman's very kind permission, I am going to convene our hearing.

We do expect to have a series of votes later this morning, so we want to make sure that we have ample time to hear the testimony from our great panel of witnesses.

I am very pleased that the Chairman has been able to put together this joint hearing with the Senate Small Business Committee, and we have just been joined by the Chairman of that committee, Senator Landrieu, who is Chairman for a few more hours, I think, before she changes committees and Senator Cantwell becomes the Chairman of the Small Business and Entrepreneurship Committee.

I am also very pleased to welcome my colleague from South Carolina, who has been a terrific member of the Senate Special Committee on Aging, Senator Scott, so, thank you for being here with us today.

Again, our Chairman, Senator Bill Nelson from Florida, will be joining us shortly.

Our nation's heritage as the land of opportunity owes much to the hard work, energy, and optimism of those who take the risk to start up businesses of their own. Through their success, they help to create a better life for themselves and to create jobs for others. The role played by America's small businesses in creating jobs and opportunity is well known, but the role played by America's seniors may come as a surprise.

Individuals between the age of 55 and 64 make up the largest percentage of new business owners in the United States, and moreover, this has been true for decades, even at the height of the dot-com boom. Twice as many new businesses were founded by those over age 50 than by those under age 25.

Most seniors do not want to spend their retirement just on leisure, and many simply need to earn extra money to help make ends meet. Seniors often have advantages that make them excellent entrepreneurs, such as their life experience and real world education and the networks that they have established and maintained throughout their work careers. Let me give just a few examples from my home State of Maine to illustrate these points.

Bruce Bohrmann from Yarmouth spent his career in the catalog business and as an advertising manager for a Maine bank. As a hobby during his work years, he also created high-quality custom made knives in his own small machine shop. After he retired, with the help of SCORE, a terrific program run by the SBA that taps into the skills of retired business owners, he was able to turn his hobby into a full-time job and now sells his knives to customers around the world.

Dana Saucier from Wallagrass, Maine, spent 28 years at International Paper. When he retired, he and three colleagues started a small consulting firm to help other entrepreneurs get their businesses off the ground. Dana said the great thing about running your own business in retirement is that you can work as much or as little as you want and still make a difference in the world. By choice, much of the work Dana does is now pro bono.

Martha Muldoon from West Buxton, Maine, lost her job when she was 64 years old. But she picked herself up and got back in the game by starting her own public relations business, calling on skills she had used earlier in her career. Now she works out of her own home, on her own schedule, directing the marketing for Coffee News, the world's largest weekly restaurant publication.

Seniors like these Mainers have become successful entrepreneurs not only through their hard work, but also with the assistance of experts at SCORE and with the support of programs run by the SBA. I was telling the SBA's representatives today that other than being a United States Senator, my favorite job was when I was Regional Administrator of the Small Business Administration in New England and saw firsthand the difference the SBA could make. I am particularly pleased that they are represented here today.

I am also absolutely delighted to see Elizabeth Isele at the witness table this morning. Elizabeth is a knowledgeable and tireless advocate for senior entrepreneurship, and just as important, she hails from the great State of Maine.

Again, Chairman Nelson and Chairman Landrieu, thank you for calling this important hearing. I appreciate the Chairman's staff telling me to proceed. I did not want him to think I had done that without permission. I look forward to hearing from our witnesses on how SBA and other assistance programs can be even better tailored to help seniors start up businesses and create good jobs for themselves and for others.

Thank you, Mr. Chairman and Madam Chairman.

Chairman NELSON. Thank you. You all may be surprised that Senator Collins and I actually run this committee together.

Senator Landrieu, Madam Chairman, and congratulations on being Madam Chairman of the Energy Committee.

**OPENING STATEMENT OF SENATOR  
MARY L. LANDRIEU, CHAIRMAN, COMMITTEE  
ON SMALL BUSINESS AND ENTREPRENEURSHIP**

Chairman LANDRIEU. Thank you very much. As the Ranking Member said, for the next few hours, I am still maintaining my gavel as Chair of the Small Business Committee to get through this hearing, and then later this afternoon, we will take the gavel of Energy. That is how important this hearing was to me and to our team at SBA, and Senator Nelson, thank you and Senator Collins for being willing to join us in this effort because I think it is such a promising subject to be explored and to be supported.

I love the term “encore entrepreneur.” I think it just says it all. It really is an exciting opportunity for our country with older people, older citizens, still very healthy, very experienced, wiser, calmer in their older years, to be able to think and dream and build great businesses. I think our country, if I might say, our structure here in Washington, in our States, and in our local communities really needs to recognize this wealth and treasure and structure ourselves to best help them.

I am going to submit my statement to the record, but I want to underscore what Senator Collins said. The Kauffman Foundation, which I have found to be an extremely reliable source of good information about entrepreneurship, not partisan at all, but very good facts about entrepreneurship, says that from 1996 to 2010, 26 percent of entrepreneurial activity in this country, which is the backbone of our economy, was produced by people ages 20 to 34. That may be expected. What is not expected is that almost 40 percent were produced by people 55 to 64. This difference is expected to widen as more Americans age over the next two decades, and we, I believe, have to be better positioned here in Washington, in our State capitals, and in our cities to be good partners with these entrepreneurs.

Louisiana has approximately 960,000 residents over the age of 55, ready to go, ready to create jobs and opportunity. Let me just say that the SBA just this year, Senators Nelson and Collins, launched a strategic partnership with AARP. This partnership focused on providing counseling and training to entrepreneurs over 50 who wanted to start or grow a business. By October 2013, the collaboration had met and exceeded its goal of reaching 120,000 seniors, and I think this is just the beginning.

Through our core partnerships with SCORE, and Mr. Yancey is here representing them, the women business owners, which all of us have supported, a series of other partnerships with the private sector, I think this is so promising to not only provide an opportunity for our seniors, but really, more importantly, for our seniors to create wealth, to continue to create wealth for themselves, their families, their communities, and for the United States.

I am going to stay for a few minutes. I have got to conduct another hearing this morning. I will submit the rest of my statement

for the record, but just again, it has been a privilege to work with you all on this. Senator Nelson and I have introduced a bill, Empowering Encore Entrepreneur Act. It is S. 1454. Perhaps some of the testimony can enhance our efforts in that piece of legislation and we can join together with our Republican colleagues and move something forward in the near future.

Thank you, Senator Nelson.

**OPENING STATEMENT OF SENATOR  
BILL NELSON, CHAIRMAN, SPECIAL COMMITTEE ON AGING**

The CHAIRMAN. In the interest of time, I will submit for the record a statement.

First, we are going to hear from Ms. Tameka Montgomery. She serves as the Associate Administrator of the Office of Entrepreneurial Development in the U.S. Small Business Administration, and then, from Kenneth Yancey, CEO of SCORE.

Then, Conchy Bretos. She is the CEO of the Miami Senior Living Solutions in Miami.

Then, Elizabeth Isele. We are delighted to hear from the co-founder of the Senior Entrepreneurship Works, and she is accompanied by Dr. Greg O'Neill, the Director of the National Academy on an Aging Society.

With that, we will start off with you, Ms. Montgomery. Your written testimony is inserted as a part of the record. If you will share with us about five minutes, and we will go right down the line, and then we will open it up for questions. Ms. Montgomery.

**STATEMENT OF TAMEKA MONTGOMERY, ASSOCIATE  
ADMINISTRATOR, OFFICE OF ENTREPRENEURIAL  
DEVELOPMENT, U.S. SMALL BUSINESS ADMINISTRATION**

Ms. MONTGOMERY. Thank you, Chairman Nelson, Chair Landrieu, Ranking Member Collins, and Senator Scott. Thank you for the opportunity to testify on SBA's work to serve America's encore entrepreneurs, new and aspiring small business owners over the age of 50. We commend you for highlighting this important topic and are grateful for your ongoing leadership and support.

We all know the facts. Small businesses employ half of the private sector workforce and create two out of every three net new private sector jobs. What many people do not realize is that Americans between the ages of 55 and 64 comprise the fastest-growing group of entrepreneurs in the country.

According to the Kauffman Foundation, encore entrepreneurs start new firms at a higher rate than any other age group. Moreover, about 7.4 million self-employed workers are 50 and older. Research shows that one in four Americans between the ages of 44 and 70 are interested in starting a business or nonprofit.

That is why at SBA we are committed to ensuring that encore entrepreneurs have the tools they need to turn great ideas into successful companies. Through our 68 District Offices and nationwide network of resource partners, which includes 11,000 volunteer SCORE mentors, 900 Small Business Development Centers, and more than 100 Women's Business Centers, we counsel and train more than a million current and aspiring entrepreneurs annually.



We have always assisted small business owners over the age of 50, but our new initiative with AARP enables us to more effectively target our services to encore entrepreneurs. In April 2012, SBA and AARP entered into a strategic alliance to provide encore entrepreneurs with the tools and information they need to launch new companies. The objectives of the partnership were threefold. First, to increase our outreach to this growing segment of prospective entrepreneurs; second, to connect these individuals with our programs and resource partners; and third, to present entrepreneurship as a viable next step for older, retiring Americans, one that allows them to translate their ideas and vast professional experience into successful business ventures.

Between April 2012 and May 2013, we held hundreds of in-person workshops and mentoring sessions on topics ranging from writing a business plan and exploring franchise opportunities to accessing new markets and addressing the technology needs of encore entrepreneurs. We also offered online resources, such as webinars and e-courses, and also a self-assessment tool for determining if an individual is ready to start a business.

In order to increase awareness and connect more encore entrepreneurs with mentors, last April, SBA and AARP established the First Annual National Encore Entrepreneur Mentor Month. Throughout the month, our District Offices and resource partners teamed up with State AARP offices to host and promote more than 100 events around the country. Events included speed mentoring, which allowed mentors and entrepreneurs to share information for five-minute sessions, and mentor lunches for entrepreneurs to learn best practices from established business owners. As a result of this effort, AARP and our resource partners engaged almost 120,000 individuals.

Due to the initiative's ongoing popularity, we have seen a rise in the number of older Americans taking advantage of SBA programs. We know that these aspiring business owners are poised to join the ranks of other successful SBA-supported encore entrepreneurs, folks like Vickie Francovich, who leveraged her 21-year career in banking and her husband's background in construction to form Business Solutions Inc. in Reno, Nevada. With the help of SBA's 8(a) Business Development Program, Vickie secured government contracts with several Federal agencies, growing her company's revenues from \$3 million to \$15 million a year.

Together with our resource partners and friends at AARP, we look forward to continuing this important segment of this population and helping more encore entrepreneurs grow and prosper.

Thank you again for the opportunity to testify, and I am happy to answer any questions you may have.

The CHAIRMAN. Thank you, Ms. Montgomery.  
Mr. Yancey.

**STATEMENT OF W. KENNETH YANCEY, CHIEF  
EXECUTIVE OFFICER, SCORE ASSOCIATION**

Mr. YANCEY. Thank you. Chairman Nelson, Senator Collins, Chairman Landrieu, Senator Risch, Senator Scott, my name is Ken Yancey and I am the CEO of SCORE. Thank you for the opportunity to offer testimony regarding the advantages and challenges

of senior entrepreneurship and SCORE's experience in serving this important and growing segment of our population.

First, I would like to thank Senator Landrieu and Senator Risch for sponsoring and introducing S. 2008, SCORE for Small Business Act of 2014, a reauthorization bill seeking to strengthen the resources for entrepreneurs by improving the SCORE program. The additional funds provided by this bill will allow us to continue to improve the services offered by our volunteers, improve our efficiency, improve our outreach in both rural and underserved communities, to include senior and encore entrepreneurs.

As you know, SCORE is a resource partner with the U.S. Small Business Administration and we are celebrating our 50th year this year. Today, SCORE has over 320 chapters and more than 11,000 volunteers nationwide, most of whom are also seniors. Many have been entrepreneurs and many are still actively employed or running their own business. They give back to their communities by volunteering in SCORE and they have significant economic impact.

In fiscal year 2013, those volunteers assisted clients in starting 38,600 new businesses, adding 67,300 new jobs, and growing the revenues in 40,100 enterprises. SCORE remains one of the most efficient and effective business formation and job creation engines presently in the SBA's arsenal of resources.

I would like to reference a study sponsored by the MetLife Foundation. In many areas, the results of the study are consistent with the anecdotal information we gathered from SCORE mentors in preparation for this testimony. The survey estimates that 25 million Americans age 44 to 70 are interested in starting a business venture in the next ten years. Slightly less than half of those are interested in social entrepreneurship and intend to benefit their local or regional community in addition to making a living. These aspiring senior entrepreneurs often have significant networks and bring to the table an average of 31 years of work experience. Many have management experience, and most have very realistic expectations for their own small business experience.

Again, this is consistent with the information we gathered from our SCORE mentors. In fiscal year 2013, 30 percent of our clients were between the ages of 44 and 55. An additional 31 percent were 55 and older. Of these clients, roughly 29 percent were considering starting a business, 38 percent were in the process of starting their business, and 33 percent were already in business. I know that that is a lot of numbers, but they are important.

According to our mentors, our senior clients often have the tools and experiences needed to start a business. However, they may not have the ability to apply those resources in a small business setting. They do not have complex capital requirements, and most do not aspire to a business size that will require angel, venture, or private equity financing. Many of them plan to self-fund their venture with personal savings and only need a small amount of outside capital, often less than \$50,000. Many have existing banking or vendor relationships and other personal relationships that aid in the business start-up and management process.

While a senior entrepreneur may have decades of experience in the business world, these skills, relationships, and experiences often are not a direct translation to the world of small business

ownership. SCORE mentoring, coaching, guidance, and assistance provide support to these senior entrepreneurs in using appropriately their existing knowledge and resources. It also helps them to focus on the right tasks, priorities, measurements, and tools to be a successful small business owner.

We appreciate the support of the two committees here today and your personal support of the issues around senior entrepreneurship and SCORE. We believe that senior and encore entrepreneurship will continue to be an important segment within the small business marketplace. These individuals have significant knowledge, experience, and often resources to use in support of their own business initiatives. They benefit from mentoring, coaching, and education on issues relating to starting and running a small business.

SCORE clients 55 and older make up our largest client age demographic today. We know you recognize what an important and valuable contributor the senior entrepreneur segment is to our economy and that you will help us continue to meet this growing need.

I would be pleased to answer any questions, provide you with any documentation. Thank you very much for this opportunity to testify.

The CHAIRMAN. Thank you, Mr. Yancey.

Ms. Bretos.

**STATEMENT OF CONCHY BRETOS, CHIEF  
EXECUTIVE OFFICER, MIA SENIOR LIVING SOLUTIONS**

Ms. BRETOS. I am so happy to be here. Thank you very much, Chairman Nelson, Chairman Landrieu, Ranking Member Senator Collins, and the rest of the members of this committee. I am delighted to share my thoughts on what it takes to be a late-in-life entrepreneur. There are currently nine million—and this is the only statistic I want to give, I think enough has been given—nine million of us and 31 million coming through in the next decades.

I am Conchy Bretos. I am the owner of MIA Senior Living Solutions, an innovative firm that for the first time provided assisted living services to public housing residents in Miami in 1996. In fact, Senator Nelson, you may not remember, but you visited Helen Sawyer in 1998 and we were so pleased to see you there.

Since then, our firm has worked with public and private entities in 23 States. Later this spring, we will be opening the first public housing assisted living facility right here in D.C. for the D.C. Housing Authority. Our projects have proven to reduce Medicaid and Medicare spending by keeping seniors away from costly institutions, generating thousands of jobs and healthy profit margins. For the past two years, we have partnered with Low-Income Tax Credit developers, owners of affordable housing, and investors to grow our model. This has required a major undertaking on our part.

In 1995, I created MIA Senior Living Solutions as a for-profit, knowing quite well that in order to grow our firm, we had to be propelled by profits. As Florida Secretary for Aging under Lawton Chiles, I developed a very good understanding of aging issues, a good network, and facility to be able to bring funding to Miami when it was required. I have lived long enough to learn from fail-

ures, how to deal with downturns and the inevitable ups and downs that senior entrepreneurs go through.

Changing the way we care for our seniors, low-income seniors and disabled adults in this country, is not a new idea, but no one had come up with a good model. Starting my own business at age 50 was as much a part of changing life circumstances as it was a career change—an empty nest, an end of a marriage, a loss of a job. I reached mid-life with an urgency to leave a legacy, to contribute, to make money, to be able to live those bonus years that longevity gives us.

As we age, we have this dying desire to impact the world, and it grows stronger. For a long time, I dreamed of creating something lasting that would connect me with other generations, including my children. I did not want to defer that dream anymore. What kept me up at night was the fact that I did not have health insurance.

When my term ended as Florida Secretary of Aging, I came to Miami with an idea and a few thousand dollars. I wanted to convert a public housing building into assisted living. I went to the Director. He gave me Helen Sawyer, an award-winning project, and then I went to the State legislature and got \$1.2 million. I am very good at raising money for other people, but not for myself, unfortunately.

I raised \$1.2 million from the State legislature—I believe you were there, Senator Nelson, at that time—and we started Helen Sawyer with a promise that it would be self-sufficient by the end of the year. Helen Sawyer actually generated \$1 million in profit at the end of the year.

Receiving the first Purpose Prize back in 2006 and becoming an Ashoka Fellow in 2010 has helped me tremendously. They have not only gave recognition to what I did, but they have provided a lot of people that have helped us in developing investor tax, budgets, how to present ourselves, how to raise money. I have learned more about electronic records and blogging and Facebook than I ever wanted. However, yes, I am always catching up with my kids.

Most of my fellow entrepreneurs today, and, also, I wanted to recognize SCORE and SBA—actually, I was an 8(a) firm and have contributed a lot of knowledge and money to my initiative. Most of our fellow entrepreneurs do not have or are not as lucky as I have been and they do need capital and they do need connections and they do need somebody to open doors for them.

Discrimination is real and is a major factor. America is a young country, but we do not have any models that encompass old people. We think of an innovator as someone young that develops an idea in a garage, a makeshift office or a dormitory. That is the exception. The real entrepreneurs today look like me, as you well said, and we need some help, and accessing government for me has been a major issue. It is very difficult to bring a new idea to government, and they need us. They need people like us who are committed, who have the public interest in mind. I am driven, I am disciplined, and I am terribly disruptive—

I think those are the qualities that have gotten me here today, and I thank you very much.

The CHAIRMAN. Thank you, Ms. Bretos.  
Ms. Isele.

**STATEMENT OF ELIZABETH ISELE, PH.D.,  
CO-FOUNDER, SENIOR ENTREPRENEURSHIP WORKS**

Ms. ISELE. Thank you, Senator Nelson. It is an honor—

The CHAIRMAN. Turn on your microphone.

Ms. ISELE. Thank you. I understand what you mean about the technology.

I am a senior entrepreneur myself and I am very grateful to be here today and to share and explore the opportunity that we all have as a country, as a nation, as communities, as individuals, to really open and expand the untapped resource of senior entrepreneurs in creating their own economic self-reliance as well as boosting that of their communities and the country.

I would also like to acknowledge my colleague, Dr. Greg O'Neill, who is here. I, as Conchy, am extraordinarily impassioned on this subject. Dr. O'Neill has the data to back up my passions, and thank you, Greg, for being here to do that.

I would really—I have just returned from the State of Florida, where we launched a brand new program this weekend to an extraordinarily receptive audience, and, as I said, I am especially delighted that Senator Collins is here because I started my first enterprise as a senior entrepreneur in the State of Maine. I do not know of any State as early on and continuing to support entrepreneurial activity and was extraordinarily welcome to a senior such as myself who was starting a program for seniors in that State to connect them to technology, to help them understand how to use it.

That program grew from 12 seniors in Portland, Maine, within five years to 28,000 seniors across the country, and it was supported and—I did not start that enterprise with buckets of money. What we try to do with our senior entrepreneurs is to help them understand how they can tap into resources that exist, and in Maine, we had an extraordinary panoply of resources that supported us, be it adult education, be it senior entrepreneur and community centers.

When I first had the idea of what connectivity for seniors would be to the technology, I went to people that worked with seniors and I said, "Is this a good idea?" They said, "Well, I do not know, but we will put up a poster in the senior centers." They said, "Create a poster, and by all means, say it is free." We created a poster and the poster literally said, "Do computers have you flummoxed and does the World Wide Web inspire visions of giant spiders? Come and find out what it is all about."

They came. As I say, those 12 seniors came on Saturday mornings and started to learn about the technology, and as they learned and as the program built, we developed alliances with Microsoft. Microsoft gave a huge grant to Maine for seniors and technology, and which they are still continuing to deliver through the library system there.

We also partnered with the National Institutes of Health, because the National Institutes of Health was putting all their health care information online and they said, our greatest concern is seniors who need this information cannot access it because they do not know how to use the technology. We created a program for the National Institutes of Health called Cyber Health, which trains sen-

iors how to use the technology to access information, and even more importantly, how to evaluate the information that they find online, and seniors, as I say, the faces of seniors—Conchy is a senior, and I am so pleased that she is here today and has come up through the storms to join us, and I am a senior, but there are incredible seniors out there, and, as I say, tremendously untapped resources.

I would just like to cite Joe James, who is in North Carolina, and his concern was he wanted to help all the black rural farmers who were leaving their farms because they could not continue to live on the farm, and what he did was create, first, a farmers' market where they could sell their produce. Then he realized at the end of the day they had all this produce left. Joe James is a bioengineer, and so he learned how to take that excess produce, no matter how small it was, and turn it—and convert it into biofuel.

His next idea was, okay, if we can convert it into biofuel, the excess produce, why can we not have people create products particularly for this? The farmers are now creating from the seeds and literally the need to start their small businesses or maintain their farm was the capitalization for seeds to start this. They now create products for these biofuel converters and it has turned into a huge agribusiness and it is also a social program called the Greening of Black America. If you do not know about it, it is an extraordinary program.

You have heard a lot of statistics this morning, but, again, we like to say that, yes, seniors are creating businesses and they are creating models and entrepreneuring is definitely, definitely trumping aging.

I will not go into the many stories that we have, but we have 34 million, now, self-identified seniors who want to start businesses, and that does not even touch the millions of seniors who are totally intimidated by the word “entrepreneur.” They do not conceive of themselves as entrepreneurs. My program, Senior Entrepreneurship Works, which we started with Baruch College, has an online curriculum for those self-identified seniors. It is a free online course specifically designed for seniors and senior needs.

I am a Senior Innovation Fellow at Babson College in Massachusetts and I was talking with the Director there, Cheryl Kiser, and I said, what about all the millions of seniors who are intimidated by this word “entrepreneur”? I said, we must find a way to tap into their entrepreneurial spirit. We created a program called eProv Studio, and eProv Studio is a combination of entrepreneurship education, entrepreneur thought and action, but we catalyze it through the art of improvisation, and it works extraordinarily well and it works extraordinarily well because the two key words in improvisation are “yes and.”

It is always a very positive development. It is, you put an idea out there, you work in community with other senior entrepreneurs or other seniors who are thinking of exploring entrepreneurship, and the “yes and” helps them leverage the resources that they have at hand, the resources that they have in the workshop in terms of working together to come up with an idea. That is so powerful, as opposed to most programs are either/or. Either you do this or you

do that, either/or. Improvisation is “yes and,” and it has turned out to be an extraordinarily effective tool.

We officially launched the first eProv Studio with 40 people in Florida over the weekend. We had hoped to cap it off at 30, but the demand for this is absolutely extraordinary, and, as I say, we launched it in Florida. Pre-launch just from some of our pilot programs, we have had invitations from 12 countries, from Australia, India, all over the EU, to create this program, as well as 40 cities in the United States. We literally, as senior entrepreneurs have a tiger by the tail.

Most importantly, we have, to your point about the numbers of seniors wanting to start businesses, people want to explore it. They want to explore starting a business of their own, how to get that—how do I decode my entrepreneurial history, and that is one of the things that we do in eProv Studio. We have people who—one of our exercises is “Decade by Decade,” starting from zero to ten, to 60, to 70 to 80, however old they are. We ask them to please identify an accomplishment that they are very proud of that they achieved each decade. What we are trying to do is get them to understand that they have literally been thinking entrepreneurially all their lives, no matter what they are doing, whether they are raising children, whether they are working in offices, there is internal-external entrepreneurs.

We had one woman who came up with a story at age seven who had—am I overtime?

The CHAIRMAN. Ms. Isele, hold some of those thoughts for the questions—

Ms. ISELE. Okay. Sorry.

I suddenly realized I am in the negative.

The CHAIRMAN. I am going to insert in the record a letter from AARP that is supportive of the hearing.

I will defer my questions.

Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman. I know that Senator Scott has to leave and I wondered if I could allow him to go first.

The CHAIRMAN. Certainly. Senator Scott.

Senator SCOTT. Thank you very much, Mr. Chairman and Ranking Member.

As I listened to your words and comments, I was thrilled, frankly. It is a great panel. I am going to walk away with a couple of bonus words for the bonus years. Thank you very much, ma’am, for your comments.

My questions really have to do with, having been a small business owner myself for about 15 years and understanding the pain and the agony and the trepidation in which one enters into being a small business owner, I think of the experience that some of these seniors have had in their lifetime that really allows for us to understand why so many more small business owners that are seniors actually succeed at a level that is significantly higher than the young folks who are getting involved. They need to learn from you guys and gals. It is really important.

There is a question on the access to capital that really is where I want to focus my one question before I have to leave. Starting my

business, I had a difficult time finding the capital to start the business, and as I started to succeed in business, I realized that the regulatory burdens, the red tape, the tax code, do not lend themselves to succeeding and sustaining success.

I would really like to hear the comments from you two entrepreneurs as it relates to your thoughts on improving our tax code, if you have any, in order to keep more of your capital so that you can reinvest your own money in your business as opposed to looking for ways to find capital, which really sometimes, if you go to a venture or to an angel, you are talking about a high price to continue your business. If you have any thoughts on ways that you would ask us to contemplate the discussion on tax reform to benefit seniors, tax credits, if you have any in mind, or the red tape that you have to go through, from the local to the State to the Federal levels, the combination of which, I would imagine, can be kind of a stranglehold at times.

Ms. ISELE. Yes.

Ms. BRETOS. I used to have black hair when I started.

Senator SCOTT. I had an afro, so—all gone.

Ms. BRETOS. When I venture into the Low-Income Tax Credit in order to be able to build—we have to build the facilities, you know, to provide the services—

Senator SCOTT. Yes, ma'am.

Ms. BRETOS. The problem, the main problem is that IRS has the program, the capital. HUD—these are three agencies that I work with, and the reason for my white hair—U.S. HUD has the capital, also, but also operating subsidies, rental subsidies, that are needed. Then HHS that has the Medicaid waivers. They do not talk to each other. They work in silos. There is no national capital program in the United States. Each State, each agency has their own little program.

Just an example that probably you can help us solve. When you work with tax credits, they have regulations that actually work against getting a licensed assisted living facility. The tax credit says—and there are a multitude of regulations that each agency has that interfere with each other. They say you cannot force services onto somebody living in assisted living. The license says, if you do not provide the services, we take your license away. This is the kind of conflict, constant conflict that occurs all the time in this, because there is no coordination at the Federal level with the different—

Senator SCOTT. Agencies—

Ms. BRETOS. [continuing]. Funding sources.

Senator SCOTT. The interagency cooperation and coordination—

Ms. BRETOS. It is vital.

Senator SCOTT. [continuing]. Before—having that one-stop concept, where you are able to get in the same place.

Ms. BRETOS. Yes.

Senator SCOTT. Ms. Isele, would you like to add anything? I have about a minute and 31 seconds left.

Ms. ISELE. A minute—thank you for the warning.

Senator SCOTT. Yes, ma'am.



Ms. ISELE. Yes. I am really keenly interested in unemployment benefits. Seniors who are unemployed who are over 60 have a six percent chance of being reemployed, and the challenge here is that they need money to start a business, but they do not need a lot of money. In many cases, seniors can start a small artisanal capital business with a \$1,000 loan. If they could use that unemployment insurance—right now, if you are unemployed and you are over 60, you have to waste 18 months reporting that you are looking for a job. If there was a way to take that money that you get as your unemployment benefit and put it into, first, entrepreneurship education and exploring if you want to be an entrepreneur, the government can modulate this program, can say, all right, we will give you the money, but we are not giving you the money to sit home and dream up an idea of a next business. We are giving you the money so you can get some entrepreneurial training so that you can understand if you can do this and then start the business. That is just one.

Senator SCOTT. Thank you.

Ms. ISELE. I know Conchy talks about it, and the interdepartmental work, but there are very small initiatives where this is—helping senior entrepreneurs is not going to take millions of dollars.

Senator SCOTT. Ms. Isele—

Ms. ISELE. It really—

Senator SCOTT. They are, unfortunately, pulling on my coattail because I have run out of time.

Ms. ISELE. Sorry.

Senator SCOTT. Thank you very much, and perhaps the next time we have an opportunity, we could bring the Small Business and Aging Committees back together to talk about microlending, because there may be a component that could be solved through microloans.

Ms. ISELE. Absolutely.

Senator SCOTT. Thank you very much.

Ms. ISELE. Thank you.

Senator SCOTT. Thank you for your deference.

The CHAIRMAN. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman, and ironically, I am going to start off just where my colleague, Senator Scott, left off.

It seems to me that it may well be harder for seniors to get the financing that they need—and I see a lot of nodding heads on the panel—even though it may be a small amount. I love Ms. Isele's idea of allowing them, the long-term unemployed, to use their unemployment benefits as a start-up loan for a well-defined business plan to start a small business.

I want to go across the panel and talk about the financing issue, because I can see where some lenders would be reluctant to invest in a senior's new business, not knowing who would take it over, whether or not they are going to run out of time or energy or decide that they want more leisure time, perhaps because of stereotypes because of not knowing that they are more likely to succeed than a business operated by a far younger citizen.

Let us talk about, first of all, is it harder for seniors to get financing, and second, what can we do about that? Oftentimes, it is

a very little amount of money that is necessary, but that may be hard for a senior to take it out of savings that are there for retirement purposes. Do we have microloan programs that are targeted at seniors the way we do for veterans, for example, or other groups, and I will start with Ms. Montgomery and let us just go down the panel on this issue.

Ms. MONTGOMERY. Thank you for that question, Ranking Member Collins. You know, at the SBA, we understand that small business owners or entrepreneurs have a challenge at accessing capital, which is why we are committed to opening up doors to access additional capital for them to start their businesses.

The SBA has a number of loan products designed to encourage lenders to provide access to funds to under-represented and underserved communities, such as our encore entrepreneurs, and loan products that start at a lower amount. We have our Small Loan Advantage Program. Then, additionally, our microloan programs that are used by non-depository lenders, such as Community Development Financial Institutions, and those loans can go as low as about \$500 up to about \$200,000 or \$350,000, and what we do through our resource partners at the SBA is to help individuals that are encore entrepreneurs identify and know where those resources exist, because a lot of times, people do not know about microlending programs and CDFIs. Our volunteers with SCORE and Small Business Development Centers and Women's Business Centers, they have the relationships with these institutions and can guide and direct our encore entrepreneurs on the right path to accessing that capital.

Senator COLLINS. Thank you.

Mr. Yancey.

Mr. YANCEY. Thank you for the question, Senator Collins, and thank you very much for referencing Bruce Bohrmann, the knife-maker in Maine, one of our terrific clients.

You know, Bruce started his business with a very small amount of capital. It was not bank-funded. What we know about our clients at SCORE is less than ten percent of our clients actually get bank financing for their business. As a banker by training, although it has been many years ago, we did not lend into the start-up environment for reasons that made sense. It was too risky.

Of those encore entrepreneurs that come to see us, many of them are, as I have said, they are self-funded through savings, not through retirement. We do not believe at SCORE, I personally do not believe, it is the right thing to do, to reach into 401(k)s or 403(b)s, and there are vehicles that will allow you to do that, but as a defined senior now, I am not willing to reach into that and I think that that is the right, prudent thing to do and we would not encourage others.

I think that microloan opportunities for those seniors make a great deal of sense. I think Express opportunities, some of the loans that the SBA has offered in the past and still offers, like Patriot Express, I think there is value in something along those lines.

I personally like the idea of speaking with someone that is a little more mature, that has a little gray or maybe no hair—that has that experience and understands the importance and has either made payrolls or had balance sheet responsibility or in some

way have been gainfully employed over time that knows how to operate in a business environment. Those are the types of risk that I think all bankers, including myself, would look for at the time.

I think that there are things that you can do. I think that there are things that would be valuable. I think, above all, I think it is critical that we all continue to promote the importance of senior entrepreneurship and the value that it can bring to communities and to our economy.

Senator COLLINS. Thank you.

I know my time has expired, so I will get the responses from the other three on the next round.

The CHAIRMAN. Go ahead.

Senator COLLINS. That is okay? Thank you. Ms. Bretos. I tried to pronounce that as well as the Chairman, but I do not think I succeeded.

Ms. BRETOS. Thank you. I just want to say from the onset that my experience with the SBA and SCORE, in particular, has been wonderful.

Senator COLLINS. Great.

Ms. BRETOS. They are really committed to helping small businesses.

I like the idea very much of microlending. I just went through two-and-a-half years of trying to get a loan from Celtic Bank in Miami and it was a disaster. I do not know whether it was backed by the SBA, I assume so, but I basically had to give my house as a collateral in order to get a \$100,000 loan. There are major problems, and I think if somebody like HUD does with the 232 mortgage guarantee loans, we could do something like that for small business. Our problem is the revenues. If we do not have sufficient revenue to back a loan, then they have to take your house instead, and that is a problem.

Senator COLLINS. Thank you.

Ms. Isele.

Ms. ISELE. Yes. Microloans are hugely effective in this arena, because we, in order to mitigate seniors' financial risk, encourage them to start small. We have been specifically working with global programs such as Accion. There is an Accion USA. Kiva is a global microloan program. We also encourage people, and if government could open the access to information about programs like Kickstarter.com, if we could make them more inclusive for the seniors, because there are lots aimed at young people or women entrepreneurs. There is no language, really, that includes seniors.

Our greatest example is an 88-year-old grandmother who started a company called Happy Canes, and she started it with a \$3,000 fund from Kickstarter. This is also a beautiful example of the intergenerational aspects and opportunities here. Her grandson saw that she decorated her own cane and he said, "Can you make more of those?" She said, "Well, yes. I have lots of time." He said, "Well, how about selling them?" She said, "Well, I have to get all these supplies. He launched this Kickstarter campaign, and within something like three days, she had over \$3,000 for this business which she markets on Etsy.

You have all kinds of just interrelated ways in which to take a small business financed by a microloan forward through social

media markets and online business. It is just fabulous opportunity for seniors, and also seniors with disabilities, and we must not rule them out. A huge percentage of them are self-employed or have very small businesses.

Senator COLLINS. Thank you.

Dr. O'Neill.

Dr. O'NEILL. Thank you, Chairman Collins and Senator Nelson, for this opportunity to join this really passionate panel, who, I must say, also have great data to back up their passion.

On this point, it is absolutely true that older adults who do not self-fund or bootstrap their start-ups, which is really the majority, otherwise say that the key barrier is access to start-up capital. It is a kind of a paradox, because for banks, seniors are really their key clients. Seniors have the majority of assets in banks. The banks yet, I think, do not completely understand the needs of this population.

One of the things that Elizabeth and I have done is bring together cross-sector groups to really better understand the whole phenomenon of senior entrepreneurship, and I think going forward that the microloans and crowdfunding and other technologies like that need to be made accessible for older adults. The great thing about microloans and microinstitutions is they often are able to provide advice, as well as loans, and that has been a key thing.

We have seen in other countries, like the U.K., they actually have microloan organizations who specifically target the long-term unemployed, because the long-term unemployed really have a, especially when they are older, have a disproportionate chance of staying unemployed for a very long time, and this is a segment that really deserves our focus and policy attention.

Senator COLLINS. Thank you, and thank you, Mr. Chairman.

The CHAIRMAN. Senator Casey.

Senator CASEY. Mr. Chairman, thank you very much for calling this hearing, and Ranking Member Collins, as well. It is a very interesting topic and it is one that, I think, bears a lot of review and scrutiny by members of the United States Senate, and I would include the House in that, as well.

It is particularly interesting, because when I look at a State like the one I represent, Pennsylvania, we have just about two million seniors in our State, and when I consider what they have done in their lives up to that point in time, it is really extraordinary. When you think about the—I am at kind of the end of the—the younger end of the baby boom generation. When I consider the generation just before the baby boom, folks who might be in their 80s now or close to that, they have lived through not just a remarkable time period, but they have contributed so substantially to what we take for granted today.

In a sense, we take for granted that we have a middle class. They built it, especially after World War II. You consider the contribution they made to several wars, in defending the country and preserving freedom. All of that, we sometimes take that for granted today.

Then just the ability they demonstrated to adapt to change, and a lot of what I hear from our witnesses today and a lot of what I hear from constituents back home is that when they reach a cer-

tain point in their lives, if they have been entrepreneurs or if they have been doing work or activities that have an entrepreneurial spirit that kind of undergirds it, they run up against, as you have outlined here today, a couple of basic challenges.

One of them is just the challenge that comes with financial insecurity, and I am not sure there has ever been a time in our history when there have been more reasons to feel that insecurity. The volatility of the economy has never been more apparent, I do not think, in the last couple of years, certainly in the last decade. I think one other reason for this sense of insecurity, frankly, is Washington. They do not see Washington working together on a regular basis. We have had a little—it has been a little better lately, but we have a two-year budget and a one-year appropriations. That provides some lessening or diminution of that insecurity, but, let us face it, there has been a lot of insecurity that people—when people do not see this place working, they scratch their head and say, what does that mean for my bottom line? There have been plenty of reasons to be worried in addition to the speed of technological change.

I guess I see this issue as both a security, a financial security issue, as well as a basic dignity issue. Our self-worth is tied up in what we do and how we do it, and this idea that if you spent most of your life being an entrepreneur, creating jobs, creating wealth, or being successful, the idea that when you hit a certain age, you just have to shut the engine off, does not make a lot of sense, so, for all those reasons and more, it is very important that we explore this. I am going to leave a little bit of time for questions.

I think I will do what Senator Collins did. Maybe, Dr. O'Neill, I will start with you and just go from my right to left, and ask you—because around here, if you make ten recommendations, we probably will not get to ten in terms of enactment of new legislation or pushing the administration to do something or insisting that an agency do something. I will limit everyone to one, because we do not have a lot of time, but if there was one thing, starting with you, Doctor, you would hope that the House and the Senate would do in the next year to foster better policy or to bring about more opportunities, I should say, for encore entrepreneurial opportunities, what would you recommend if you really had to boil it down to one, either legislation or policy.

Mr. O'NEILL. Thank you. Since we say encore entrepreneurs here specifically, I will take that specific in that sense, that we really are talking about the people who go into self-employment after 50. This is important to know, that there are about a third of the people who are in self-employment after 50 came in after 50. The others are people—the other two-thirds of people have been self-employed throughout their career, and they are very different and they need our help because they are the ones that are disproportionately likely to have been unemployed or to have, in a way, been more pushed into entrepreneurship or self-employment than the groups who were there before.

I come back to the idea of the unemployment benefits, because I think that that has shown in other places to have made a big difference in getting that group back into the labor force, back into creating tax revenues, back into contributions for Social Security

and Medicare, and, altogether, really, the most important thing is when people are self-employed and are doing the work of their passion, we have seen that they work much longer. They retire, on average, much later than work and wage salary individuals. This is another very good thing. We encourage longer work lives, which, of course, helps our fiscal outlook tremendously.

Senator CASEY. Mm-hmm. Thank you.

I know we are a little over time, and I do not want to test the forbearance of the Chairman, but—

Ms. ISELE. I think my number one priority would be to change government's attitude toward seniors. We need in this country, as is happening across the globe, to think of seniors as assets and not liabilities. There is always talk about seniors, do not worry, we are not taking this away, we are not diminishing this entitlement program, and it is always in that negative and I think we have to turn that into a positive.

I think as I was quoted in the New York Times over the weekend, we have to start thinking of this, not in gloom and doom terms, as the oncoming silver tsunami. We have to think of seniors as assets and not liabilities. They are a silver lining in this country, what they can contribute. They are not a silver tsunami. They are a silver lining. And, believe me, they will be yielding golden dividends.

Senator CASEY. Thank you.

Ms. BRETOS. That is wonderful.

Senator CASEY. Ms. Bretos.

Ms. BRETOS. I would say that most of the people, most of my colleagues—and there are quite a few of them—what they have problems with is accessing government, especially for the purpose that you mentioned. Most of our work requires changing policy, not necessarily introducing new legislation, which I know is very difficult. I was a lobbyist once, and so I understand the process.

There is something called the White House Office of Social Innovation and Civic Participation that has been in effect for about four or five years. They do not have a phone. They do not answer e-mails. I have been trying to talk to them for the last four years. Something like that that could be set, identified staff that would actually connect us with the Federal Government, Federal agencies.

I do not have a problem with Senator Nelson. Never have.

Every time I want to come and see him, he makes time for me, but, it is difficult to access government and we depend so much on government, so, somebody that would coordinate the efforts of us all entrepreneurs that have a lot of juice in us, believe me.

Senator CASEY. If I want an appointment with Senator Nelson, I should call you.

Thanks. Mr. Yancey.

Mr. YANCEY. Very quickly, Senator Casey—

Senator CASEY. Sorry to limit it to one recommendation.

Mr. YANCEY. No worries. Perfect. As you would anticipate, we would hope that we would have continued access to quality training, mentoring, and support for these senior entrepreneurs who have many great qualities, great knowledge, and need a bit of assistance in applying that in a small business environment, so, to

continue that support and to continue to have that access through SBA, SCORE, Small Business Development Centers, Women's Business Centers, and other programs, I think, are important to the success of that group.

Senator CASEY. Thank you.

Ms. Montgomery.

Ms. MONTGOMERY. Senator Casey, I would echo Mr. Yancey and just say that to continue the support of the Small Business Administration so that we can continue to do this work. You know, as I stated in my testimony, that we have always been serving. Our resource partners have always been serving this population and to allow us to do more through your support would be most beneficial. Thank you.

Senator CASEY. Thanks very much. Thank you, Mr. Chairman.

The CHAIRMAN. Ms. Bretos, what was that government office that you said that did not answer the phone?

Ms. BRETOS. That is the beauty. Nobody knows about it.

It is called the Office—and it is actually—the mandate, it was created under the mandate to identify capital, and human and financial capital, to bring about community solutions. It is the Office of—I am sorry, I had it here—White House—it is associated with the White House—the White House Office of Social Innovation and Civic Participation. The Director is a Mr. Greenblatt, and he is incommunicado.

The CHAIRMAN. Well, we will see if he will answer my call.

Ms. BRETOS. I am sure he will.

Thank you, Senator Nelson.

The CHAIRMAN. Tell me, since you started a business, although you had had quite a bit of experience in business before your senior years, what do you wish you would have known before taking on the task of organizing that business?

Ms. BRETOS. I think if I had known, I would not have done it, so it was better if I did not. I think that, for me, I was very naive and had illusions. I think that for me to understand that it was not going to be easy, that there were going to be a lot of people who would think that I am a goner, that I do not have a succession plan, who is going to take over, the lack of capital, there are a lot of ups and downs.

What was good for me is that I learned to fail very often. I have failed at almost everything I have done in my life. If I had learned before I started this how to fail, that would have been a big asset for me. I would do it again.

The CHAIRMAN. Well, you obviously have done it successfully because you have got this present Miami Senior Living Solutions.

Ms. BRETOS. That is about it, and also, it has brought me here in front of you, which is, again, a success.

The CHAIRMAN. Dr. O'Neill, interestingly, we have a new health care law. A senior citizen, all their life, they work for a company, they retire, maybe their company does not provide for health insurance, maybe it does, but if they suddenly find themselves just before that period of Medicare at age 65, does the fact that health insurance is available now through the health insurance exchanges help at all in making the decision in that senior's mind to start up a new business?

Mr. O'NEILL. Yes. This is a very, very interesting question, and we actually have quite a bit of research around this question. What you are really referring to is a phenomenon that is sometimes described as "job lock." I might call it "job anchor," where your health insurance is tied to your workplace. You may or may not want to leave work to pursue an entrepreneurial path, because, as we have heard, there are lots of risks in entrepreneurship, and to add on top of that the risk of not being covered if a health condition arises is going to be a big one.

We also know, and many of us have cited the statistics from the Kauffman Foundation, that it is exactly in that 55 to 64-year age group where we have got the high entrepreneurial activity already. This is a group that is probably very likely, you know, more likely to have a preexisting condition, too. Let us be clear about that.

What there are, there are studies that have looked at both surveys of what stops people from pursuing entrepreneurial paths and people often cite, in many surveys, the lack of options to get health care beyond there. We have seen in sort of natural experiments where some forms of health care have rolled out that are outside the workplace that the rate of entrepreneurship has gone up. A recent survey by the Brookings Institution thinks that the ACA may actually unleash over one million more self-employed people into the market.

Putting that aside, we have studies that have just looked at the difference in the probability of going into entrepreneurship at age 65 versus 64, so, the simple switch to Medicare, and it is about 13 percent higher probability.

The CHAIRMAN. Really?

Mr. O'NEILL. In all, including even a GAO study on this, a meta-study of about 20 studies by economists and labor policy people, it seems to indicate that this should have some sort of a boost. I cannot comment on the overall net effects of the ACA, but this very important component could be very substantial.

The CHAIRMAN. Whose study was that that said that a million new jobs would be created?

Mr. O'NEILL. That is the Brookings Institution study—

The CHAIRMAN. Brookings.

Mr. O'NEILL. [continuing]. Which we can make available to you. The other studies of the 64–65 transition, not surprisingly, is a Kauffman study. It seems that they really are the source of some of the most interesting—as a foundation that really supports entrepreneurship in America, they have a lot of interesting work that we can all learn from.

The CHAIRMAN. To what degree does the ACA giving certain tax credits for businesses 25 employees and under play into this?

Mr. O'NEILL. I think on that question, I will turn to some of my panel. I am less familiar with small business and the tax credit piece.

The CHAIRMAN. Well, that is more of a tax question, and that would apply to any age.

Tell us some more, Dr. O'Neill, about the benefits, the economic benefits, of senior entrepreneurs.

Mr. O'NEILL. Well, it really seems that there are several economic and social benefits. Individuals staying in the workforce



longer, which, as I mentioned earlier, this is a well established fact that the self-employed retire later. They indicate they are going to retire later and they do retire later. That, of course, is a tremendous benefit to society. If people do work longer and they are doing things they enjoy, we benefit from the tax revenue, we benefit from the continued contributions to our social programs, and on top of that, we do have concerns that we will have some labor shortages in some areas, so it is a good thing if people continue to work. Also, it allows these individuals to increase their standard of living in retirement, and particularly for people who were unemployed for long periods, getting back into the workforce has obvious benefits.

We also know that more than half of small business owners in the United States are age 50 and over, and it has been said before on this panel that small business is a net producer of jobs to the economy. To the extent that we are supporting this, you know, that this has additional major effects in terms of business creation, job creation, and all the spillover effects from that.

Ms. BRETOS. If I could, with your permission—

The CHAIRMAN. Please.

Ms. BRETOS. I think one, at least one major piece is that the older you get, the more involved you get in social issues. I think these old entrepreneurs like myself are definitely concerned with solving social problems like homelessness, like health, children, and so I am sure, has a spillover effect, I mean, somebody solving the social problems, after all.

Ms. ISELE. We have, in our program, we started with over 60 percent and now it is closer to 70 percent of the senior entrepreneurs with whom we work are starting green businesses, so, that is going to have a huge environmental impact.

The CHAIRMAN. Anyone on the panel can comment. There is a common perception, more seniors working, that is going to take away youth employment, but the studies show it is exactly the opposite. It creates more youth jobs. Comment on that.

Ms. ISELE. That is absolutely true. In fact, we had one of the individuals in your State of Florida was a senior who started a company and the company grew so much faster than he had anticipated that he had to hire his children to help scale that organization. It works both ways with the seniors and intergenerational business start-ups, but also the seniors who create jobs are creating jobs for young people. We say, prosperity knows no age boundary, and it is true. What jobs that they create, everybody benefits from that. The study from the Association for Enterprise Opportunity, AEO, has documented that if just one in three small businesses hired just one additional employee, the unemployment rate in the United States would be zero.

Ms. BRETOS. I just wanted to talk about, in my particular case, we create an average of 50 jobs, new jobs with benefits, usually young mothers with little children, and so we have created in the past 17 years over 7,000 new jobs with benefits throughout the 23 States that we are working in, and we hire old people, too, of course.

Mr. YANCEY. I think we all recognize the contributions that small business makes to employment, and so it stands to reason that as more senior entrepreneurs start, more opportunities for employ-

ment for younger people and others, many of these being entry-level positions with training, will become available. I think the more that we can encourage this fantastic phenomenon, the better we are going to be as a country again and as a community.

Ms. MONTGOMERY. Again, I support what Ken says. Small business ownership and small business in general have a great impact on our economy, and so engaging encore entrepreneurs so that they have the opportunity to create new jobs will only benefit not only additional older individuals, but, as well, younger people who are able to seek employment with those opportunities.

The CHAIRMAN. Senator Collins, any final comments?

Senator COLLINS. Thank you, Mr. Chairman.

I just want to thank our panel today. I think this has been a fascinating hearing that is really going to help increase public awareness of the critical and growing role that senior entrepreneurs, encore entrepreneurs, are playing in our economy.

I loved Ms. Isele's characterization of the growing, or the changing demographics as being a silver lining rather than the silver tsunami. That is a wonderful line and I hope you will not mind if I start using it.

Ms. ISELE. Absolutely not.

Senator COLLINS. It was really interesting. I must say, prior to the Chairman suggesting that we do this hearing, I had no idea that more older people were starting businesses than the very younger parts of our population, so, this has been an eye-opener for me, as well.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Collins, I am frequently reminded—perchance you are, as well, in our capacities as the senior Senator of our respective States—that upon introduction, people get tongue tied, and instead of saying, “the senior Senator from Florida,” they introduce me as “the senior citizen of Florida.”

Senator COLLINS. That is so true. It happens to me, as well.

The CHAIRMAN. Well, this has been a tremendous hearing. We want to thank you.

The meeting is adjourned.

[Whereupon, at 11:19 a.m., the committees were adjourned.]

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## **APPENDIX**

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**Prepared Witness Statements**

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**Prepared Statement of Tameka Montgomery, Associate Administrator,  
Office of Entrepreneurial Development, U.S. Small Business Administration**

Chairman Nelson, Chair Landrieu, Ranking Member Collins, Ranking Member Risch, and distinguished members of the Committees, thank you for the opportunity to testify on the U.S. Small Business Administration's (SBA) work to serve the growing number of new small business owners over the age of 50—or "encore entrepreneurs." We commend you for highlighting this important topic and are grateful for your ongoing leadership and support.

We all know the facts: small businesses employ half of the private sector workforce and create two out of every three net new private sector jobs. What many people do not realize, though, is that Americans between the ages of 55 and 64 comprise the fastest-growing group of entrepreneurs in the country. According to the Kauffman Foundation, encore entrepreneurs start new firms at a higher rate than any other age group.<sup>1</sup> Moreover, about 7.4 million self-employed workers are 50 and older; and research shows that one in four Americans between the ages of 44 and 70 are interested in starting their own business or nonprofit in the next five to 10 years.<sup>2</sup> That is why, at SBA, we are committed to ensuring that encore entrepreneurs have the tools they need to turn great ideas into successful companies.

Through our 68 District Offices and nationwide network of Resource Partners—which includes 12,000 SCORE volunteer mentors, 900 Small Business Development Centers (SBDCs), and more than 100 Women's Business Centers (WBCs)—we counsel and train more than 1.1 million current and aspiring entrepreneurs annually. And while, together with our partners, SBA has been assisting small business owners over the age of 50 for decades, through our initiative with AARP, we are able to more effectively target our services to encore entrepreneurs.

In April 2012, SBA and AARP entered into a strategic alliance to provide Americans over the age of 50 with the tools and information they need to launch new companies. The objective of this partnership was three fold. First, to increase our outreach to this growing segment of prospective entrepreneurs; second, to connect these individuals with our programs and Resource Partners; and third, to present entrepreneurship as a viable next step for older and retiring Americans—one that allows them to translate their ideas and vast professional experiences into successful business ventures.

As a result of this effort, SBA, AARP, and our Resource Partners engaged almost 120,000 new and existing small business owners over the age of 50. Between April 2012 and May 2013, we held hundreds of in-person workshops and mentoring sessions on topics ranging from writing a business plan and exploring franchise opportunities to accessing new markets and addressing the technology needs of encore entrepreneurs. We also offered online resources such as webinars and e-courses as well as a self-assessment tool for determining if an individual is ready to start a business.

In order to increase awareness and connect more encore entrepreneurs with mentors, last April, SBA and AARP established the first annual "National Encore Entrepreneur Mentor Month." Throughout the month, our District Offices and Resource Partners teamed up with State AARP offices to host and promote more than 100 events around the country. Events included speed mentoring, which allowed mentors and entrepreneurs to share information for 5-minute sessions, and mentor lunches for entrepreneurs to learn best practices from established small business owners.

Due to the initiative's ongoing popularity, we have seen a rise in the number of older Americans taking advantage of SBA programs. We know that many of these aspiring business owners are poised to join the ranks of other successful SBA-supported encore entrepreneurs—folks like Vickie Frankovich who leveraged her 21-year career in banking and her husband's background in construction to form Building Solutions, Inc. in Reno, Nevada. With the help of SBA's 8(a) Business Development Program, Vickie has secured government contracts with several Federal agencies, growing the company's revenues from \$3 million to \$15 million a year. Today, Vickie mentors other entrepreneurs and has been recognized by SBA as Nevada's "Women in Business Champion of the Year."

Encore entrepreneurs, like Vickie, bring a lifetime of experience and connections to new ventures and are competitive in the marketplace with younger business owners. By tapping into SBA's suite of services and the expertise of our mentors and

<sup>1</sup> Stangler, Dane. The Coming Entrepreneurship Boom. Ewing Marion Kauffman Foundation, June 2009. Web <http://www.kauffman.org/thecomingentrepreneurialboom.pdf>.

<sup>2</sup> Encore Entrepreneurs: Creating Jobs, Meeting Needs. Encore.org (formerly Civic Ventures), November 2011. Web. <http://www.encore.org/files/EntrepreneurshipFastFacts.pdf>.

business counselors, they are able to pursue their life-long dreams of small business ownership. Together with our Resource Partners and friends at AARP, we look forward to continuing to support this important segment of the population and helping more encore entrepreneurs grow and prosper.

Thank you again for the opportunity to testify and I am happy to answer any questions you might have.

**Prepared Statement of W. Kenneth Yancey, Chief  
Executive Officer, SCORE Association**

Chairman Nelson, Senator Collins, Chairman Landrieu, Senator Risch, and members of the Senate Special Committee on Aging and the Senate Committee on Small Business and Entrepreneurship: my name is Ken Yancey and I am the CEO of SCORE. Thank you for the opportunity to offer testimony regarding the advantages and challenges of Senior Entrepreneurship. This is an important and growing segment of our population that holds great potential for our economy. It is in all of our best interests as Americans to assist this group in every way we can and SCORE has a unique position to effectively do so.

Today I'd like to present 4 points to the committee:

1. First, I'd like to share some encouraging statistics about the 50+, or "Encore Entrepreneur," segment and what characterizes this group.

- a. According to a study by MetLife Foundation, 25 million people aged 44–70 expressed an interest in starting their own business or non-profit organization within the next 5–10 years.

- b. Of this group, 85 percent reported having significant management experience, with an average of 15 years in managerial roles.

- c. In addition to a wealth of experience and an ability to manage others, they also tend to have a well-knit web of business contacts built over years of networking.

2. Secondly, encore entrepreneurship fulfills the senior population's desire to contribute to their communities and our communities in turn benefit from these ventures.

- a. This study by MetLife Foundation noted that nearly half of this group of aspiring entrepreneurs says having a positive social impact is very important or say they are seeking to meet a need in their community, meet a social challenge or provide a service to others.

- b. With retirement from a traditional employment role, over 80 percent of these aspiring business owners find themselves finally able to pursue their passions and gain "a sense of meaning and a feeling of accomplishment."

- c. Other goals of business ownership reported by approximately 80 percent of this group include:

- having "a positive impact on your community,"
- being "active and productive" and
- putting "the skills and talents you've learned to use"

- d. Potential areas of focus for their enterprises include a large focus on community needs including social services, poverty alleviation, working with at-risk youth, economic development, healthcare, the environment, human rights and social justice.

3. Third, encore entrepreneurs enter the world of business ownership with realistic financial expectations and aim to create small, locally focused ventures to meet needs in their communities. While members of this population are more likely to have the cash reserves and funding needed to start a business, they are also realistic in their scope and projections.

- a. The MetLife Foundation study shows that encore entrepreneurs tend to have modest financing needs. Two out of three report that they need \$50,000 or less to get started and only one in five said they need more than \$100,000. Around half expect to tap personal savings to launch their ventures.

- b. Their expectations of success are not only attainable but also scaled to benefit their immediate communities. Nearly three-quarters of this group expect to create small ventures, employing up to 10 people. And two out of three encore entrepreneurs would consider their potential businesses or nonprofit ventures worthwhile if they earned less than \$60,000 a year.

4. And finally, I'd like to share with you how SCORE effectively serves this group, allowing them to achieve their full potential as business owners.

- a. SCORE serves entrepreneurs in a variety of ways including one-on-one mentorship, our extensive offering of in-person and online educational workshops and a wealth of business tools, template and resources. Through a network of over 11,000 volunteer business mentors across the country, we provide those looking to start or grow a small business with the direct, personalized expertise they need to thrive.

- b. 31 percent of the clients we serve are over the age of 55. In a client survey conducted during 2013, 56 percent of our small business clients ages 55–64 reported that working with SCORE helped them grow their business revenues, and 61 percent reported having "changed a business practice or strategy as a result of working with SCORE." Overall, 82 percent say they would recommend SCORE.



•c. Our volunteers working with these individuals one-on-one to help them grow their ventures report that this is indeed a successful group of entrepreneurs. For example, Nancy Strojny, a SCORE mentor in Portland, Maine reported her experience currently working with 6 encore entrepreneurs saying, “The 50+ person understands how to work hard and prepare for their success; they know how to get information, connect with people and ask good questions. But a successful corporate career does not necessarily translate into a successful entrepreneurial business. Most will need to learn new skills beyond their professional expertise. SCORE helps navigate the transition by translating their skills into today’s reality for starting a business, providing a sounding board and offering reality checks in a couple of key areas: networking, technology, and boosting confidence. We often start with a discussion on key topics such as preparing a feasibility study, assessing the marketplace, and how much to invest.”

•d. Just a few of the successful Encore Entrepreneurs we’ve served include:

- The Solar Institute of Nevada who provides valuable employment training for those looking to design, integrate, and install photovoltaic systems, ultimately capitalizing on the new green economy.
- Healthy Life Clinic, Inc. of Knoxville, Tennessee who after just 2 years in business opened a second location, now employing 27 full-time employees.
- And USA Gypsum of Reinholds, Pennsylvania which recycles waste construction materials into valuable agriculture product for the farming community and is currently in the process of building a new headquarter site twice the size of its current location.

These are just a few of the outstanding entrepreneurs over the age of 50 that SCORE has helped pursue rewarding and beneficial second acts as small business owners.

At SCORE, we completely agree that the Encore Entrepreneur market is important and a valuable contributor to communities across the country, today and in the future. Thank you again for holding this hearing on senior entrepreneurship. As people live longer, healthier and more productive lives the trend of encore entrepreneurship will likely continue. Encore entrepreneurs logically have more experience and are often better prepared to be successful as an entrepreneur. We also believe that the encore entrepreneur benefits greatly from mentoring and training offered by programs like SCORE, SBDC and Women’s Business centers.

I would be pleased to answer any questions you may have, and we will provide you with additional documentation as requested. Thank you again for this opportunity to testify.

**Prepared Statement of Conchy Bretos, Chief Executive  
Officer, MIA Senior Living Solutions**

Thank you Senator Nelson, Chairman, Senator Susan Collins, Ranking Member and other members of the Committee for the opportunity to share my thoughts on what it takes to be a later-in-life entrepreneur. There are currently 9 million like me and 31 million more to come. I am Conchy Bretos, owner of Mia Senior Living Solutions, an innovative firm that for the first time provided assisted living services to public housing residents back in 1996. Senator Nelson visited our first project, the award winning Helen Sawyer Plaza in Miami, back in 1998. Since then our firm has worked with public and private entities in 23 States. Later this spring we will be opening and managing an affordable assisted living facility for the District of Columbia Housing Authority. Our projects have proven to reduce Medicaid and Medicare spending by keeping our residents healthy, away from costly institutions, while generating thousands of new jobs and healthy operating margins. For the past 2 years we have partnered with low income housing tax credit developers, owners of affordable housing and private owners/investors to scale our model. This has required a major restructuring of our firm and our business model.

In 1995 I created Mia Senior Living Solutions as a for profit company understanding that if our firm was to grow rapidly it had to be fueled by profits. As Florida Secretary for Aging under the Lawton Chiles Governorship, I got a good understanding of aging issues and developed a strong relationship with aging network. I had lived long enough to learn from failures, how to deal with detours and the inevitable ups and downs. Changing the way we care for low income seniors and disabled adults was not a new idea but no one had created a successful model to do it. We created a model within an exponentially growing market with little competition.

Starting my own business was as much due to life circumstances as it was a career change. An empty nest, the end of a marriage, the loss of a job, I reached mid-life with an urgency to leave a legacy, to contribute, to make money and live to the fullest those bonus years that longevity gives us. Wanting to leave an impact on the world grows stronger as we age. I asked myself if not now, when? If not me, who? For a long time I had dreamed of creating something lasting that would connect me with future generations. I did not want to defer this dream any longer. Not having health insurance kept me awake at night. I took some time to reflect and assess what I wanted to do, what skills I possessed and then tested the idea in the real world.

When my term ended as Florida Secretary for Aging, I came home to Miami with some savings from my job and an idea; to convert a public housing building into assisted living and allow for true aging in place. The Miami-Dade Housing Agency Director wanted to dispose of the highly deteriorated Helen Sawyer building in downtown Miami. I told him I had an idea I wanted to test in the building. He said yes but he had two requirements. One was that I had to prove my idea quickly and two, I had to find the funds to do it. That day I formed my company, invested some money in stationery and worked on a feasibility report with the help of some friends. At the same time I approached the State Legislature and was able to get a \$1.2 million allocation of Medicaid waivers. I was awarded a 5-year contract by the Board of County Commissioners to start the conversion of Helen Sawyer Plaza with a promise that it would be self-sustainable by the end of the first year. We developed detailed budgets, worked on the policies and procedures needed, hired the staff needed, secured vendors. I worked very hard until what seemed like impossible, happened. We opened the doors of Helen Sawyer and in 6 months the place was full with a good waiting list. I knew that this first project had to be successful if we were to move forward. This innovative project was featured several times in the media, won four national awards and became the model for the Nation. It became a show place with constant visitors from the entire nation, senators, Governors, secretaries and a multitude of housing directors who wanted to have one just like the one I had created. I was able to negotiate new contracts with housing authorities as far away as West Virginia. I was invited to speak at several industry conferences and build a community and a larger network. Although we did a lot of free work in the beginning, we moved away from the pro-bono and created a successful business. It was hard to keep up with demand with only myself so in 2001 I asked my daughter, a management consultant in New York, to join the firm. To my amazement she accepted. Mother/daughter teams weave together business and family life, school schedules, time with the grandchildren. All are important parts of the day-to-day routine. Succession planning is a prominent topic of discussion. Although letting go is not an easy process for me.

Receiving the first Purpose Prize award in 2006 and becoming an Ashoka Fellow in 2010 have certainly been turning points in our business life. These awards have provided validation for what we do and a network of professionals that are interested in our scaling our business. We have received expert and legal advice, mentoring and support. We have learned how to present ourselves, how to raise money, structure ventures, re-engineer our firm. I know now more about data bases, LinkedIn, Facebook, electronic health records and blogging than I ever wanted. I do not have one boss anymore but many of them, our advisors, board members, funders, clients and investors.

However, most of my fellow entrepreneurs are not so lucky. Lack of capital, connections and mentoring remain a major obstacle for us aging entrepreneurs. Relying on grants to sustain your work has become an impossible proposition. In order to survive, the initiative must generate its own source of revenues by selling products produced by the company and that can be replicated over and over again.

Most of our work involves partnering with government to change policies that represent obstacles. Today, more than ever, government needs individuals like us with the public interest in mind, talented and driven. Approaching government usually ends in rejection at least that was my case. Two years ago we made a major decision to team up with private entities to better grow our business. But this too has its new challenges like the distrust by investors of the reliability of government subsidies like the Medicaid waiver or the disconnection between the regulations of the Low Income Tax Credit program and assisted living. For these investors financial rewards come first and social impact is gravy. Maintaining that balance has been a major challenge for us. But we know consumers are demanding more socially responsible behavior from businesses. Businesses need to catch up with this trend. Profits are not everything.

Everything I have done in my life has led me to this moment of being here before you. The journey has not been without challenges and obstacles. Age discrimination is real and has been a major factor. America is a young country; our models do not include old people. The most common image of an innovator is that of a youth creating a great idea in a garage, a dormitory, or a makeshift office. In reality these are the exceptions. Research tells us that it usually takes 20 years for the birth of an idea to become fully implemented. It is around the age of 40 or 50 years that individuals are at the peak of their work. It has been proven that a 55 year old and even a 65 year old have significantly more innovation potential than a 25 year old. It is fair to say that less gray hair sharply reduces the innovation potential in an organization. Yet, stereotypes like old people cannot learn new skills, master new technology, that they take rather than give abound. Shattering these stereotypes must be a major priority for all. This hearing goes a long way to do that.

Thank you for the opportunity to speak to you. We hope that out of this hearing comes a new understanding of the challenges and opportunities individuals like me have encountered and that in the future our efforts can be facilitated by your support.

**Prepared Statement of Elizabeth Isele, Co-Founder,  
Senior Entrepreneurship Works**

Committee members and guests—thank you all for attending this hearing to explore the untapped potential of senior entrepreneurs to create and drive economic markets in our new Longevity Economy.

I am Elizabeth Isele, Co-Founder and CEO, *SeniorEntrepreneurshipWorks.org* a senior entrepreneurship education and training program and Co-Creator and Founder, *eProvStudio.com* an entrepreneurship exploratory experience workshop for seniors, aged 50+. Both of these programs are designed as in-person and online learning environments and teacher training initiatives that can be customized to meet local needs and replicated throughout the world. Our method of entrepreneurship training so resonates with seniors that the demand for our programs has grown exponentially through word of mouth.

Senator Nelson, thank you for co-hosting this hearing on senior entrepreneurship, which, as one very astute member of your staff said, is one of the most positive things we've had to say about aging in a long time. And, thank you, also for making the hearing available to the public at large through the live webcast feed on the Aging Committee's website. People with whom we work from around the globe are listening to our conversation today.

Special thanks to Senator Mary Landrieu for recognizing the economic value of entreprenuring seniors, and initiating this hearing so that others will better understand this opportunity to stimulate seniors', their communities' and the nations' economic self-reliance.

I am especially delighted that Senator Susan Collins is here today. Maine is my home but still, today, I shall try to speak without bias. I launched my first business as a senior in Maine, which has an exceptionally welcoming environment for entrepreneurs. In 1998, at age 56, I saw a need (teaching other seniors like myself how to use technology to remain relevant in our digital world). At first, in my naiveté, I thought all I had to do was tell seniors about this remarkable tool and they'd flock to the Internet. That naiveté was short-lived as I realized I first had to help seniors understand the value of the technology in ways that were meaningful to their individual lives. Then, I had to create a curriculum that was compelling and easy to understand. Then, I needed a computer lab to test the program and a way to encourage seniors to participate. The director of the Portland (Maine) Adult Learning Center "loaned me her computer lab for Saturday mornings. Senior services allowed me to put posters in senior community and living centers, "Do computers have you flummoxed and does the World-wide Web make you think of giant spiders? Come and see what it's all about in this FREE workshop."

I did not have buckets of money to invest in this endeavor, but I knew it was important to do so, so I drew upon resources at hand to create a business that was supported by experienced individuals, local banks, internet service providers, public and private foundations, national organizations such as Microsoft and the National Institutes of Health.

We started with 12 seniors in Portland, Maine in the Saturday morning workshop and within 5 years there were more than 28,000 being trained in CyberSeniors' workshops across the US.

We succeeded because we had a cross-sector support ecosystem—programs, capitalization, policy and research. Each of us here today are part of that ecosystem, as stakeholders in the social and economic well-being of our seniors. Seniors' economic well-being translates into national economic well-being.

Seniors like Conchy Bretos here today. Seniors like Joe James who started by building a public market for impoverished, rural Black farmers who were leaving their farms in North Carolina in droves. He launched farmers, selling their produce at the farmers market, on the path to self-sufficiency. When there was produce left over at the end of the day, Joe realized he could convert it into bio-fuel. As he did this, he thought why not have the farmers plant seeds specifically for creating bio-fuel. To make a rich and long story short, today Joe has a multi-million dollar agri-tech business and an environmental program called "the Greening of Black America."

Given the size, growth forecast, and the depth of expertise in the senior demographic, they are an untapped resource we can no longer continue to ignore. In the U.S., people aged 50 and older will represent 45 percent of the total population by the year 2015, and for this demographic "entrepreneuring certainly trumps aging."

My partners at Babson College and I have launched another platform *eProvStudio.com*, to fill a significant gap in entrepreneurial education and training. While there are programs for the 34 million self-identified senior entrepreneurs in the US, including my *SeniorEntrepreneurshipWorks.org* which has trained hundreds

of senior entrepreneurs since it was launched in 2012, there are no programs for the millions of other seniors who, while totally intimidated by the word, entrepreneur, are eager to explore the opportunity. eProvStudio is designed to create a safe, user-friendly runway to ease and lift seniors into entrepreneuring. Combining the methodology of entrepreneurial thought and action and the art of improvisation, eProvStudio puts the skills and mindset of entrepreneuring into the hands of seniors to help them ignite and build ideas into viable business opportunities so they can create their future of prosperity. Seniors learn how to maximize their experience and resources garnered over the past 50+ years to create anew, retiring to something not from something.

I've just returned from delivering an eProvStudio workshop in Sarasota, Florida at the Institute for the Ages, 7th Annual International Positive Aging Conference. We had capped the workshop at 30 participants who are ready to explore entrepreneuring, but an additional six slipped in. We had to condense our 2-day workshop experience into 4 hours. The energy was palpable as the 50+ year olds eagerly embraced every improvisational exercise we offered to decode their entrepreneurial history. Potential never ages.

Senior Participants left with:

- An expanded view of what's possible
- An understanding of the difference between being goal driven and resource driven
- Strategies to amplify their resources by learning how to enroll others
- A means to capture and articulate—through a simple plan, prototype, or drawing—their ideas
- A methodology to practice learning, building and acting on their ideas
- A networked community (real and virtual) of eProv participants and Hub facilitators to continue acting, learning, and building together

#### *What We Know About Senior Entrepreneurs*

- MetLife Foundation research documents there are 34 million seniors who wish to start their own business
- Kauffman Index of Entrepreneurial Activity (Robert W. Fairlie, Kauffman Foundation, 2012): One fifth of new entrepreneurs in 2011 were older adults, according to a recent report from the Kauffman Institute. According to the study, an aging population and increasing rate of entrepreneurship among older ages has led to a rising share of new entrepreneurs (non-business owners who start a new business during the year) in the 55–64 age group. Furthermore, research shows that since 1996, Americans between the ages of 55 and 64 have had a higher rate of entrepreneurial activity than those aged 20–34. [http://www.kauffman.org/uploadedFiles/KIEA\\_2012\\_report.pdf](http://www.kauffman.org/uploadedFiles/KIEA_2012_report.pdf)
- The EU has invested more than 3 million euros to create model senior enterprise programs, and has identified senior enterprise as key to economic recovery in the EU their 2020 strategic plan.
- In the UK, 'third age' entrepreneurs are responsible for over one quarter of new startups.
- The 2013 GEM (Global Entrepreneurship Monitor) data documents that 50 percent of new businesses launched by individuals aged 50+ are still in business after 5 years.
- More than 60 percent of boomers are building green businesses.
- According to the Employment and Disabilities Institute at Cornell University, of non-institutionalized PWD over 50 who are employed:
  - 477,000 are self-employed in their own non incorporated business, professional practice, or farm
  - 214,000 are self-employed in their own incorporated business, professional practice or farm.

#### *Why Senior Entrepreneurship Matters*

##### *Economic Impact*

Senior entrepreneurs impact workforce development, job creation, improved productivity and wealth creation as they pour investment dollars back into their communities.

- Job Creation—While the majority of senior entrepreneurs create small and micro-businesses their 5–10 employee hires have a huge cumulative affect on job creation. As Gina Harman, President and CEO, Accion USA, says, "Of the 27.8 million businesses in the U.S., 91 percent have fewer than five employees. These businesses have been the largest net contributor of new jobs to the U.S."

economy in the past 15 years and collectively employ 50 percent of all private sector employees.”

- According to the “One in Three” research sponsored by the Association for Enterprise Opportunity, “If one in three microenterprises in the United States hired an additional employee, the US would be at full employment.”
- Senior Business Start-ups (micro to big businesses) present new market lending opportunities and CRA tax credits for community banks and credit unions as well as large commercial banks.
- Senior Entrepreneurs and employed adults, aged 65+, contribute \$120+ billion in Federal taxes alone, that is not including State taxes, annually to support Federal programs and reduce dependency on entitlement programs.
- Senior Business Start-ups present new digital business opportunities through increased demand for technology (products and services). Many seniors participate in the culture of “Artisanal Capitalism.” 90-year-old Pearl Malkin, for example, aka “Kickstarter Granny” launched her business “Happy Canes” after her grandson helped her launch a successful \$3000 Kickstarter campaign for seed money to create her happy canes and sell them in Etsy, the online marketplace for hand-made arts and craft products.
- Big businesses or “Gazelles” may grow faster but they fall harder. The cumulative affect of successful small businesses can have as great and more sustainable impact.

#### *Health and Social Impact*

- Boomer Entrepreneurs live healthier (physically, mentally, emotionally), vital, relevant, productive, and more meaningful lives longer than their retired counterparts.
- Healthy Seniors create less demand on social service/entitlement programs—in fact they continue to contribute to Social Security and Medicare through their taxes.

Senators, we do not need to create millions of dollars in new funding to support senior entrepreneurship, we believe that by tweaking existing Federal Programs and Public Policy in the following ways and by creating actionable research we can amplify senior entrepreneurs social and economic impact.

#### *Foster Inclusive Entrepreneurship*

- Entrepreneurship initiatives must reach out to traditionally excluded communities such as 50+ year olds and 50+ year-olds with disabilities
- Deliver business development support services that are accessible to all entrepreneurs, including disabled senior entrepreneurs
- Align business startup policies at the local, regional and national levels
- Energize entrepreneurial communities to foster an entrepreneurial approach to economic development.
- Support the swelling numbers of self-employed, small and micro-business in US who are driving a new round of economic and social progress and prosperity.

#### *Create Greater Access to Capitalization for Senior Entrepreneurs*

- Increase engagement of mainstream economic development support for senior business startups
- Design actions to mitigate special obstacles senior entrepreneurs face, such as age bias from lending institutions
- Develop loan guarantees and mutual guarantees to stimulate private sector funding for senior business startups
- Develop more microcredit initiatives with competitive delivery mechanisms to target special populations such as seniors with greatest chances of success
- Increase financial regulations’ support information flow between borrowers and lenders
- Improve access to finance, support matching and networking of investors and entrepreneurs
- Develop co-investment and fund matching initiatives to increase the supply of funds for senior business startups
- Provide grants for business startups where loans are not feasible

#### *Education*

- Support more training programs customized to meet the needs of the 34 million self-identified senior entrepreneurs and those looking to explore entrepreneurship
- Make SBA information on business startup support more accessible and easy to understand

- Educate senior entrepreneurs on bootstrapping methods, and new means of capitalization such as crowd-funding
- Promote entrepreneurship training in workforce development and unemployment programs
- Provide more opportunity for seniors to learn entrepreneurship through business simulations and competitions
- Provide training for business support providers, mentor, and coaches related to the specific needs of senior entrepreneurs
- Provide more education about selling or transitioning a business to avoid unnecessary closings and job losses

#### *Long-term Unemployment*

- Expand policy and programs such as SEAP in the US or *British Enterprise Allowance Scheme* or *French Chomeur Createur* to capitalize a business startup without penalty
- Create policy to prohibit bias against hiring long-term unemployed seniors

#### *Business Startup Regulations and Tax Incentives*

- Streamline administrative processes related to business startups and simplify business regulations, particularly for micro-businesses
- Develop tax incentives for seniors starting businesses including EITCs
- Develop tax incentives for private investors willing to finance senior startups

#### *Research*

Despite its important implications for older adults' financial security and national economic growth, entrepreneurship at older ages is a relatively understudied area. There's a great need to collect and analyze data to best understand the entrepreneurial arc regarding ideation, opportunity identification, sustainability, growth and exit strategy/business transition for the 50+ year-old entrepreneur.

#### *Questions to be addressed include:*

- What are the characteristics of senior entrepreneurs (income, age, gender, minority status, ethnicity, geographic region, prior work history/business training, etc.)?
- What are the characteristics of the enterprises started by older adults (industry sector, product or service, workforce size, tax structure, years in business, years to break-even/profit, personal funds invested, investment capital, etc.)? What types of businesses are most likely to succeed/fail?
- How do senior entrepreneurs differ from their wage and salary counterparts in terms of their levels of financial literacy and their tolerance for risk?
- What are the individual outcomes (e.g., health and well-being, financial security, job satisfaction), community outcomes (e.g., employment, consumer confidence, spending and economic recovery), and enterprise outcomes (e.g., revenue) associated with senior business startups?
- What are the barriers faced when trying to access finance?
- What external support exists for the crucial phases of business life-cycle and growth?
- How has technology (products, services, e-commerce) facilitated senior business startups?
- What role does environmental sustainability play in these startups? (More than 60 percent of senior startups are green businesses.)

We need to stop the gloom and doom we are generating by referring to this huge and rapidly expanding demographic as an impending crisis or "Silver Tsunami." We, as a society, need to recognize seniors are one of our greatest natural resources. They are not a "silver tsunami," they are a silver lining, yielding golden dividends.





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**Questions for the Record**

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**U.S. Senate Special Committee on Aging**

**"In Search of a Second Act: The Challenges  
and Advantage of Seniors Entrepreneurship"**

**February 12, 2014**

**Questions for the Record  
Tameka Montgomery**

**Senator Mary L. Landrieu, Chairman**

**Question:**

In your testimony, you mention the SBA's partnership with AARP and SBA Resource Partners trained almost 120,000 encore entrepreneurs in 1 year. This was 20,000 over the agency's goal of training 100,000 encore entrepreneurs. In your testimony you also mention that this partnership has resulted in an increase in older Americans utilizing SBA programs.

Can you provide additional details on this partnership increased awareness of SBA programs?

**Response:**

Through our joint web-based services—SBA's online training courses and its nationwide network of business mentors and counselors—the two organizations have combined to increase awareness by hosting mentoring sessions, informational webinars, speaking engagements, and promoting activity across SBA's website and social media channels. A segment of offline and online sessions is focused on directing encore entrepreneurs to existing services such as SBA mentor programs so the clients could benefit from longer term assistance. This partnership, like many SBA alliances, drives additional referrals to our local service providers that can meet the on-going needs of aspiring entrepreneurs.

**Question:**

Do you have any numbers on how many seniors were contacted about the in-person and online training sessions?

**Response:**

While the nature of this year-long initiative restricts our ability to attribute specific marketing campaigns to individual activities (e.g. webinars and local classes) promoted by SBA, AARP, and a host of press outlets, we can report that National Mentor Month which just concluded resulted in outreach impressions of 140 community events with more than 3,700 attendees and over 3,900 customers accessing online specific training courses. Additionally, our resource partner network (Small Business Development Centers, SCORE, Women's Business Centers, as well as SBA District Offices) engaged in direct client contact.

**U.S. Senate Special Committee on Aging**  
**"In Search of a Second Act: The Challenges**  
**and Advantage of Seniors Entrepreneurship"**  
**February 12, 2014**  
**Questions for the Record**  
**W. Kenneth Yancey**

**Senator Mary L. Landrieu, Chairman**

**Question:**

As you know, this week Senator Risch and I introduced S. 2008, the "SCORE for Small Business Act." This bill would gradually increase SCORE's authorization level from its current \$7 million up to \$10.5 million by 2017. S. 2008 also requires SCORE to improve outreach in rural areas and ensure diversity among both its volunteers and businesses served by the organization.

Can you provide information on SCORE program outcomes (clients assisted, businesses started, and jobs created)?

Can you comment on how these increased funds would allow SCORE to reach more businesses?

**Response:**

Thank you for the question Sen. Landrieu and for your continued strong support of SCORE through the introduction of S. 2008.

As you and the Committee already know SCORE is one of the most efficient, effective business formation and job creation engines currently funded by the Federal Government. In fiscal year 2013, SCORE volunteers helped clients to create more than 67,000 new jobs and more than 38,000 new small businesses, with another 40,000 increasing their revenue. SCORE delivered that assistance at a cost to the taxpayer of \$167 per business and \$96 per new job. SCORE provides a return of \$47 to the Federal treasury for every dollar appropriated to SCORE. SCORE's goal has been to help grow 1 million successful businesses by 2017. At this time we project that we will exceed that goal by more than 250,000 businesses.

The additional funding provided by S. 2008 would allow SCORE to extend its reach and serve more existing and aspiring entrepreneurs with even better quality and increased outcomes. By serving more people with better quality and bigger outcomes, SCORE can have an even greater impact on America's economy. The first year of increased funding would be used to "prepare for growth". Growth means attracting clients, recruiting volunteers, improving infrastructure and service in underserved markets as well as developing new tools to aid in the mentoring/education process. In the second and third years, SCORE would grow its services in the communities it serves and improve the resulting outcomes of that service. We project a 20 percent increase in client volume and a 30 percent increase in outcomes, businesses formed, jobs created and sales growth by 2018 as a result of the increased funding and support.

Thank you again for your support of SCORE and for this question. I hope you find this helpful. If I can provide more detail please let me know.

**U.S. Senate Special Committee on Aging**  
**"In Search of a Second Act: The Challenges**  
**and Advantage of Seniors Entrepreneurship"**  
**February 12, 2014**  
**Questions for the Record**  
**Conchy Bretos**

**Senator Mary L. Landrieu, Chairman**

**Question:**

In your testimony you mention that although your business has been successful, you have had to re-structure your firm and modify your business plan. This is because you have begun partnering with private investors and Low-Income Housing Tax credit developers to scale up your model.

Many senior entrepreneurs are successful in starting a business but struggle mightily when they have to make changes to their business plan. Can you discuss how you approached this challenge and any recommendations you might have for seniors in similar situations?

**Response:**

Business plans are supposed to change constantly according to the challenges and opportunities the organization is faced with. It should not be a static document. Our main goal is to scale our business. In order to do that we needed to seek new partners. In our case it was private developers, owners and private investors. How you approach these new opportunities requires a well developed "pitch", pro formas, presentations. We did not know enough how to do this ourselves so we sought assistance from business consultants and owners. There are several organizations that do this for you like SCORE, Endeavor, Ashoka, that provide mentoring on a pro bono basis. I would recommend that seniors wishing to approach new markets/opportunities seek this type of mentoring/help.

**U.S. Senate Special Committee on Aging**  
**"In Search of a Second Act: The Challenges**  
**and Advantage of Seniors Entrepreneurship"**  
**February 12, 2014**  
**Questions for the Record**  
**Elizabeth Isele**

Senator Mary L. Landrieu, Chairman

**Question:**

In your testimony, you outline your experience as a senior entrepreneur and how you have built these strong partnerships with organizations around the country. I was particularly impressed with your project with Babson College as they have testified before our committee before and are well respected in the area of entrepreneurship education. I am interested in your views on how the Congress can better assist these public-private partnerships in scaling up.

As you note, the European Union has already invested 3 million euros to create model senior entrepreneurship programs. Do you see a role for the Federal Government in making similar investments here in the United States?

If so, is there one agency that is more appropriate to take the lead on this initiative and how would you recommend we structure such a program?

**Response:**

Now that we are beginning to understand the "golden dividends"—economic, social and environmental—created by encore entrepreneurship, it is imperative for Congress to create an innovative, inter-agency framework to marshal resources, catalyze strategic thinking, prioritize new policy and create actionable research to advance this movement.

Just as the European Union has created a model infrastructure of public/private investment, education and training programs, policy and research to support senior enterprise, which it has identified in its 2020 strategic plan as key to economic recovery in Europe, I recommend the US Congress appoint a special committee to spearhead and coordinate an inter-agency, bi-partisan support infrastructure, including but not limited to:

*Small Business and Entrepreneurship*

- Entrepreneurship education programs, customized to meet the needs of the 34 million self-identified senior entrepreneurs and those looking to explore entrepreneurship, including those with disabilities
- Expand education about and access to micro-loans and crowdfunding capital to support the swelling numbers of seniors' self-employed, and small and micro-business in US who are driving a new round of job creation and prosperity
- Reduce loan interest rates for seniors, as in existing business financing programs for veterans, women and minority owned businesses
- Develop co-investment and fund matching initiatives to increase the supply of funds for senior business startups
- Provide grants for business startups where loans are not feasible
- Highlight the possibility of acquisition, rather than startup of a business, as a means into entrepreneurship for an older person, as it may be quicker and less risky

*Banking, Finance and Treasury*

- Even though seniors assets are by far the largest proportion of banking revenues, most banks fail to understand the needs of those seniors and certainly not their entrepreneurship or business startup needs
- Increase engagement of mainstream private as well as Federal Reserve and CDFI economic development support to capitalize senior business startups
- Design actions to eliminate special obstacles senior entrepreneurs face, such as age bias, from lending institutions. This could include creating new criteria for credit worthiness and risk assessment such as acknowledging the seniors' life and work experience: such as: long-term, gainful employment; knowledge of how to operate in a business environment; has held payroll or balance sheet responsibility; understands human resources, benefit and pension programs, etc

- Develop loan guarantees and mutual guarantees, similar to mortgage guarantees to stimulate private sector funding for senior business startups
- Develop more microcredit initiatives with competitive delivery mechanisms to target special populations such as seniors with greatest chances of success
- Develop tax incentives for seniors starting businesses including EITCs
- Ensure that tax and social security systems do not contain disincentives to entrepreneurship for older people, including investment in other businesses
- Develop tax incentives to encourage private investors to finance senior startups. National initiatives directed toward senior entrepreneurs, based on these 3 exemplary Maine models, would boost the number and sustainability of senior entrepreneurs' business development:

—*Employment Tax Increment Financing (ETIF)* is a State program that helps new and established Maine businesses to hire new employees by refunding from 30–80 percent of the State withholding taxes paid by the business for up to 10 years. The reimbursement rate rises with the level of local unemployment, with those in Pine Tree Development Zones receiving the highest rate

—*Tax Increment Financing (TIF)* is a flexible finance tool used by municipalities, towns, plantations, and the Unorganized Territory to leverage new property taxes generated by a specific project or projects within a defined geographic district. Any portion of the new taxes may be used to finance public or private projects for a defined period of time up to 30 years

—*Maine's SEED Capital Tax Credit Program*. This program is designed to encourage equity and near-equity investments in eligible Maine businesses, directly and through private venture capital funds. FAME may authorize State income tax credits to investors for up to 50 percent of the cash equity they provide to eligible Maine businesses. Investments may be used for fixed assets, research or working capital

### Commerce

- Expand BTOP (Broadband Technology Opportunity Programs) grants to provide broadband access necessary for seniors launching businesses in rural areas

### Labor

- Expand policy and programs such as SEAP in the US or British Enterprise Allowance Scheme or *French Chomeur Createur* to permit long-term unemployed seniors with minimal opportunities of being rehired to capitalize a business startup with their unemployment benefits without penalty
- Provide entrepreneurship education and training in workforce development and unemployment programs

The Committee should also design and host additional hearings and/or a congressional summit to convene cross-sector stakeholders to create a blueprint to advance this new movement: “Senior Entrepreneurs: New Engines for a New Economy.”

#### Question:

I understand that while there is some research on senior entrepreneurs, including studies by the Kauffman Foundation and the MetLife Foundation, this area has not been as thoroughly studied as other populations of businesses. In terms of truly understanding the needs of this group, it would be helpful to have better data and studies outlining unique characteristics of senior entrepreneurs. That way policymakers and groups such as our witnesses today can better assist seniors looking to start or grow a business.

Are there any specific aspects of senior entrepreneurship that researchers should focus their efforts on?

Please name organizations that you believe are doing helpful research into senior entrepreneurship issues.

#### Response:

Despite its important implications for older adults' retirement well-being and national economic growth, entrepreneurship at older ages is a relatively understudied area. There's a great need to collect and analyze data to best understand the entrepreneurial arc regarding ideation, opportunity identification, sustainability, growth and exit strategy/business transition for the 5050+ year-old entrepreneur.

### What do we need to know about senior entrepreneurs?

Some important questions include:

- Who seeks to start a business after age 50? What are their rationales and motivations?
- What types of businesses do they start?
- How has technology (products, services, e-commerce) facilitated senior business startups?
- What role does environmental sustainability play in these startups? (More than 60 percent of senior startups are green businesses.)
- How successful are those businesses (survival rates, sales, profitability), and what factors contribute to success and failure?
- What kinds of business skills development, mentoring, and advisory support do older entrepreneurs currently use? Do these resources meet their needs?
- How does self-employment affect older adults' health, satisfaction, and financial well-being?
- What is impact of these new businesses on the economy and in communities (jobs creation and economic stimulation)?

Expanded research in any of these areas would help policymakers and business advocacy agencies to better understand this large and rapidly growing cohort, and provide evidence to assess program and policy effectiveness and to guide intervention development. In this regard, the "Empowering Encore Entrepreneurs Act of 2013" (S. 1454) call for a report that reviews potential "barriers and obstacles" (e.g., access to finance) is an important first step toward building a policy framework that encourages and supports those who take the entrepreneurial path in later life.

Organizations in the US which are currently doing and/or designing important new research in this area include: Babson University; Stanford University; Washington University/St Louis; Boston College; UNC Chapel Hill; AARP and the AEO (Association for Economic Opportunity).

Working in partnership with Senior Entrepreneurship Works, The Gerontological Society of America convened a summit of thought leaders in the areas of aging, employment, banking, microfinance, entrepreneurship and public policy to develop cross-sector consensus about priorities for research, programs, policies, and capitalization options to advance self-employment and entrepreneurship in mid-life and beyond. At your request, we would be happy to provide more detail on the outcomes of the October 2012 "New Engines for a New Economy" Summit, as well as provide contacts for any of our key researchers and stakeholder participants.

As I testified in the February hearing, "We need to stop the gloom and doom we are generating by referring to this huge and rapidly expanding demographic as an impending crisis or 'Silver Tsunami.' We, as a society, need to recognize seniors are one of our greatest natural resources. They are not a 'silver tsunami,' they are a silver lining, yielding golden dividends."



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**Statements for the Record**

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**Statement of Senator Mary L. Landrieu, Chairman,  
Committee of Small Business and Entrepreneurship**

Good Morning. I would like to thank Chairman Nelson and Ranking Member Collins for agreeing to this joint hearing on senior entrepreneurship. Given the focus of the hearing and its importance for many of our constituents, it is only fitting that our committees “team up” on this issue.

Today, the term “entrepreneur” brings to mind young computer geniuses like Bill Gates, Mark Zuckerberg or Steve Jobs. When one mentions the term “startup,” most people conjure up images of a technology business in Silicon Valley or Boston. A mother working from home selling handmade jewelry on Etsy is not considered an “entrepreneur.” Similarly, when a 30-year veteran of the oil/gas business retires to start his own oil field supply company, unfortunately, that is not seen as a “startup.” If we are going to continue creating jobs and compete with our foreign competitors, this mindset needs to change. The United States is at our best when we have everyone on the field helping to grow the economy.

That is why I am excited about today’s hearing focusing on senior entrepreneurs, or “encore” entrepreneurs, which is the term used by former U.S. Small Business Administration (SBA) Administrator Karen Mills. While starting a business is not right for every senior, for some with the right experience and resources, it is a promising way to supplement their nest egg. This is more attractive than in the past as technology today allows encore entrepreneurs to work from home and control their schedule. There have also been recent developments that now allow entrepreneurs to explore financing from “crowd funding” sites. Seniors that take advantage of these technology advances and other available resources are more prepared to navigate the difficulties of starting a business.

In Louisiana, there are approximately 960,000 residents over the age of 55. The percentage of citizens over 65 is 12.9 percent—slightly less than the national average of 13.7 percent.

Moreover, approximately 50 percent of all self-employed individuals in the State are over age 50.

One of these Louisiana encore entrepreneurs is Ms. Edna Wheless from Logansport. She contacted my office in 2009 as she was looking to start a new magazine “DeSoto Life Magazine” for DeSoto Parish. This magazine would focus on DeSoto Parish and activities surrounding the parish, including photos and stories on local residents. Her plan was to print the magazine bi-monthly and mail it to subscribers. Ms. Wheless was well positioned to start this business as she published a weekly newspaper in Logansport from 2001 to 2008—winning numerous awards from the Louisiana Press Association. She has also authored several books on DeSoto Parish.

I am proud that DeSoto Life Magazine, the first of its kind in the area, first published in January 2010. In the third year of publication, it circulates 3,000 copies every other month. The magazine has become a sought after local collector’s item with subscriptions running \$16 annually.

Ms. Wheless also expanded into an online newspaper after a local technical assistance center suggested that she cut her business costs by putting the magazine on the Internet. The website, [desotoparishtoday.com](http://desotoparishtoday.com), publishes information on public meetings, including the Police Jury and other groups. However, as I hear from other seniors in rural areas in my State, high-speed broadband is still not readily available in her area. Dial-up services, which are available, are extremely slow. As Ms. Wheless relayed to my office, “[We] beg and plead for businesses to come into our parish to help provide jobs, but we do not have the proper amount of infrastructure to help struggling businesses get up and going. Broadband would be of particular interest to businesses in the greater part of DeSoto Parish.” I understand this is a challenge for many seniors in rural communities—they want to take advantage of new technology but local infrastructure is not keeping pace with more urban communities.

These technology challenges are frustrating because the numbers show how promising this segment of entrepreneurs could be for our economy. According to the SBA, more than 5 million Americans 55 or older have their own business and are self-employed. Furthermore, the Kauffman Foundation found that from 1996 to 2010, 26 percent of entrepreneurial activity was produced by people ages 20 to 34 versus 39 percent produced by people ages 55 to 64. This difference is expected to widen as more Americans age over the next two decades.

Another example of an encore entrepreneur is Maxine Clark, the 63-year old founder of Build-a-Bear Workshop. She worked her way up the corporate ladder—eventually becoming the President of Payless ShoeSource. However, although the financial rewards were high she was ready for a new challenge and left the company in 1996. While on a shopping trip with her friend’s children, she learned there were

business opportunities in helping kids create their own stuffed animals. After doing research with her friends and their kids, she came up with a million dollar idea. This idea was to set up a workshop in the mall where kids could build their own teddy bears.

Today Build-a-Bear Workshop has over 400 stores worldwide and generates revenue in the hundreds of millions of dollars. It has also been regularly named in *Fortune's 100 Best Companies to Work For*. The business was started with \$750,000 from Clark's retirement account and a bank line of credit secured with her home as collateral.

While this is a success story many times over and Ms. Clark should be commended for both her business acumen and philanthropy, most seniors do not have this type of financial wherewithal. Instead, seniors often seek help from family and friends or take on credit card debt to finance startup costs.

To help these individuals, in May 2012, the SBA launched a strategic partnership with AARP. This partnership focused on providing counseling and training to entrepreneurs over 50 who want to start or grow a business. By October 2013, the collaboration had met and exceeded its goal by assisting almost 120,000 "encore" entrepreneurs. This met the goal of training 100,000 new and existing business owners and topped it by 20,000! The assistance was provided, utilizing existing resources, through events with SBA resource partners (Small Business Development Centers, SCORE and Women's Business Centers) and through a series of SBA/AARP webinars.

In Louisiana, the SBA held four events between 2012 and 2013. Almost 80 people attended these events and there are two more SBA/AARP events planned for Baton Rouge and New Orleans in the coming months. I am excited that this partnership has allowed the SBA to more effectively target its services to encore entrepreneurship. Also, I understand that this initiative has increased the number of older Americans taking advantage of SBA programs.

With this in mind, last year Senator Nelson and I introduced S. 1454, the "Empowering Encore Entrepreneurs (E<sup>3</sup>) Act." This bill would build upon these successful efforts by SBA and help seed additional partnerships around the country. The E<sup>3</sup> Act would provide the SBA with additional resources to conduct these in-person and online training events for seniors. Our bill would also require a report to Congress where the SBA would outline unique barriers and obstacles faced by encore entrepreneurs in starting/expanding businesses. S. 1454 has been endorsed by AARP and my colleague Representative Joe Garcia will be introducing the House companion bill in the coming weeks.

In closing, as Chair of the Small Business Committee, I spent a great deal of time focusing on identifying successful public-private partnerships around the country. Our goal was to highlight these successful models so that they hopefully could be scaled up or replicated elsewhere around the country. Examples of these programs include the SBA Veterans Business programs; the successful SBA Small Business Investment Company program, and the top-rated entrepreneurship education programs at Babson College in Massachusetts. I was pleased to note that Senior Entrepreneurship Works is partnering with Babson on a senior entrepreneurship curriculum. For this reason, I look forward to the testimony today, especially from SCORE and Senior Entrepreneurship Works as they are working directly with seniors to promote entrepreneurship. They are also bringing together Federal, State and local groups to better target programs for senior entrepreneurs.

I thank the Chair and ask that a full copy of my Statement, as well as a copy of S. 1454 and the February 11, 2014 letter from AARP appear in the record.

**Statement of Senator Bill Nelson, Chairman, Special Committee on Aging**

Good morning, and welcome to this joint hearing of the Special Committee on Aging and the Committee on Small Business and Entrepreneurship.

I'm glad to be joined by my friend Senator Landrieu, who has been a champion on small business issues for years.

In the coming days she'll pass the gavel to Senator Cantwell, who will continue in the tradition of being a strong advocate for small businesses.

Today, we're going to take a look at senior entrepreneurship. In recent years, a significant number of older Americans have gotten into the business of creating their own business. In fact, over the last decade, the highest rate of entrepreneurship in the U.S. has shifted to those in the 55-to-64 age group.

As we'll hear today, there are a lot of benefits associated with senior entrepreneurs, including strengthening their own personal retirement security.

Seniors can also bring a wealth of experience from their own work history that can be very valuable when they face expected bumps in the road.

And despite the misconception that supporting senior entrepreneurs hurts the young, studies have found just the opposite. For every senior entrepreneur, they need assistance from younger workers in such areas as marketing and technological support.

However, it isn't an easy road for seniors who decide to become entrepreneurs. They often have difficulties finding financing, and can be deterred by concerns about health care coverage. We expect that the Affordable Care Act will diminish some of those concerns, as seniors and other workers will no longer feel attached to other jobs for the sake of maintaining their health insurance coverage.

We have an exceptional panel today, and I want to thank everyone for being here.



113TH CONGRESS  
1ST SESSION

# S. 1454

To authorize the Small Business Administrator to establish a grant program to empower encore entrepreneurs.

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IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2013

Mr. REID (for Ms. LANDRIEU) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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## A BILL

To authorize the Small Business Administrator to establish a grant program to empower encore entrepreneurs.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### **SECTION 1. SHORT TITLE.**

This Act may be cited as the “Empowering Encore Entrepreneurs Act of 2013”.

### **SEC. 2. DEFINITIONS.**

In this Act:

(1) ADMINISTRATION.—The term “Administration” means the Small Business Administration.

(2) ADMINISTRATOR.—The term “Administrator” means the Administrator of the Small Business Administration.

(3) ENCORE ENTREPRENEUR.—The term “encore entrepreneur” means an entrepreneur, businessperson, or owner of a small business concern—

(A) who is seeking to start a new small business concern or expand an existing small business concern; and

(B) who—

(i) is not less than 50 years of age; or

(ii) has not less than 20 years of experience in a workplace.

(4) NONPROFIT ORGANIZATION.—The term “nonprofit organization” means an organization that is described in section 501(e)(3) of the Internal Revenue Code of 1986 and is exempt from taxation under section 501(a) of such Code.

(5) SMALL BUSINESS CONCERN.—The term “small business concern” has the meaning given that term under section 3 of the Small Business Act (15 U.S.C. 632).

(6) SMALL BUSINESS DEVELOPMENT CENTER.—The term “small business development center” means a small business development center de-

scribed in section 21 of the Small Business Act (15 U.S.C. 648).

(7) WOMEN'S BUSINESS CENTER.—The term “women’s business center” means a project carried out under section 29 of the Small Business Act (15 U.S.C. 656).

**SEC. 3. EMPOWERING ENCORE ENTREPRENEURS PROGRAM.**

(a) IN GENERAL.—Subject to the availability of appropriations, the Administrator shall establish a program under which the Administrator may enter into contracts or cooperative agreements with, or make grants to, non-profit organizations, including small business development centers, women’s business centers, chapters participating in the SCORE program authorized by section 8(b)(1)(B) of the Small Business Act (15 U.S.C. 637(b)(1)(B)), and other resource partners of the Administration, and appropriate private sector organizations or entities to provide technical assistance, mentoring, and other specialized training activities for encore entrepreneurs.

(b) USES OF FUNDS.—Amounts made available under subsection (a) may be used to provide technical assistance, mentoring, and other specialized training activities including—



(1) online resources and training for encore entrepreneurs, including virtual networking and mentoring tools;

(2) workshops, training, and business networking events for encore entrepreneurs; or

(3) programs to assist encore entrepreneurs in remaining in or re-entering the labor market through self-employment.

(c) APPLICATION.—An entity desiring a grant, contract, or cooperative agreement under subsection (a) shall submit to the Administrator an application that contains—

(1) a description of the goals of the project to be funded;

(2) a list of any partners that plan to participate in the project to be funded; and

(3) any other information the Administrator determines is necessary.

(d) SPECIAL CONSIDERATION.—The Administrator shall give special consideration to applications seeking funding for programs for—

(1) members of the Armed Forces impacted by base closures or realignment; or

(2) encore entrepreneurs unemployed for a period of not less than 1 year.

(c) **TERMINATION.**—The program established in subsection (a) shall terminate on September 30, 2017.

**SEC. 4. REPORT ON BARRIERS FACED BY ENCORE ENTREPRENEURS.**

(a) **IN GENERAL.**—Not later than 180 days after the date of enactment of this Act, the Administrator, in consultation with other relevant Federal agencies, shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report that describes the barriers and obstacles faced by encore entrepreneurs in starting new small business concerns or expanding existing small business concerns.

(b) **CONTENTS.**—The report required under subsection (a) shall include—

(1) a review of the accessibility and availability of credit and other forms of financing for encore entrepreneurs;

(2) a review of the availability of Federal contracting opportunities for encore entrepreneurs;

(3) a review of the accessibility and availability of counseling and mentoring programs for encore entrepreneurs; and

(4) policy recommendations, if any, for improving Federal assistance and coordination on programs assisting encore entrepreneurs.





**STATEMENT FOR THE RECORD**

**SUBMITTED TO THE**

**SPECIAL COMMITTEE ON AGING  
AND  
COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP  
U.S. SENATE**

**ON**

**IN SEARCH OF A SECOND ACT:  
THE CHALLENGES AND ADVANTAGES OF SENIOR ENTREPRENEURSHIP**

**February 12, 2014**

## Introduction

AARP is a nonprofit, nonpartisan organization with a membership of nearly 38 million that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities, and protection from financial abuse. Roughly 40% of all AARP members are employed either full- or part-time, and advocacy on behalf of older workers has long been an AARP priority. AARP appreciates the opportunity to submit this statement for the record on Encore Entrepreneurship.

AARP is deeply committed to helping experienced workers achieve their employment goals and turn dreams into real possibilities. We are the leading advocate in Congress and the courts to combat age discrimination and, more recently, have supported efforts to address discrimination against the long-term unemployed, who are disproportionately older jobseekers. We also recognize best-in-class workplace practices and policies, highlighting employers of choice, and connecting people to trusted resources and peer networks. AARP offers a multitude of programs and resources on finding and keeping a job, including:

- “Life Reimagined for Work,” which links jobseekers to jobs and to employers who have pledged to value and consider older applicants on a level playing field.
- “Best Employers for Workers over 50,” a program we cosponsor with the Society for Human Resource Management (SHRM) that recognizes firms that have implemented new and innovative policies and best practices in attracting and retaining older workers.
- “Back to Work 50+,” a sector-driven, employer-focused program launched by the AARP Foundation that connects employers and training providers with unemployed or underemployed 50+ workers.

## Rising Interest in Entrepreneurship

Another important facet of AARP’s work on behalf of older workers is our self-employment initiative in support of those age 50+ who want to start their own businesses.

As of 2012, about 7.7 million self-employed workers in the U.S. are age 50 or older.<sup>1</sup> Several factors, including the aging of the workforce, possibly combined with the severe economic recessions of recent years and increased interest in entrepreneurship, has led to a rising share of new entrepreneurs in both the 45-54 age group (from 23.9% of total new entrepreneurs in 1996 to 26.3% in 2012) and in the 55-64 age group (from 14.3% in 1996 to 23.4% in 2012).<sup>2</sup> Based on a recent AARP study of 1,500 adults aged 45-74, 15% of older workers are self-employed,<sup>3</sup> with more than three in ten of them reporting starting a business due to job loss.<sup>4</sup> Another 13% of those 45-74 are currently in salaried jobs but say they plan to start a business when they retire<sup>5</sup> – in other

<sup>1</sup> AARP Public Policy Institute calculations based on March 2013 U.S. Census Bureau’s Current Population Survey data.

<sup>2</sup> R. Fairlie, *Kauffman Index of Entrepreneurial Activity: 1996-2012*, at 12, Fig 5B: Changes in Composition of New Entrepreneurs by Age (1996, 2012) (April 2013), available at [http://www.kauffman.org/~media/kauffman\\_org/research%20reports%20and%20covers/2013/04/kiea\\_2013\\_report.pdf](http://www.kauffman.org/~media/kauffman_org/research%20reports%20and%20covers/2013/04/kiea_2013_report.pdf)

<sup>3</sup> See AARP Research, *Staying Ahead of the Curve 2013: AARP Work and Career Study - Older Workers in an Uneasy Job Market* 13, Table 1: Current Employment Status (Jan. 2014), available at <http://www.aarp.org/work/on-the-job/info-01-2013/staying-ahead-curve-work.html>.

<sup>4</sup> *Id.*, at 85 (Q20).

<sup>5</sup> AARP, *Staying Ahead of the Curve 2013: AARP Multicultural Work and Career Study Snapshot of the Self-Employed 1* (Nov. 2013), available at

words, to become "Encore Entrepreneurs." One in four Americans between the ages 44 and 70 are interested in starting their own business or nonprofit venture in the next five to 10 years.<sup>6</sup>

#### **AARP – Small Business Administration Collaboration**

To help meet the needs of "encore entrepreneurs," AARP and the U.S. Small Business Administration (SBA) joined forces in 2012 to mentor, counsel, and educate Americans age 50 and over on how to start or grow a small business. Through this strategic alliance, AARP and SBA together connected the 50+ population to small business development resources, including online courses, live workshops, conferences, and mentoring programs.<sup>7</sup> On October 2, 2012, SBA and AARP led a National Encore Entrepreneur Mentor Day hosting more than 60 events nationwide that were attended by almost 3,000 people. We expanded Mentor Day to a Mentor *Month* that took place in April 2013, with 40 AARP state offices producing 107 events in conjunction with their local SBA counterparts. Those in-person events reached over 5,200 people. As of year-end 2013, the AARP-SBA collaboration has connected upwards of 119,000 individuals with tools and resources on starting and maintaining a business.

A core element of this initiative has been the development of a collection of resources made available free to the public. In addition to the locally based in-person events mentioned above, AARP resources have included:

- A dedicated website – [www.aarp.org/StartABusiness](http://www.aarp.org/StartABusiness) – for interested persons to easily locate AARP and SBA resources
- An online quiz to assess readiness to start a business (approximately 23,000 users as of year-end 2013)
- A webinar series, including 10 separate online events, focusing on issues from writing a business plan and finding financing to marketing a small business (approximately 26,000 registrants participated as of year-end 2013)

An important part of these informational programs is ensuring that would-be entrepreneurs are aware of some of the pitfalls of starting a business. For instance, because so many new businesses fail, AARP is careful to warn participants that it is not a good idea to use one's retirement savings to finance the venture, and to inform them that other sources of financing are available.

AARP and SBA plan to continue our alliance in 2014. The month of April again has been designated as National Encore Entrepreneur Mentor Month, during which AARP will work with SBA and its partners to leverage AARP's network to introduce existing and future encore entrepreneurs to our resources. It is also an opportunity for AARP to expose interested members to the resources SBA has available to help them in starting and growing a business. Local events are already being planned by at least 25 AARP state offices and SBA district offices, and our 2014 webinar series will begin April 3 with a session on assessing readiness to start a small business.

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*Footnote 5 cont'd*

[http://www.aarp.org/content/dam/aarp/research/surveys\\_statistics/econ/2013/Staying-Ahead-of-the-Curve-Self-Employed-Corrttd.pdf](http://www.aarp.org/content/dam/aarp/research/surveys_statistics/econ/2013/Staying-Ahead-of-the-Curve-Self-Employed-Corrttd.pdf).

<sup>6</sup> Encore.org, *Encore Entrepreneurs: Creating Jobs, Meeting Needs* (2011), available at <http://www.encore.org/files/EntrepreneurshipFastFacts.pdf>.

<sup>7</sup> For these jointly sponsored events, the SBA tapped its designated resource partners, including the Women's Business Centers (WBC), Small Business Development Centers (SBDC), and SCORE, a non-profit mentoring program. These partners provided much of the subject matter expertise in the form of spokespersons and informational materials.

**Empowering Encore Entrepreneurs Act of 2013**

AARP's collaboration with the SBA has been a purely voluntary effort; AARP has neither received any grants for this project nor are we seeking grants in the future. However, we recognize that other nonprofit organizations that could be valuable partners with the SBA in similar endeavors may require some support to engage in these activities.

This is why AARP supports Senator Landrieu's proposal (S. 1454) to expand and formalize the SBA's capacity in this field. By directing the SBA Administrator to create an Encore Entrepreneur program to collaborate with and make grants to the nonprofit groups, S. 1454 would increase the resources available, such as technical assistance, mentoring, and training for encore entrepreneurs to start or expand their business. AARP particularly appreciates that programs serving the long-term unemployed would be among those that receive special consideration for funding; once jobless, older workers experience far longer spells of unemployment, on average, than younger workers.

AARP commends both the Special Committee on Aging and the Committee on Small Business & Entrepreneurship for their attention to this important employment option for older workers.



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February 12, 2014

The Honorable Mary Landrieu, Chairwoman  
Senate Committee on Small Business & Entrepreneurship  
428A Russell Senate Office Building  
Washington, DC 20510

Dear Chairwoman Landrieu:

On behalf of our nearly 38 million members and all Americans age 50 and older, AARP writes in support of the Empowering Encore Entrepreneurs Act of 2013 (S. 1454).

AARP is a nonprofit, nonpartisan organization that helps people turn their goals and dreams into real possibilities and fights for the issues that matter most to 50+ Americans, including equal employment opportunity and financial security. AARP has also made it a priority to help workers 50+ reimagine and navigate "what's next" in their careers.

This is why your Encore Entrepreneurs bill is so important. Older workers were hit hard by the recession, with many facing age discrimination and other barriers to finding a new job. Others just want to explore new opportunities or do something new in "retirement." Last year, there were 7.7 million self-employed workers in the US who were age 50 or older, and about one-sixth of boomers say they expect to go into business for themselves at some point in their careers.

By directing the Administrator of the Small Business Administration (SBA) to create an Encore Entrepreneur program to collaborate with and make grants to nonprofit groups, S. 1454 would increase the resources available -- such as technical assistance, mentoring, and training -- for encore entrepreneurs to start or expand their business. AARP particularly appreciates that programs serving the long-term unemployed would be among those that receive special consideration for funding; once jobless, older workers experience far longer spells of unemployment, on average, than younger workers.

Thank you for your leadership in sponsoring this legislation and your commitment to helping launch a generation of Encore Entrepreneurs.

Sincerely,

Joyce Rogers, Senior Vice President  
Government Affairs

cc: Sen. James Risch, Ranking Member, Committee on Small Business & Entrepreneurship

Robert G. Romasco, President  
Addison Barry Rand, Chief Executive Officer





Statement Submitted for the  
U.S. Senate Committee on Small Business and Entrepreneurship  
And  
U.S. Senate Special Committee on Aging

Joint Hearing

***"In Search of a Second Act: The Challenges and Advantages of Senior  
Entrepreneurship."***

10:00 a.m., Wednesday, February 12, 2014

Dirksen Senate Office Building, Room 562

*Greg O'Neill, PhD, Director, National Academy on an Aging Society at The  
Gerontological Society of America, goneill@agingsociety.org, (202) 587-2842*

The Gerontological Society of America (GSA) applauds Chair Mary L. Landrieu and Ranking Member James R. Risch of the Senate Committee on Small Business and Entrepreneurship, and Chair Bill Nelson and Ranking Member Susan M. Collins of the Senate Special Committee on Aging, for shining a light on the important role of America's fastest growing age group of entrepreneurs and small business owners.

This hearing could not be more timely. Despite the recent economic downturn, we have seen the number of self-employed adults age 55 grow since the start of the recession in 2007. Today, as the U.S. economy continues to slowly recover, there's an opportunity to advance the state of our research and policies to

support older adult entrepreneurs who are helping to drive the economic recovery in our communities and in our nation as a whole.

### **What do we know about senior entrepreneurs?**

The fact that many employed seniors are self-employed has not been widely reported, even though more than 4.4 million people age 55 or older were self-employed in 2010—up slightly from 4.3 million in 2007. In contrast, the number of self-employed people under age 55 decreased from 10.5 million in 2007 to 9.3 million in 2010.<sup>1</sup>

Self-employment rates increase dramatically with age; for example, only about 4% of workers younger than age 30 are self-employed compared to 15 percent among those ages 50 to 64 and 25 percent among workers 65 or older.<sup>2</sup>

Although the media have popularized the image of the "entrepreneur" as a tech-savvy innovator in his or her early twenties, a recent study published by the Kauffman Foundation and Legal Zoom finds that the same percentage of all new businesses—15 percent—were started by entrepreneurs aged 18 to 29 and those 60 and over.<sup>3</sup> And, separate research by the Kauffman Foundation has established that the highest rate of business start-up activity over the past decade has been among people in the 55 to 64 age bracket.<sup>4</sup>

More than half of all U.S. small business owners were age 50 and over in 2012 — up from 46 percent in 2007.<sup>5</sup> According to the U.S. Small Business Administration,

<sup>1</sup> AARP Public Policy Institute calculations from the 2010 American Community Survey, personal communication.

<sup>2</sup> Pew Research Center Social & Demographics Trends Project.  
<http://www.pewsocialtrends.org/2009/09/17/take-this-job-and-love-it/>

<sup>3</sup> The Kauffman Foundation and LegalZoom, *Who Started New Businesses in 2013?*.  
[http://www.kauffman.org/~media/kauffman\\_org/research%20reports%20and%20covers/2014/who\\_started\\_new\\_business\\_in\\_2013.pdf](http://www.kauffman.org/~media/kauffman_org/research%20reports%20and%20covers/2014/who_started_new_business_in_2013.pdf)

<sup>4</sup> The Kauffman Foundation, *Kauffman Index of Entrepreneurial Activity: 1996-2012*.  
[http://www.kauffman.org/~media/kauffman\\_org/research%20reports%20and%20covers/2013/04/kiea\\_2013\\_report.pdf](http://www.kauffman.org/~media/kauffman_org/research%20reports%20and%20covers/2013/04/kiea_2013_report.pdf)

<sup>5</sup> U.S. Small Business Administration, Office of Advocacy, *Demographic Characteristics of Business Owners*, Issue Brief Number 2, January 14, 2014.  
<http://www.sba.gov/sites/default/files/Issue%20Brief%202,%20Business%20Owner%20Demographics.pdf>

the self-employed also retire later than wage and salary workers; small business owners in 2010 reported that they would retire on average at age 72.6, while the expected retirement age among wage and salary workers was 68.4.<sup>6</sup>

Studies show that the older (50-plus) self-employed population has higher levels of wealth than wage and salary workers in the same age group. About one-third of older self-employed workers become self-employed at or after age 50, and studies show they are more likely than the longer-term self-employed to have lower income and wealth, have a work-limiting health condition, work part time, and have left their prior job involuntarily.<sup>7</sup> This finding suggests that self-employment may present an opportunity for older workers to overcome some of the barriers they face when looking to reenter the labor force after retiring or suffering a job loss. We know that people over 50 are more likely to be among the long-term unemployed than younger workers and face greater barriers to finding a job than their younger counterparts; the average duration of unemployment for adults 55 and over was 46 weeks in December 2013, compared to 34 weeks for jobseekers under age 55.<sup>8</sup>

Members of the large baby boom generation are moving into the years when they are more likely to become self-employed. Aging boomers also are more likely to work longer since they tend to be healthier and better-educated than previous generations of retirees. The result of these trends will likely be an increase in self-employment. Yet, despite its important implications for older adults' retirement well-being and national economic growth, self-employment

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<sup>6</sup> U.S. Small Business Administration, Office of Advocacy, *Retirement, Recessions, and Older Small Business Owners*, Small Business Research Summary No. 400, December, 2012.

<http://www.sba.gov/advocacy/7540/372751>

<sup>7</sup> Lynn A. Karoly and Julie Zissimopoulos, *Self-Employment and the 50+ Population*, Washington, D.C.: AARP, 2004; Julie Zissimopoulos and Lynn A. Karoly, *Work and Well-Being Among the Self-Employed at Older Ages*, Washington, D.C.: AARP, 2007.

<sup>8</sup> Sara E. Rix, *The Employment Situation, December 2013*:

*Disappointing Year-End Numbers for Older Workers*, AARP Public Policy Institute Fact Sheet 299, January 2014, [http://www.aarp.org/content/dam/aarp/research/public\\_policy\\_institute/econ\\_sec/2014/the-employment-situation-december-2013-AARP-ppi-econ-sec.pdf](http://www.aarp.org/content/dam/aarp/research/public_policy_institute/econ_sec/2014/the-employment-situation-december-2013-AARP-ppi-econ-sec.pdf)

and entrepreneurship at older ages is a relatively understudied area.

**What do we need to know about senior entrepreneurs?**

There is still much more that needs to be known about senior entrepreneurs.

Some important questions include:

- Who seeks to start a business after age 50? What are their rationales and motivations?
- What types of businesses do they start?
- How successful are those businesses (survival rates, sales, profitability), and what factors contribute to success and failure?
- What kinds of business skills development, mentoring, and advisory support do older entrepreneurs currently use? Do these resources meet their needs?
- How does self-employment affect older adults' health, satisfaction, and financial well-being?
- What is impact of these new businesses on the economy and in communities (jobs creation and economic stimulation)?

Expanded research in any of these areas would help policymakers and business advocacy agencies to better understand this large and growing group, and provide evidence to assess program and policy effectiveness and to guide intervention development. In this regard, the "Empowering Encore Entrepreneurs Act of 2013" (S.1454) call for a report that reviews potential "barriers and obstacles" (e.g., access to finance) is an important first step towards building a policy framework that encourages and supports those who take the entrepreneurial path in later life.

Working in partnership with Senior Entrepreneurship Works, The Gerontological Society of America convened a summit of thought leaders in the areas of aging, employment, banking, microfinance, entrepreneurship and public policy to develop cross-sector consensus about priorities for research, programs, policies, and capitalization options to advance self-employment and entrepreneurship in mid-life and beyond. At your request, we would be happy to provide more detail on the outcomes of the October 2012 "New Engines for a New Economy" Summit, as well as provide contacts for any of our key researchers and stakeholder participants.

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