NEVER TOO OLD TO GET RICH

The Entrepreneur's Guide to Starting a Business Mid-Life

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CHAPTER 2
Money Maven

Lazetta Rainey Braxton, Financial Fountains

"A dollar within our household always had a purpose that was already marked," says Lazetta Rainey Braxton, 45, a Certified Financial Planner (CFP), founder of Financial Fountains, a fee-only financial planning and registered investment advisory firm based in Baltimore, Maryland, chair of the Association of African American Financial Advisors (AAAA), and president of the AAAA Foundation.

"I received my first paycheck when I was 16 from the Golden Corral restaurant, where I worked as a hostess," Braxton says. "For the first time, the money was all *mine,* and I felt a weight of what to do with it. What did I want to earmark it for?"

Braxton grew up in the small rural town of South Hill, Virginia, and money was stretched in her family. Her mother and father both worked full time – a factory worker and construction worker, respectively – but they often had to go into debt to make ends meet. "My parents didn't go to college," she says. "Their jobs didn't earn a lot of money, but in many ways, they struggled with money because of lack of access to basic personal financial concepts."

Her passion for learning about finance and helping people, particularly African American families like her own, with financial planning was driven by watching her parents grapple with money. “At the time, I didn’t know I was going to make a career out of it, but this was personal to me and I knew I was going to ultimately teach people how to manage their money,” she says.

While Braxton knew she had her parents’ love, if she was going to go to college, she would need to pay her own way. “I had financial responsibility very early,” she says. “If I needed anything, or wanted anything, I had to figure it out myself. My parents were extremely supportive, but I knew there was a lot of financial stress in the household.”

So she worked two jobs throughout her high school and college years to stash away funds to pay tuition. She graduated from the University of Virginia, earning a degree in finance and international business, in 1995. “I worked hard before and during college to earn enough for my tuition – it was an investment in my future,” she says. “That was my first investment in *me.*”

After graduation, she added skills and experience, and honed her vision. She held management and executive positions in the corporate and banking arenas with employers such as Marriott, Wachovia Asset Management, and Diversified Trust Company. She added an MBA from Wake Forest University and a CFP certificate before opening her own business as a registered investment adviser in 2008.

Bringing Empathy to the Client’s Table

“I bring a strong sense of empathy to clients of color from difficult financial backgrounds,” Braxton says. “And I can offer personalized financial planning, investment management, and educational seminars to those individuals, families, businesses and institutions from around the country.”

Her planning services are filling a gap. The financial planning profession has a big problem: fewer than 3.5% of all the 80,000 CFPs in the U.S. are black or Latino – just 2,700.

Braxton’s initial start-up costs, around $10,000, were earmarked for computer equipment and legal counsel for compliance requirements. Braxton’s a one-woman show and prefers to work virtually via Zoom, which keeps down the cost of overhead for fancy office space.

She tapped personal savings in nonretirement accounts for funding. Braxton and her husband, Brad, a theologian, opted years earlier to live off one income, so the couple had reserves set aside.

Braxton’s mission: “to bring personal finance to people like my own parents and to younger investors just starting out who don’t have a high net worth,” she says. Most of her clients have household incomes that range from a modest $75,000 to around $400,000. About half of her clients are African American and cover a wide age span, from 22 to 90.

“I work with many people who feel they’re unworthy for a planner because they don’t have enough assets,” she says. “My aim is to give them courage and wisdom to understand that they can create wealth, which gives them options to do what they’re supposed to do on this earth.”

Braxton has built a practice that is especially welcoming for younger women. It's a passion for her stemming for her own childhood where money was tight.

The fact is most younger women don't discuss financial matters. There's a social taboo for women of all ages around talking about money.

That's a problem when you consider the future scenario for many women. Women typically live longer than men – 81 years versus 76 years – according to statistics from the U.S. Department of Health and Human Services. "Living longer means you need more money for the extra years of living and healthcare, and that creates serious problems for women – many who are divorced or widowed at older ages," says Cindy Hounsell, the founder and president of WISER – the Women's Institute for a Secure Retirement – a nonprofit organization dedicated to women's financial education and advocacy.

Automating savings from a young age can help – even $25 per pay period, says Braxton. "It seems like nothing, but it's the habit," she says. "It's not the dollar amount. Once they get going they see they can do that, and they can up it to $50, then to $100. It's not hoping that someone will do that for you later in life. It's self-care. You have to value yourself first. It will dictate your future financial well-being."

Negotiating for higher pay can also make a big difference in the amount young women can set aside for retirement. "I am encouraged by what I see," Braxton says. "I encourage the 20-somethings who have sought me out for help to negotiate as much as they can for salary because more money means more resources all the way around for the rest of their lives."

Developing a contract side gig through an online freelance marketplace such as Upwork or Fiverr, or selling craft items on eBay or Etsy, "is a great way to have an incremental pot on the side to use for savings," Braxton says.

And she gives similar advice to her clients at the other end of the spectrum who are nearing retirement. Some people have always worked a variety of jobs in retirement, but for a growing number of retirees, it is now a necessity. "With my clients, I'm having retirement discussions about transitioning their lifestyle gradually," she says. "We talk about ways that their skill set allows them to be a part of the gig economy, and if they need to add any new skills to stay relevant in the work force and how to budget for that cost."

Even for those who have saved enough to retire comfortably, working for pay in retirement can help provide a safety net and peace of mind. It helps people put off dipping into retirement accounts and may even allow some to continue contributing to their retirement savings.

The pay can also help provide a cushion to allow someone to delay tapping into Social Security until age 70, which increases annual Social Security income by nearly 8% compared with retiring at the full retirement age. The income can also help with medical bills not covered by Medicare.

Making It Work

I asked Lazetta to look back and share her thoughts on her shift to starting her own financial planning business.

Kerry: What did starting your own business mean to you personally?

- Lazetta: My vision is to provide access to financial planning for those overlooked and underserved by Wall Street. So many people thought you need to be wealthy to work with a financial adviser. But I am saying it is affordable.

Were you confident that you were doing the right thing? Any second-guessing?

- Absolutely, I was confident that I was doing the right thing – now, how I was going to materialize this vision, I had no clue. I continue to make it up as I go along. I felt the pain looking at my parents' situation. I feel I was called to this earth and it just stayed on my conscience all through my life helping people with their finances, even when I was younger.

Anything you would have done differently?

- Yes. As an entrepreneur there are a lot of things you would do different. Because with the entrepreneurial spirit you don't have initially, at least in my case, any exposure to running a practice, what does it mean – it's hands on experience. I am constantly looking at ways to improve and stay up on trends. I would have hired people sooner instead of wearing all the hats. I have hired on a part-time schedule based on their expertise.

How do you measure your success?

- My success is when people say, wow, I didn't realize that I could work with a financial planner. Ninety percent of my clients have never worked with a planner before. That means the world to me.

How did your preparation help you succeed?

- I interviewed and interviewed and interviewed people and met people and asked questions and read and looked at about 75 business models. This is where I am going to start and I will adjust. What helped me prepare is being around people who have paved the way as fee-only planners.

What do you tell other people who ask for your advice?

- Some people are cut out for being an entrepreneur and others are not. So don't be hard on yourself if you are not cut out for it. It is beyond a heavy lift. There are some days where you are questioning yourself over and over again whether you made the right choice. How you feel and what you have produced may not align up. It takes time to get ramped up and particularly if you are on the front end of the innovation curve. I was in that front end. My practice is pretty much virtual; I have people from across the country whom I have never met in person. That's a big trend change, leveraging technology. It will yield me great dividends. You have to be willing to pivot and have a great support system. Rethink, rethink what you are doing. Don't get so lost in the business that you are not thinking about moving the business forward.

Seek advice and counsel from others in your industry before you launch. I networked extensively with members of two organizations I joined: the Financial Planning Association and the National Association of Personal Financial Advisors, and later the Association of African American Financial Advisors. These are great places to meet thought leaders to give you practical and theoretical advice.

What books or resources did you use or recommend others to use?

- I am more of a case study article reader. [Michael Gerber's] *The E-Myth* stands out for me.

What are some of the unexpected rewards and surprises?

- Flexibility. Being able to put my own vision into play without the hindrance of people second-guessing or questioning you all the time because they are used to things a certain way. I love the freedom of entrepreneurship to make it up as you go along, as it feels right for you, because that is how the niche comes into play. A lot of people are, "Okay, do you serve women or do you serve Gen X?" I say no, I serve people who have not engaged with financial planning. Meeting people from diverse backgrounds and [who] believe in wealth for the common good.

  Choosing my own clients. It's the freedom to be true to myself and attract clients who are like-minded, not necessarily the high-net-worth clients who other firms I had worked for service. I felt such a disconnect from the things that were important to them. It didn't resonate with me. I didn't see a lot of compassion or investment for the common good.

Lessons learned?

- Hire talent early. I became a bottleneck as a solopreneur. As the momentum was building, I became overwhelmed. I didn't think about delegation. I had to dig myself out. I felt like I could do it all, and I had to do it all, if it was going to be done the right way.

  That's not good. I learned in business school: you need to sacrifice income and hire a support team to free you up to focus on business generation activity. I didn't take heed to that. When you're in it, it's hard to step outside and put the theory into place.

  And I have learned to carve out time for me. It's also important to make sure you are getting someone to help you.

Biggest challenge?

- Waiting for society to embrace fee-only planners. And interestingly, flexibility. It wasn't starting the business that was challenging, but the refinement of it. It's a constant reinvention. I had to learn to be comfortable with making it up as I go along.

  For example, I initially focused on offering comprehensive financial planning and investment management, but I now offer a smorgasbord of services, which includes hourly financial planning and consultations and educational seminars. I must also work to stay extremely nimble so I have time to accept outside opportunities, too. For instance, serving positions on the board of the Association of African American Financial Advisors.

How many employees do you have?

- I have two part-time employees to help with administrative duties. I have used Upwork to hire administrative and marketing help.

WHERE TO FIND FINANCING TO GET STARTED

As you start and grow your business, you may find you need financing. The sooner you prepare, the easier it will be to get financing on favorable terms. Here are seven tips from Gerri Detweiler, education director for Nav (NAV.com), and coauthor of *Finance Your Own Business: Get on the Financing Fast Track*.

1. **Get a business bank account.** Separating business and personal accounts at the beginning will simplify bookkeeping, and many small-business financing sources will want to review business revenues.

2. **Start soon.** Soft-launch your business, if you're not ready to launch full-time. Why? Many lenders consider "time in business" when evaluating applications, and the longer your business has been around (even pre-revenue), the better. If you don't create a separate business entity, which is recommended, at least register a "DBA" (doing business as) with your state and obtain a business license if required.

3. **Build business credit.** Your business can have its own business credit reports and scores. Strong business credit opens up additional financing opportunities. A Nav survey found that business owners who understood their business credit were 41% more likely to get approved for financing. Get credit-building advice and monitor your business credit for free at Nav.com.

4. **Consider a small-business credit card.** Most small-business cards do not report to the owner's personal credit report unless you default, helping to protect your personal credit from the activity of your business. An added bonus: these cards can help build business credit. (For a list of issuer policies, visit Nav.com/report.) Keep in mind that small-business credit cards don't carry the same protections as consumer cards, so make sure you pay on time and don't incur debt you can't repay.

5. **Shop around.** There are dozens of financing options aimed at small businesses. Shop around so you can find the right financing at the best possible cost. A free e-guide called *Where's the Money? 10 Most Popular Financing Sources and How to Qualify* is available at SCORE.org.

6. **Scrutinize costs.** Unlike consumer financing, small-business financing offers don't have to include an Annual Percentage Rate (APR), and because there is no standard terminology, comparing costs can be confusing. Use free small-business loan calculators like those at Nav.com/business-loan-calculators to translate costs into an APR so you can compare offers.

7. **Protect your credit.** Business identity theft is a growing problem, too. It often goes undetected simply because small-business owners aren't reviewing their business credit, and don't realize there is a problem until unpaid debts pile up. Monitoring both personal and small-business credit on a regular basis can help you identify unusual activity, and hopefully stop it before it gets out of hand.