

The Senior Entrepreneur

by [Steve Brown](#)

When the TV series "The Golden Girls" first aired in the mid-1980s, there was significant doubt whether NBC could pull off a sitcom about four old women living together in a house in Miami. To the surprise of many, the now-classic series exploded in popularity, lasting seven seasons and winning 35 awards. The comedy, sprinkled with drama, drove home the idea that life for many can remain fun and exciting well into old age.

As the U.S. population ages, it's not surprising that more entrepreneurs these days originate from among the over-50 crowd. The latest data from the Ewing Marion Kauffman Foundation shows that the share of entrepreneurs ages 55 to 64 grew to 23.4% in 2012, from 14.3% in 1996. For community banks this is good because this is also a strong age cohort of the typical community bank customer base.

This group also brings additional opportunity for community banks. That's because when it comes to starting a business, older isn't necessarily wiser. In fact, older entrepreneurs may require special advice. There is a line, but banks that position themselves correctly could develop a profitable business niche with these older first-time business owners and simultaneously open up doors to cross-selling opportunities.

To be sure, many of the challenges of starting a new business are the same regardless of age. There will always be business planning, marketing and a need for funding, any which way you slice it. But one additional challenge facing older entrepreneurs is the greater temptation to dip into retirement savings to help fund the costs of getting a new enterprise off the ground. This can be a costly mistake and it is a prime example of how banks can get a foot in the door with loans and build relationships.

Consider that many would-be business owners don't even know that they could face penalties or large taxes for tapping retirement monies set aside in 401(k) plans and IRAs. Community banks can offer loans to these customers to prevent them from taking a hit to their retirement nest egg, as you gain new customers. Helping customers grasp something they need to know, but might not already, could also form the underpinnings of a bigger and broader relationship.

In April, AARP and the SBA made a push to help people 50+ get the information they need to start and grow small businesses. Both groups offer a host of resources and programs and community banks can leverage them to access new customers and boost opportunity. Consider the value of simply letting your customers know about some of these resources as you highlight your bank's expertise in business lending and banking services.

As the data shows, the golden years of one's life need not be dull or boring. For many, it's a good time to explore something new based on knowledge they have learned during the early years of their working careers. It makes sense that some also want to take a chance to do something on their own, as the spark of entrepreneurship ignites.

This is a good time to be a community bank because you are in a great position to help fan the entrepreneurial flames of these customers as you deepen relationships with the next generation (that will eventually take over these small businesses from their parents). Some people just have no

interest in retiring, so tap into that as you position your community bank to win its own awards with this group of customers. Have fun!

BANK NEWS

M&A

Glacier Bank (\$7.9B, MT) will acquire First National Bank of the Rockies (\$340mm, CO) for about \$30.3mm in cash (53%) and stock (47%).

Branch Purchase

First Farmers Bank and Trust Co. (\$1.3B, IN) will acquire 9 branches from BMO Harris Bank with about \$134mm in deposits for an unreported sum.

Social Engineering

An expert in cyber security testing says about 20% to 30% of people who get a phishing email typically will click on it. Phishing emails usually contain malware designed to capture sensitive information like passwords, usernames, financial details or track user key strokes. Be sure to warn/continually remind staff not to click on links that seem odd/unusual or are from people/companies they don't know.

Weird Situation

New York Times Magazine quotes former Treasury Secretary Geithner's new book as saying members of the Obama administration talked about "pre-emptively" nationalizing banks (including Citigroup and Bank of America) in the aftermath of the financial crisis.

Shadow Crackdown

Fed Chair Yellen said tighter regulation on large nonbank financial firms including asset managers is justified if their failure could threaten financial stability.

Better Economy

The latest Wall Street Journal survey of economists finds a 3.3% GDP growth rate for this year.

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