

JANUARY 2009 | ISSUE 478

Business Opportunities Journal

Spotlighting Business Opportunities, Financing and Real Estate Investments

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finance your franchise

Honest-1 Auto Care's Applicants Use Retirement Funds as a Financing Alternative

Franchise Applicants Increasingly Turn Toward Financing from 401ks

With new small business financing difficult to obtain, many franchise applicants are utilizing a financing program that draws on retirement accounts, like 401(k)s and IRAs, to launch their business.

At Honest-1 Auto Care, an auto repair and maintenance franchise chain, about 20 percent of franchise locations, including the newest two locations in Pennsylvania and Utah, have successfully used this type of financing. Commonly referred to as the Retirement to Franchise Transfer plan, individuals can use their retirement funds to purchase stock in their new franchise business without triggering early distribution taxes or penalties. Since funds are being transferred from one retirement to another, franchise owners are able to use the money for all small business needs, ranging from purchasing the franchise, paying for startup expenses, expanding the business and covering franchise fees and employee salaries. As the franchise grows, so does the value of the owner's retirement savings.

For Russen Trevisky, a franchise owner in Bridgeton, Pa., the retirement financing plan granted him a financial opportunity that he may not otherwise have had. As a business owner for more than 13 years, Trevisky wanted to join Honest-1's



successful business model without taking out a traditional small business loan.

"There are a lot of people like myself, baby boomers with a 401(k), looking to invest in something other than the stock market," Trevisky said. "New entry business growth, so does the value of my retirement savings. When I sell my franchise, at retirement, the proceeds will go into-five take my 401(k). Today, I would much rather invest in myself than in the stock market."

Franchise applicants are finding it increasingly difficult to secure financing for their new business, a factor in the growing popularity of retirement transfer plans. According to the Small Business Administration, the number of 401(k)s – the most frequently accessed loan type – fell 18 percent in the fiscal year that ended Sept. 30. However, the corporate headquarters recommends several financial firms, which provide individuals with all of the information needed for a smooth transaction.

With 19 locations across the nation, Honest-1 is rapidly expanding with plans to double its number

of stores in 2009. Honest-1 Auto Care™ is the only national full-service auto repair and maintenance franchise chain that is 100 percent USA Certified cost-friendly.

This firm Honest-1 works with that assist franchise applicants with the process via Global Financial Group and Bioconnects. Global Financial Group specializes in providing about 20% of the franchise fees as well.

The process starts with the establishment of a new C-corporation for the new franchise. The C-corporation is then used to create a new retirement plan. Franchise owners can then purchase the required documents, including the basic plan documents and enrollment forms, as well as required federal filings.

Funds from an existing retirement plan are rolled over into the new C-corporation's new retirement plan. The retirement plan then purchases stock of the C-corporation. The transfer company will see that appropriate procedures are followed and stock contributions are made.

"The ability to tap retirement funds, is a concept that has been used as a resource for small business finance for years," said Tim McCarthy, vice president of franchise development at Honest-1. "A lot of potential small business buyers are now learning

that you can invest in a business and at the same time lower your overall debt during startup. They are not having to lay into their equity or incur a high fee."

Go to www.honest-1.com



Papa John's Auto Care is a franchise opportunity that is 100% USA Certified cost-friendly and 100% family owned. Each location is a franchise opportunity that is 100% family owned.

Papa John's Surpasses \$1 Million in Mobile Web Orders

Papa John's International, Inc. (NASDAQ: PZZA), recently announced that it has surpassed \$1 million in sales by mobile Web since launching the technology in July.

The milestone in the launch is a rapid rise in "alternative ordering" channels and order for the chain, which earlier this year surpassed \$1 billion in overall online sales. The chain has contracted a number of new technologies, such as recently rolling out Facebook targeted sponsored ads that 175,000 fans in less than a week. Additionally, the brand is offering a new iPhone application to the suite of digital widgets launched in December.

"Papa John's recognizes that people are using their handheld devices to make everything

they can into purchases, and the include viewing an online menu before making their purchase," said Nigel Trevis, Papa John's, president and CEO. "The real key is to have the right app, when you're doing. Almost everything can be done right from your phone."

Papa John's online sales have grown exponentially since 2001, with online sales an average growing more than 9% each year and finally reaching \$400 million in 2007 alone. Today, more than 20% of all Papa John's sales come online, or through PCs, widgets, or smart mobile devices, and the company believes online via cellular devices could one day represent traditional telephone orders.



Honest-1 Auto Care's Applicants
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At Honest-1 Auto Care, an auto repair and maintenance franchise chain, about 20 percent of franchise locations, including the newest two locations in Pennsylvania and Utah, have successfully used this type of financing. Commonly referred to as the Retirement to Franchise Transfer plan, individuals can use their retirement funds to purchase stock in their new franchise business without triggering early distribution taxes or penalties. Since funds are being transferred from one investment to another, franchise owners are able to use the money for all small business needs, ranging from purchasing the franchise, paying for start-up expenses, expanding the business and covering franchise fees and employee salaries. As the franchise grows, so does the value of the owner's retirement savings.

For Ransom Towsley, a franchise owner in Bridgeville, Pa., the retirement financing plan granted him a financial opportunity that he may not otherwise have had. As a businessman for more than 15 years, Towsley wanted to join Honest-1's



successful business model without taking out a traditional small business loan.

"There are a lot of people like myself, baby boomers with a 401K, looking to invest in something other than the stock market," Towsley said. "Now as my business grows, so does the value of my retirement savings. When I sell my franchise at retirement, the proceeds will go tax-free into my 401(k). Today, I would much rather invest in myself than in the stock market."

Franchise applicants are finding it increasingly difficult to secure funding for their new business, a factor in the growing popularity of retirement transfer plans. According to the Small Business Administration, the number of 7(a) loans – the most frequently accessed loan type – fell 30 percent in the fiscal year that ended Sept. 30. Honest-1's corporate headquarters recommends several financial firms, which provide individuals with all of the information needed for a smooth transaction.

With 19 locations across the nation, Honest-1 is rapidly expanding with plans to double its number

of stores in a year. Honest-1 Auto Care™ is the only national full-service auto repair and maintenance franchise chain that is 100 percent ESA Certified eco-friendly.

Two firms Honest-1 works with that assist franchise applicants with this process are Guidant Financial Group and Benetrends. Guidant Financial Group reportedly completes about 200 of these transactions a month.

The process starts with the establishment of a new C-corporation for the new franchise. The C-corporation in turn creates a new retirement plan. Firms such as Guidant Financial Group or Benetrends assist by developing the required documents, including the basic plan documents and enrollment forms, as well required federal filings.

Funds from an existing retirement plan are rolled over into the new C-corporation's new retirement plan. The retirement plan then acquires stock of the C-corporation. The transfer company will see that appropriate procedures are followed and stock certificates are issued.

"The ability to tap into retirement funds, is a concept that has been used as a resource for small business finance for years," said Tim McCarthy, vice president of franchise development at Honest-1. "A lot of potential small business buyers are now learning

that you can invest in a business and at the same time lower your overhead during startup. They are not having to tap into home equity or secure a bank loan."

On the Net: www.honest-1.com



Honest-1 Auto Care is rapidly growing, aided not only by its ESA Certified eco-friendly services and inviting lobby, but by some of its franchisee's innovative use of 401(k) funds as an alternative source of financing.

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