



Newsletter

May 2022
Vol. 2, No. 4

Jumping Into Self-Employment

Last month's newsletter gave some insight into the dangers of sleep deprivation. I hope those subscribers who know they are culprits have now been persuaded to make the lifestyle changes necessary to ensure you get adequate rest. As Dr. Orville Nembhard outlined, sleep deprivation is not cool! Take care of yourselves so that you can get into retirement 'as healthy as a horse.'

This month's focus is on the decision to leave the security of paid employment to establish one's own business and do your own thing.

The Brookings Institution reports on its website that with the onset of the Covid-19 pandemic, a record number of Americans transitioned to setting up their own microbusinesses. In many cases, it would have been out of necessity due to lay-offs and terminations from their employment. In other cases, it would have been because persons voluntarily opted to do this for personal reasons. This trend is worldwide because we see evidence of this on social media with more and more emerging entrepreneurs seeking to capture our attention on the various platforms through sponsored ads.

So, in looking at the aspect of taking the plunge into self-employment and its implications for retirement, I reached out to my first newsletter subscriber, Glenville Blake for an interview. Glenville, a highly qualified accounting professional, was employed to a large company that operates in several islands throughout the English speaking and Dutch Caribbean. He was highly placed on the organization's corporate ladder and highly regarded for his knowledge, skill and competence. Ten years ago, he decided to jump from the corporate ladder to start his own accounting services business.

Here are a few of the takeaways from this interview:

- ◆ Sometimes, as crazy as it may seem to others, you just have to jump in your own best interest!
- ◆ Although you may not have started planning for retirement in a structured way as yet, if you examine your personal affairs, there are resources you have that can form the foundation for a plan going forward. Start planning now.
- ◆ Your pension fund is not a savings account to be used for the next best thing. It is bread and butter for your retirement years.
- ◆ Keep up-to-date on the provisions of your pension plan/retirement fund.
- ◆ You don't want to be one of those persons who gets to retirement ill-prepared financially and otherwise. You have the benefit of hearing and reading about the experience of others. Learn from them and act wisely!

In This Issue

• *Jumping Into Self-Employment*

• *Jumping Off The Corporate Ladder—An Interview With Glenville Blake, MBA, FCCA*

• *Comments, Feedback and Links to Discussions*

Glenville Blake, MBA, FCCA is a Chartered Accountant and Financial Consultant. He is Managing Director of FIRM Associates, Accounting & Financial Consultants on the island of St. Maarten.

"If you are in a profession that feels intense or demanding now, consider how it will feel in one or two decades time. Is there a way to parlay your skills into less demanding work, if need be, such as by obtaining a promotion, a change of job title, or becoming a freelancer or consultant?"

~Patricia Reid-Waugh



Jumping Off The Corporate Ladder—An Interview With Glenville Blake, MBA, FCCA

PRW: Glenville, I know you were in a high-level corporate position and a very well-respected professional in the organization where you had worked for almost 11 years. What prompted you to move from that secure position to the uncertainty of self-employment?

GB: The long working hours became very stressful, and I needed to achieve a better work-life balance. I had a young child who wasn't getting enough of my time because of the long hours and work-related traveling. This put additional strain on my wife to carry the bulk of the child rearing responsibilities. I didn't want to be effectively an absentee Dad, even though I was present.

As fate would have it, my wife also left her full-time job, wanting to do something more part-time. Since we are both chartered accountants, creating our own accounting services business could provide the ultimate flexibility for the family. With the company we ended up creating, she was able to pick her hours of work and I carried longer hours, but still with enough flexibility for family overall.

PRW: What age were you when you left the job to start the company?

GB: Forty years.

PRW: How has the experience of being your own boss been for you?

GB: It is approaching 10 years; wow! I have been able to decide what jobs to take or not to take in order to give myself the balance I require. I select jobs based on clients who are really interested in improving their way of doing things because that is where I get the greatest measure of professional satisfaction; improving financial systems and operations and turning things around.

In addition, I've been able to participate fully in my son's development, attending his extra-curricular activities; basketball, swimming, sailing and football. I even assist in coaching his football team. So I've been able to do a lot of things that I could only have dreamed of had I still been an employee in a full-time job.

During this period, I also lost both parents. Thankfully, I was in a position to tend to them during the last years of their lives when they really needed me. So, you know, that's the level of flexibility money cannot compensate you for.

Jumping Off The Corporate Ladder—An Interview With Glenville Blake, MBA, FCCA

Cont'd)

“People who are self-employed and others not entitled to a pension are the most susceptible to having their savings eroded if they do not exercise proper foresight in planning for retirement.”

~Patricia Reid-Waugh

PRW: Right! Prior to leaving full-time employment, what measures were you putting in place for retirement? Were you actively putting together a retirement plan?

GB: Honestly, I would say “no”. I mean, there were things that were happening, but not that I was consciously putting a plan in place for retirement. My greater focus was on career rather than retirement. And that is one of the big mistakes that a lot of us professionals make.

We are so focused on career and even when we're thinking ahead, we're thinking career progression and never about what comes at the end of the career. We typically talk about the next five or ten years, but that is usually in relation to where we want to go professionally – promotions, salary, perks, etc. An upward career trajectory in itself becomes the fulfillment.

Now that I'm a little older and wiser, I realize that that's a mistake. The earlier we start thinking about retirement the better. Although I was always conscious about the need to save and set something aside, it was never in a structured way. I wasn't thinking about a target income for retirement, sufficient to cover healthcare and other expected costs. In addition to those ad hoc savings and investments, I was part of an employer-sponsored pension plan in my previous job, but again, that was just incidental because the company had a pension plan.

PRW: How did you treat with your pension benefits from the previous jobs you have held?

GB: My first time being part of a pension plan was when I worked as a bank teller shortly after leaving high school. I took those pension refunds to finance my tertiary studies. After graduating, I worked with an accounting firm in Jamaica then subsequently migrated to St. Maarten. That pension refund was used to finance my resettlement in St. Maarten. For me, at that time, pension was just a saving to be used to finance the next best move, whatever that may have been. Retirement was the farthest thing from my mind.

PRW: Having taken the decision to leave the security of full-time employment and go out on your own, did you then start looking a little further down the road, so to speak?

GB: Actually, that was the decision that brought into sharp focus the need to establish a structured retirement plan. There was some element of a foundation with my savings and investments, so I went into self-employment knowing that I would definitely have to build on that foundation in a structured way now that I was on my own without the discipline of having to make mandatory contributions to an employer-sponsored pension plan.

PRW: So, as a self-employed person now, have you enrolled in a private pension plan or retirement fund?

GB: The tax laws in St. Maarten don't have provisions for private pension plans. However, there is a provision that allows entrepreneurs to build up a pension capital within their companies and get tax deductions for this. As a business owner, that is one of the tools that I have been using to continue building my pension fund. The capital has to be calculated by an actuary and submitted along with the company's profit tax returns.

Jumping Off The Corporate Ladder—An Interview With Glenville Blake, MBA, FCCA

Cont'd)

PRW: From your experience, do you think retirement is talked about early enough or often enough?

GB: I don't think so. I think it's something that within our Caribbean culture is an afterthought. We hear so much talk and discussion in the USA about 401k plans. Numerous articles are written about the subject and there is a lot of public discourse. In the Caribbean, there's no equivalent of a 401k plan in the conversation. Most people's participation in pension plans are purely incidental because they happen to work for companies that have pension plans. This is a culture that we need to change.

PRW: What responsibilities do you see an employer having in preparing employees for retirement?

GB: Presently, I am the Chairman of a Pension Fund and that has opened my eyes a little wider to the need for employers to provide this kind of information. It's a fairly young pension plan so there have been employees who've worked for many years and become part of the pension plan closer to retirement. For instance, someone may have worked for 35 or 40 years, and become part of the pension plan say 10 years before retirement. The take home pension for these retirees is next to nothing. That is a tough situation. Employers should care enough to not want to see employees who spent so many years building their companies go into retirement so ill-prepared financially and otherwise.

In order to bridge the information gap, for this Pension Plan that I Chair, we do annual information sessions. We present and go through the financial statements so the employees can see how well the fund is doing. We also provide tips and general information about retirement. It is not a full-blown retirement planning session but persons are able to ask questions and get clarifications on the annual pension statements that they receive and other issues of concern.

This type of engagement helps to reduce misconceptions and temper expectations. For example, many persons are confused about the difference between in a defined benefit plan and a defined contribution plan. With a government defined benefit plan, depending on the number of years, you could build up to approximately 70% of your last income or average of the last three or four years or something like that. That's what people typically assume a pension plan to be.

However, people need to understand that with a defined contribution plan, your pension is based on what you put in and the capital that has built up. People build up in their minds certain expectations and when the actual amount turns out to be, let's say a quarter of that, it becomes a shock.

PRW: Well Glenville, thank you for your time. Any final words for our newsletter subscribers; those who are still employees and those who are self-employed or thinking of going that route?

GB: Please become active participants in your retirement planning, whether you are fortunate enough to be part of a pension plan or you have to craft a funding plan entirely by other means. If you are part of a pension plan, become and stay informed about the status of the fund and your projected pension at retirement. Will your pension be sufficient to afford you a quality retirement? If not, work on a strategy to close the gap. There are many options available to you. Finally, it is never too early to start the conversation about retirement.

RETIREMENT

The *Journey* and
The *Destination*

| A Planning Guide |



PATRICIA REID-WAUGH

AVAILABLE ONLINE

from Amazon:

<https://amzn.to/3HEq0Kp>

AVAILABLE AT

The Reader's Book Shop
Liguanea Plaza, Kingston 6

The University Bookshop
U.W.I. Mona Campus,
Kingston 7

From the Author

(876) 474-4144 (Whatsapp)

(941) 445-8606 (US & Canada)

preidwaugh@gmail.com

~~~~~

*"People in their twenties and thirties may think of retirement as being far away. Even in their forties many people don't take it seriously, and this is unfortunate."*

*~Patricia Reid-Waugh*

## Comments, Feedback and Links To Discussions

"I just read your [April] newsletter. Love the opening bit too! Thanks for addressing this very important topic highlighting the importance of getting a good night's sleep."

~ J. T.

~~~~~

On Saturday 21st May, members of **The Ralph Hogges and Benjamin Cowins Writers Group of South Florida** met for a virtual **Wake Up & Read Morning Vibes** session, organized by a Team led by Dr. Shelly Cameron, one of our ardent newsletter subscribers.

Members of the Writers Group gave updates on our current writing projects and some of us read excerpts from recently published works. I talked a little about my new book *Retirement: The Journey and The Destination* and read a couple short excerpts. My presentation at the session can be viewed at:

<https://www.youtube.com/watch?v=ADATWw5CHM4>

I encourage my newsletter tribe to journal because you never know when the writing bug is going to bite you.

~~~~~

The following is the link to an article I was asked to contribute for The Jamaica Observer's feature on the health insurance crisis affecting seniors in Jamaica:

<https://www.jamaicaobserver.com/business/seniors-challenged-by-crippling-health-care-costs/>

It was published on April 10, 2022.

## Contact Me

Patricia Reid-Waugh



(876) 474-4144 (Whatsapp)

(941) 445-8606 (US & Canada)



preidwaugh@gmail.com



[www.facebook.com/retirementanewadventure](https://www.facebook.com/retirementanewadventure)

[www.linkedin.com/in/preidwaugh/](https://www.linkedin.com/in/preidwaugh/)

[www.instagram.com/preidwaugh](https://www.instagram.com/preidwaugh)

## RETIREMENT A NEW ADVENTURE

### AVAILABLE ONLINE

From Amazon using the link:

[www.bit.ly/retirementanewadventure](https://www.bit.ly/retirementanewadventure)

[www.barnesandnoble.com](https://www.barnesandnoble.com)

### AVAILABLE IN BOOKSTORES

**Barnes and Noble** (Across the US)

**The Reader's Book Shop**

Liguanea Plaza, Kingston 6

**The University Bookshop**

U.W.I. Mona Campus, Kingston 7

**The Jamaica Pegasus Hotel Gift Shop**

81 Knutsford Boulevard, Kingston 5