# The Cognitive Upside of Building Something You've Never Built Before

**7 MIN READ**

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# Starting a business later in life is a financial bet. It’s also, research suggests, one of the most effective ways to build new neural pathways.

Most people don’t decide to start a business — they *arrive* at it. A layoff, a ceiling they can’t break through, a birthday that reframes everything. After decades in the workforce, the appeal of building something your own shifts from fantasy to genuine possibility. More control over your time, your income, your direction. No ladder to climb because you’re the one building it.

It’s not without risk. But for a growing number of people in their 50s and 60s, entrepreneurship isn’t a leap into the unknown — it’s a calculated bet made with more experience, perspective, and self-knowledge than they’ve ever had before. For some people who make the switch later in life, it can expand options and opportunity.

But beyond the professional strides you can make as a late-career entrepreneur, there’s another reason to begin building something you’ve never built before. With all of those new opportunities come new challenges to be problem-solved — a boon for your **cognitive flexibility** and neuroplasticity as you age. Whether your business takes off may remain to be seen, but by diving headlong into the pursuit, you’ve already won.

## Why Self-Employment Can Help Expand Your Options

Being self-employed is appealing for a reason. You have more agency, more control over your time, and can unlock additional revenue streams. You don't need to operate on other people's timelines or budget restraints — a potentially welcome change after years or decades of working for others.

The goal is to create something that aligns with your purpose and goals, while helping you earn what you need to maintain your physical, mental, and financial health. With a strategy in place, entrepreneurship can extend your earning years.

You may be able to surpass previous **income ceilings** and build something that's an asset — one that could potentially be sold later on. If your business is remote, it can give you more location freedom, allowing you to travel or live anywhere and earn from your laptop.

# Here's The Reality Check

Becoming an entrepreneur allows you to explore other sides of yourself that you may have set aside for too long. With lessons in grit, drive, and stamina, starting a business can be a hard-won education in perseverance and resilience. It can also build your confidence to earn your first dollar on your own, making anything feel possible.

But it can also be incredibly challenging. Profitability can take time. And if you're pushed into entrepreneurship because of a layoff or ageism, you may have had less time to financially prepare for the reality of running a business.

"Those people starting a business because they see a gap in the market often have a financial plan. They've thought it through strategically and often build a financial runway, assess risk tolerance, and develop revenue projections before making the transition," says Wendy Shore, business growth and brand authority strategist at **Shore Advice**. "However, when the pivot is unplanned, many new business owners underestimate how they're going to handle their finances without a predictable weekly

salary. Without careful planning, their financial reserves and retirement savings can be depleted more quickly than anticipated," she tells Super Age.

Before taking the leap into entrepreneurship, consider the following realities.

## Uncertainty

A 9-to-5 job can feel more predictable and secure than a business with many layers of uncertainty. As an entrepreneur, you have to deal with various factors that are not in your control — the economy, **inflation**, taxes, tariffs, state laws, etc. Being comfortable with uncertainty can help you ride the rollercoaster of entrepreneurship instead of jumping ship the minute things get difficult.

"Most successful entrepreneurs have an ability to deal with almost constant uncertainty, because that's what it means to be an entrepreneur," says John Stoj, founder and financial planner at **Verbatim Financial.**

Entrepreneurship is a cognitive puzzle: you'll need to solve problems of pricing, positioning, marketing, and sales in real time. Success often relies on being able to adapt quickly. In that way, building a business can also keep your mind agile.

## Profitability

Every business will have expenses to start. At the very least, everyone will need a website and some marketing. Brick-and-mortar businesses require much larger investments to launch, which means profitability could be further down the line than you think. If you're a freelancer or service provider, the upfront investments may be smaller — but not insignificant.

"Most new businesses fail because of a lack of working capital. Income can be

unpredictable, often much less predictable than expenses," says Stoj. "While making too many assumptions is seldom a good thing, one healthy assumption is that profitability will come much later than expected, and increased costs much sooner. Preparing for that financial reality can be the difference between success and failure."

## Taxes

Working in-house for an employer, your taxes are set aside from your salary for you. When you're a business owner, that's now your job.

"Taxes often come as a big surprise. When you get a paycheck, your taxes are withheld and most people actually get a refund at the end of the year. As a business owner, you're responsible for quarterly estimated taxes, and what looks like profit on paper is not always take-home income," warns Shore.

To make it easier, you'll likely want to open a business checking and savings account. Each month, put funds aside for quarterly tax payments. Consider getting an accountant to help you comply with tax laws and avoid surprises while you focus on building your business.

## Doing It Yourself

When you dream of being a business owner, you might envision yourself in the role of a hard-working and well-respected founder. But in the beginning, it's unlikely that you'll play only one role.

"When you're in corporate, there's usually a team or different departments that handle different parts of the operation. When you're solo or just starting out, you wear all the hats and there is a learning curve involved with starting. That learning curve often comes with financial costs as well," added Shore.

Don’t underestimate the time and energy investment it can take to get started. Be aware of what team members you might need to hire in the near future.

## Expertise

Everyone has individual talents and skills that can be leveraged in a business environment. Identifying those in yourself can be a major boost.

“The best advice I can give is to look hard at your skills and try to find something that fits them. Doing that right is like getting a head start in a race,” says Stoj.

“I stepped a little too much out of my talent zone for one of my businesses and I paid the price,” he adds, speaking from experience. After the financial crisis, Stoj started a sushi business. He had the drive, but didn’t have the expertise, he says.

“The food business is a hard one to begin with, but my biggest mistake was thinking that I would just go from successful investment manager to successful food manager. I did not understand that I needed the proverbial ‘10,000 hours’ of experience,” he tells Super Age.

Though the business did eventually thrive, it took several challenging years before it got to that point. “Had I chosen to go down the financial entrepreneurial path like my current business, I would have been able to hit the ground running instead of spending so much time learning the basics of something totally new,” Stoj notes.

## Retirement

When you own a business, you’re also **responsible for your own retirement**. You have tools like a Solo 401(k) or SEP IRA and may have higher contribution limits. That can be a major win, but it only works if you contribute diligently.

Many business owners stop contributing to their retirement while in the startup phase.

And many think it’ll be a short-term thing, until it’s not.

“Take my word for it, once you stop saving, it’s really difficult to restart. There’s always another excuse: next year will be more profitable, the business needs this new toy, etc. If you can avoid falling into that trap, you will be well ahead of many entrepreneurs,” advises Stoj.

Though it can be tempting, it’s not advised to tap retirement funds to start a business either. Making withdrawals before the age of 59½, you’re likely to face major tax consequences.

# How to Start a Business Later in Life

Starting your own company (and, by extension, having more control over your career) is both rewarding and risky. Here are some steps to ensure you do it right.

**1. Identify Skills and Talents**

Review your skills and talents. What do people come to you for advice on? What have you learned from your job experience? What are your unique talents, skills, and abilities? Answering these questions can help inform what type of business might be a good fit.

**2. Find Your Passion**

At this stage of life, you want a business that you’re passionate about. Like many people, you probably have a lot of passions. The key to starting a successful business is finding the connection point between your skills and your passions.

For example, you may be passionate about photography, cooking, and learning French. Your skills and talents may be that you’re creative, project-driven, and a good communicator. In this case, pursuing a photography career, like shooting family

portraits, weddings, or pets, could be a good option.

**3. Test Your Idea**

Businesses need buyers—whether it's a client or a customer, you need people to pay for your products or services. Testing your business idea before jumping ship on your day job is a smarter and more risk-averse way to see if your business is viable.

"If you're still in corporate, my suggestion would be to start building your business while you still have your paycheck. That leaves you so much breathing room and time to test your offer, validate the demand, and build the business without jeopardizing your financial security," recommends Shore.

**4. Build Your Network**

If there is in fact a market for your business, it's time to build your network. Given your work history, friendships, and community, you may already have people who can help you.

"Referrals, partnerships, introductions, and collaborations typically come from trust built over time, not from cold outreach. Especially for entrepreneurs in their 40s and 50s, your network often reflects decades of credibility," says Shore.

Having relationship capital is an integral part of success—in life, business, and health. With a business, you can mindfully connect with and serve others. Invest in people and they'll invest in you, allowing you to build two major assets: your network and your reputation.

**5. Prepare Your Finances**

Next, you'll need to prepare your finances: Open a business checking and savings account. Save for taxes. Hire an accountant. Shore recommends learning how to read your profit and loss statements and cash flow statements. "Budgeting, saving, borrowing, investing, and bookkeeping are all crucial to the financial success of any

business," the U.S. Small Business Administration adds.

When things are good, it's also crucial to look ahead and prepare ahead for bumpier roads ahead. "Strong revenue months can be followed by slower periods, and without planning, the inconsistency of income causes great stress," notes Shore.

**6. Maintain Your Well-Being**

Shore observes that successful entrepreneurs who maintain balance and well-being share a few common traits:

- They don't work 80-hour weeks
- They know their limits (and outsource accordingly)
- They build a business around their life, not the other way around

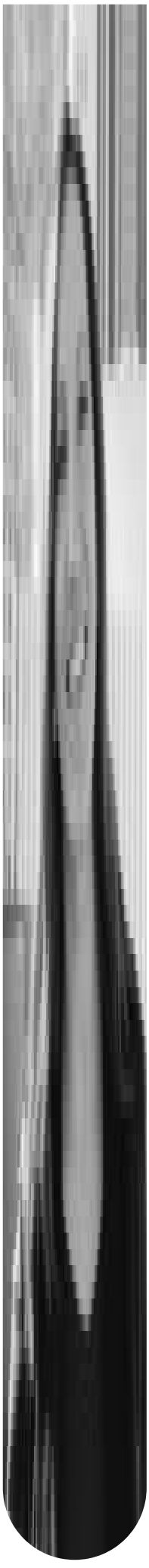
It's important to schedule self-care and have systems in place to run your business. "The systems keep you consistent. The scheduled breaks keep you sustainable. That's how you stay resilient without compromising your health," said Shore.

Starting a business later in life isn't just a financial decision — it's a statement about how you want to spend your time and energy in the years ahead. The risks are real, but so is the opportunity to build something that reflects everything you've learned, earned, and become. With the right preparation, the second act can be the most rewarding chapter yet.

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