



**2021 Hiscox**  
Encore  
Entrepreneur  
Report





---

Starting a business is the American Dream. But when is the ‘right’ time in life to take the leap? For some entrepreneurs, the right time may be early in their careers when they have more freedom and time to invest in the business. For others, it might be later in life after they have developed an arsenal of professional experience, connections, resources and, perhaps most importantly, confidence.

In recent years, there has been an increase in encore entrepreneurs, entrepreneurs over the age of 50 who are starting their first business. According to the Kauffman Foundation, the 55 to 64-year-old age group accounted for 26% of new entrepreneurs in 2018.

In the 2021 Hiscox Encore Entrepreneur Report, we explore the numerous factors that influence an individual’s decision to start a business later in life and the attributes that contribute to a higher rate of success. Our survey of 400 US small business owners who started their first business aged 50+ reveals what it takes to become an encore entrepreneur.

# Taking the Leap: A Labor of Love

It is never too late to pursue your dreams and our survey found that many encore entrepreneurs are starting businesses because they want to pursue a personal passion (24%). If you love what you do, you'll never work a day in your life, but it certainly helps if you can also afford the type of lifestyle you want. Although personal passion is the top driver, 50% of respondents started their business for monetary reasons, noting greater financial independence (23%), making more money (22%) and being unemployed with no income (5%) as reasons why they took the leap to entrepreneurship.

The approach these entrepreneurs are taking in the early days of starting their business varies. The majority – 60% – dove right in, tapping into their wealth of experience and confidence to work at the business full time from day one. Forty percent of respondents tested the waters with a side hustle first. Of these, 57% operated the side hustle for a year or less before turning it into a full-time business.

For encore entrepreneurs, taking it easy isn't a part of the retirement plan. As they progress in life and may gain more free time, they commit more to the business; those aged between 50 to 55 worked on average 43 hours a week, 56 to 61, 46 hours a week and 62 to 67, 47 hours a week.

Starting a business isn't easy, but you don't have to do it alone. Over half (54%) of respondents share the workload with a business partner and are most likely to partner with a spouse (19%). Encore entrepreneurs are courageous and not afraid to step out of their comfort zones. Our survey found that 44% of respondents started businesses in a different industry than the one they worked in as employees at their last full-time job.

24%

wanted to pursue a personal passion.



50%

started their business for monetary reasons.



# Risk and Reward

Financial considerations are arguably the biggest barrier to starting a business. Although the majority of our respondents reaped the rewards of embracing those risks, the pay-off was far from immediate, highlighting the importance of careful financial assessment and planning.

All new businesses require funding to cover startup expenses. Surprisingly, in a demographic that is known to be more financially secure, 59% of respondents used financing outside of their personal funds such as bank loans (29%), or loans from family and friends (21%) to start a business.

Respondents also used their own personal funds, with personal savings/cash (62%) being the most cited type of personal financing these entrepreneurs leveraged.

Entrepreneurs are optimists and it should come as no surprise that 45% of respondents expected to earn more income compared to the salaries at their last full-time job. When passion, hard work and experience converge, reality can exceed expectations.

For these entrepreneurs, on average, 68% went on to earn more than their previous role, however, the jump in salary didn't happen overnight. Among those respondents who are earning the same or more income in their current business, it took about two years, on average, for those respondents to reach that level. Notably, 77% of those who work in the same industry make more money than their last job, and 57% who work in a different industry make more money currently than their last job.

With clear goals in mind, the majority of respondents achieved what they set out to do. Among respondents who started their business primarily to make more money or for greater financial independence, 73% were successful in making more money than they did previously.

45%

of respondents expected to earn more income than their salaries at their last full-time job.



68%

of respondents went on to earn more than their previous role.

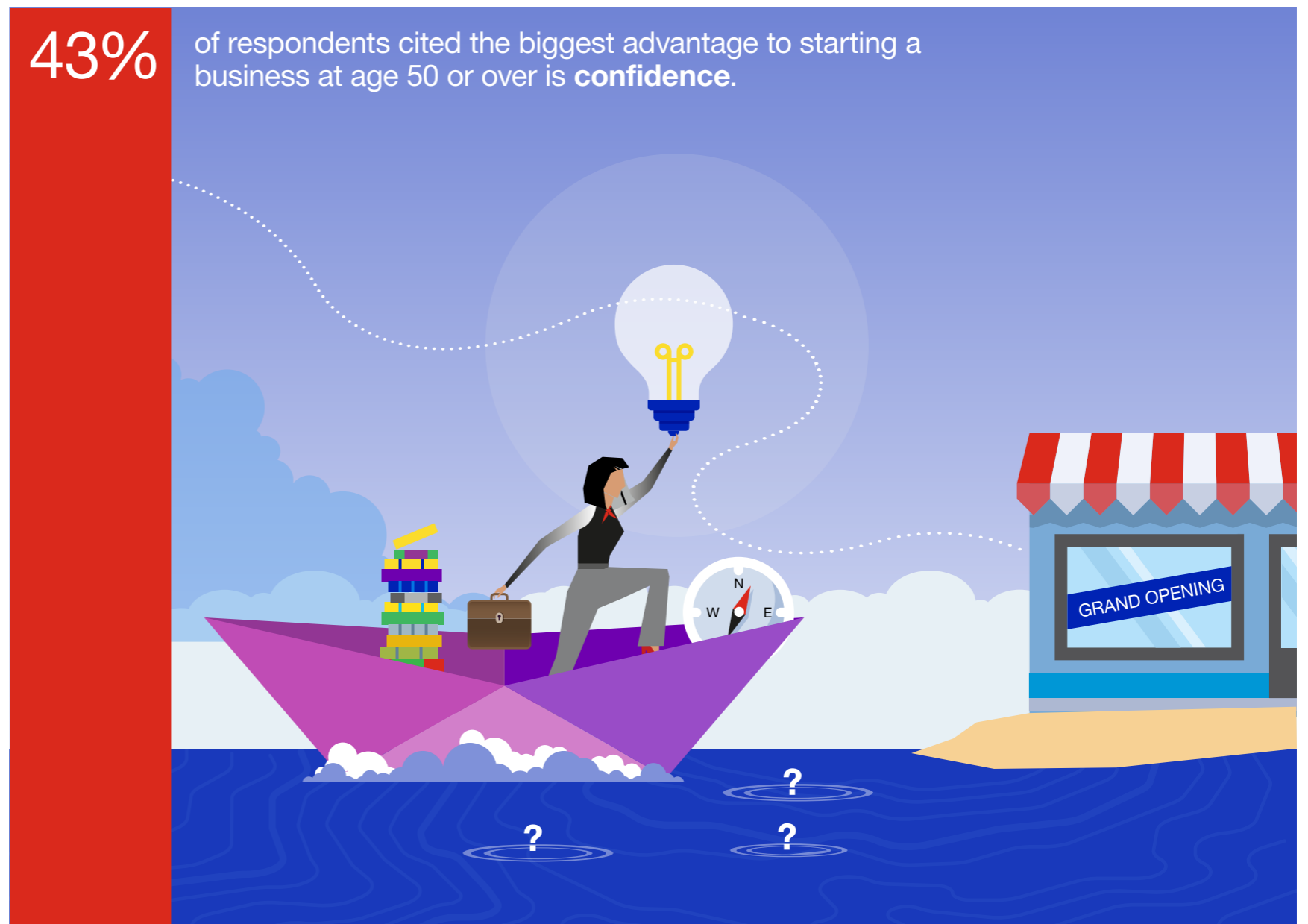


# It's never too late and experience helps

Starting a business can be one of life's most testing experiences, but the sea of unknowns that all entrepreneurs must face can be more easily navigated with the confidence that experience brings. In fact, the biggest advantage to starting a business at age 50 or over is confidence, cited by 43% of respondents. Having a larger professional skillset (42%), and more industry experience (39%) were also named as advantages. Some encore entrepreneurs didn't start a business earlier in life simply because they did not have an interest in doing so (35%), and for others, it was the uncertainty they could make the same income (34%).

Although passion and experience may deliver some success, many believe that greater knowledge about specific skillsets would have been helpful. With businesses becoming increasingly customer-centric and digital, 35% of respondents would have liked to have acquired more marketing experience, and 33% wished they had more knowledge of e-commerce fundamentals.

When a business is passionately grown from a simple idea, it can be difficult to see it in the hands of a stranger. Many would like to keep their business in the family, as 37% of respondents plan to sell or leave their business to family members.



# Resiliency and Protecting Your Business

## The impact of Covid-19

With overwhelming passion, experience and confidence, encore entrepreneurs are a formidable and growing force within the business community. Nevertheless, Covid-19 has impacted these entrepreneurs just as it has everyone else. The vast majority (71%) of respondents have suffered a major or moderate impact from the pandemic, and 40% don't think their business would survive if there were another economic shutdown in 2021. The impact of Covid-19 will also be felt far beyond the lockdowns, as 31% of respondents report that they will retire later than planned due to the pandemic.

With nothing more worthy of a standing ovation for the perseverance and courage they have displayed during a time of adversity, this demographic of entrepreneurs is only expected to grow. Sixty-three percent of respondents think it is likely that more people aged 50+ will shift from full-time employment to starting their own business as a result of the pandemic.

## Protecting the American dream

Despite their abundance of passion, there is a lack of fundamental business protection among respondents, with 42% of respondents reporting that they do not have business insurance. It should be noted, however, that among those respondents who do not currently have it, 26% plan on getting business insurance.

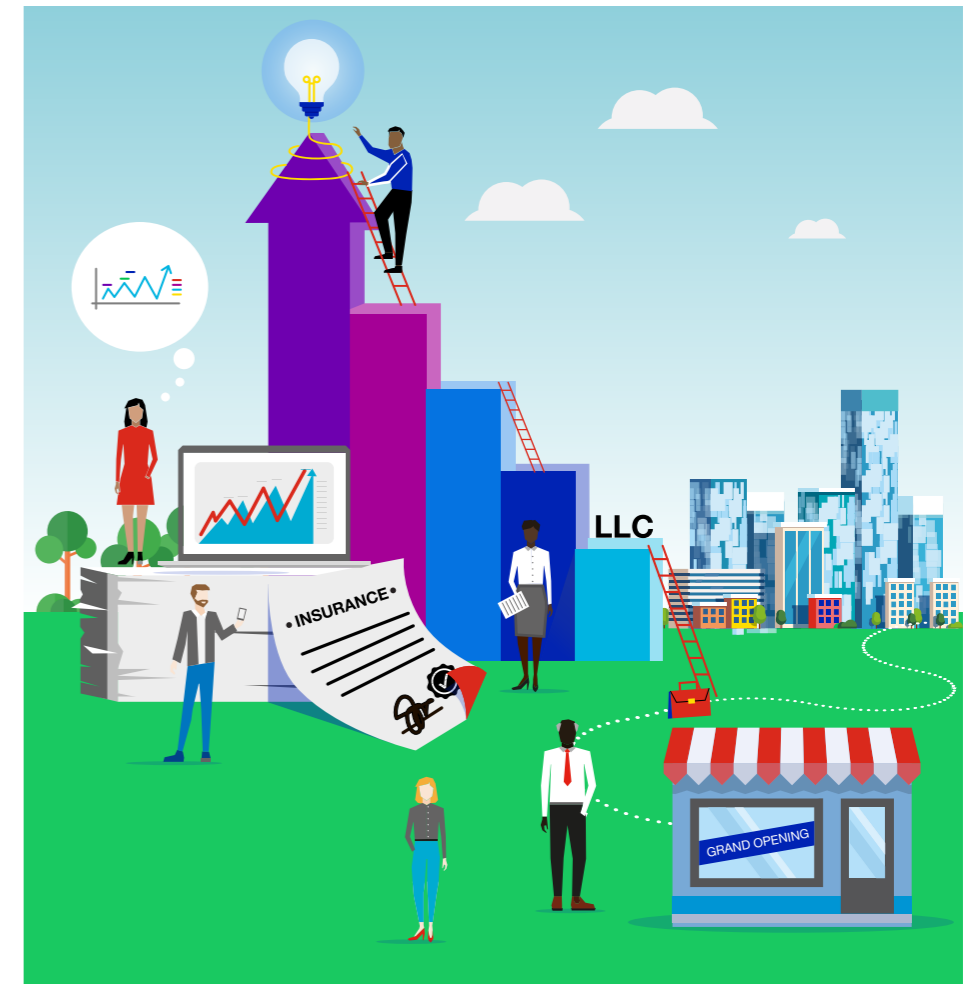
Businesses of every size need protection from claims and lawsuits, but business insurance doesn't need to be complicated. Here's what entrepreneurs need to protect the business they've worked so hard to build:

- General liability insurance to protect against third-party claims of bodily injury, property damage, and personal injury like libel and slander
- Professional liability insurance to cover claims of negligence
- Cyber insurance for the costs associated with a data breach or hack
- Workers compensation insurance if you have employees.

**Hiscox provides tailored insurance for small businesses. Visit [www.hiscox.com](http://www.hiscox.com) for more information.**

63%

of respondents think it's likely that more people aged 50+ will shift from full-time employment to starting their own business as a result of the pandemic.



# Survey Methodology

The Hiscox Survey was conducted by Wakefield Research between November 24th and December 4th 2020, among 400 US small business owners who started their first business at age 50+, using an email invitation and an online survey. Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 4.9 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

## About Hiscox

Hiscox is a global specialist insurer, headquartered in Bermuda and listed on the London Stock Exchange (LSE:HSX). Through its retail businesses in the UK, Europe, and the US, Hiscox offers a range of specialist insurance for professionals and business customers as well as homeowners. In the US, Hiscox Small Business Insurance is underwritten by Hiscox Insurance Company Inc., a Chicago-based insurer that is licensed across the United States. For more information please visit [www.hiscox.com](http://www.hiscox.com).

---

THIS COMMUNICATION IS FOR INFORMATIONAL PURPOSES ONLY.

The contents of this article and the linked materials do not offer legal, business or insurance advice related to the needs of any specific individual business. The insurance coverage described herein is subject to and governed by the terms and conditions of each policy that may be issued. The publication and delivery of this information is not intended to be a solicitation for the purchase of insurance on any US risk.