

## RETIREMENT LIVING

# Bartering Takes Off Among the Self-Employed



**M**YRNA AND Tom O'Reilly eat at the best restaurants and go on exotic cruises without using cash or credit cards. Their membership in a barter exchange association helped them run successful businesses and now enables them to live a comfortable retirement.

Myrna, 63, who owned a coupon-mailing company, offered her advertising services in exchange for products and services she and Tom needed. As owner of a dry cleaner in Chicago, Tom, 65, bartered cleaning services. By 2003, when Myrna was semi-retired and Tom was completely retired, they had saved \$100,000 in "barter dollars"—the difference in the worth of what Myrna and Tom sold and bought.

The O'Reillys now live in Florida eight months a year and near their grandchildren in Illinois for the rest of the time. Myrna says, "We accumulated a large trade-dollar balance before we retired because it helps us maintain an enjoyable social and entertainment lifestyle in Chicago."

In this cash-tight economy, many sole proprietors and small businesses are joining barter exchange associations. Typically a firm sets up an account at one of the 35 associations. The association translates the value of products and services received and provided into barter dollars. The association debits or credits a member's account when the member buys or sells.

An online directory of members' offerings enables barterers to know what's available. At the end of the year, the barter association provides members a record of the fair market value of the barter dollars they received, which is treated as taxable income.

About 250,000 businesses in the U.S. use barter

exchange networks, says David Wallach, president of the International Reciprocal Trade Association, based in Portsmouth, Va. He notes that there was a 15% increase in barter activity worldwide in 2009.

Don Mardak, chief executive officer of International Monetary Systems, an association in New Berlin, Wis., says 17,000 businesses are members, spanning 14 states and Canada. The company's one-time membership fee is \$695. There is also a \$12 monthly fee and a transaction fee of 6% of the total trade value of each transaction.

### Using Barter to Eat Out and Pay the Rent

The O'Reillys used barter dollars to replace their roof, paint their house and install a new furnace. Tom says he would have had to lay off some of his dry-cleaning employees during slow seasons if it weren't for barter exchanges with International Monetary Systems. "I was able to keep busy during those times with customers who used barter dollars, and I spent barter dollars instead of cash when cash was not coming in," he says.

Johnny Eigel, 70, bartered through International Monetary Systems when he owned a small printing firm in Chattanooga. After selling the company a few years ago, he remained a member. When his daughter's car motor gave out, Eigel bought her car, found an engine in a junk yard and had a local mechanic who was a barter member install the engine using trade dollars. He sold the car to another association member for barter dollars. "I call that a recycling trade," says Eigel.

Fran Port, 65, who owns a pressure-washing company in Lake Keowee, S.C., barter his services through Tradebank International, based in Lawrenceville, Ga. Port found an apartment-complex owner willing to accept trade dollars as rent for six years. Port also uses his trade dollars for trips with his wife. "It's made our vacation time a lot more enjoyable because we're not stressed out about having to see how much money is in the checking account," says Port.

If you think your business is suitable for bartering, look for associations that have joined International Reciprocal Trade Association ([www.irta.com](http://www.irta.com)) or the National Association of Trade Exchanges ([www.nate.org](http://www.nate.org)). Request a member list to determine if there are enough businesses that you can use and that can use your services or products. **K** —LEAH DOBKIN