

Polycomp moves its Roseville HQ, gains more room to grow

Retirement companies prosper amid changing economy, tax rules, attitudes

KATHY ROBERTSON | STAFF WRITER

Retirement-consulting firm Polycomp Administrative Services Inc. has moved its Roseville headquarters to accommodate growth.

The company moved into 14,500 square feet at 3000 Lava Ridge Court this month from smaller digs on Douglas Boulevard. The new office offers ample space for the company's 60 local employees and room to add about 10 more. Polycomp has right of refusal for more space when it's needed, said president Pam Constantino.

Polycomp has doubled revenue to more than \$10 million in the past six years as the aging work force and changes in tax law drive up demand for experts in retirement planning. The company's statewide

Polycomp Administrative Services Inc.

Business: Offers customized retirement plans and benefit-plan administration

Employs: 110 total; 60 in Roseville and 50 in Woodland Hills and San Diego

Revenue: \$10.5 million in 2006

New location: 3000 Lava Ridge Court, Suite 130, Roseville
Contact: 916-773-3480 or www.polycomp.net

work force has grown 71 percent over the same period, to 110 employees in three offices. The company's five-year plan projects revenue of \$17 million by 2012. Polycomp designs customized retirement plans and acts as a third-party administrator for cafeteria plans, association trust plans, self-directed individual Retirement Accounts and automatic roll-over IRAs. Business clients tend to be employers with 100 to 500 employees. Founded in Woodland Hills in 1974, Polycomp entered the Roseville market in 1985 when it bought a local business headed by Constantino, now president and co-owner. The plan has been to pursue slow, steady growth, but changes in the economy, tax law and attitudes toward employee benefits have business executives and individuals clamoring for advice.

"Employers are cutting back on cost and shifting employees into 401(k) plans," Constantino said. "What we are there for is to customize the plan so it works well for them."

Likewise, self-directed IRAs offer a way for individuals to put money in alterna-

tive investments in order to beef up their retirement savings.

New Roth IRAs allowed by Congress since January 2006 have been slower to gain traction. While 401(k) plans allow workers to set aside income for retirement and defer taxes until the cash is



Pam Constantino

withdrawn, contributions to Roth IRAs are taxed now, but withdrawals are tax-free. The new plans are expected to appeal to younger workers who expect to be in a higher tax bracket when they retire. The complicated nature of these kinds of benefits has propelled growth across the retirement consulting industry.

"Polycomp is an admirable competitor, but just like them, we are growing like mad," said Beth Harrington, president of Benefit Resources Inc. in Sacramento. The company mostly caters to businesses with 30 to 50 employees; it added three employees last year and is up to about 20, she said.

"People want to retire, and they are starting to pay attention to (the issue)," Harrington said. "The basic safety net is Social Security, but people are getting worried that it won't be there for them. Employers who used to offer pension plans gave them up. The entire industry is shifting to the employee."

Companies as small as five people are setting up retirement plans with generous employer contributions as a way to stay competitive and attract employees, Harrington said.

New retirement plans and changes in the tax law benefit both companies.

"A lot of businesses start at an investment company, but that's like going to H&R Block for your taxes; it's not really customized and may not be the best bang for the buck," Harrington said. Some businesses are now going to one place to get investment advice and another for retirement-planning advice.

Jonathan Lederer, president of Lederer Private Wealth Management in Sacramento, said it's common for the two industries to refer clients back and forth.

"I can do the investments, but I'm not going to take the time to craft the custom changes," he said.

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