



MEMORANDUM

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DATE: July 15, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director *VH*
Portfolio Management & Packaging

Stephen Haakenson, Project Manager
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Robert Schechter & Associates, Inc.
Standard Credit

COMPANY NAME:

Robert Schechter & Associates, Inc.
251 Pierce
Birmingham, Michigan 48009

HISTORY OF COMPANY:

Robert Schechter & Associates was formed in 1984 and has grown to provide services under trade names Schechter Wealth Strategies and Schechter Benefits Advisors, with offices in Birmingham, Bloomfield Hills, and Farmington Hills. This broadened the company's offerings to include cradle-to-grave financial services. In 2001, after a 12-year strategic alliance, Robert Schechter & Associates was wholly acquired by National Financial Partners, Inc., based in New York.

Robert Schechter & Associates' newest venture is called My Insurance Expert, which reaches out to the general consumer market through the internet to offer individual health and life insurance. Consumers may interact with My Insurance Expert staff through the web or via phone to obtain rate quotes and insurance policies.

Robert Schechter & Associates currently has 71 employees in Michigan.

PROJECT DESCRIPTION:

Robert Schechter & Associates is expecting significant growth in the coming years, specifically as a result of the My Insurance Expert initiative. Although My Insurance Expert is currently located in Michigan, the company is experiencing most of its growth in the south and southwest. To accommodate the growth, the company needs to expand their operations and relocate their business. The expansion will result in the creation of 337 new jobs over the next 5 years, paying an initial average weekly wage of \$640 and will include an investment of over \$1.8 million; including lease costs, leasehold improvements, computers and equipment and telecommunications infrastructure. The company will also offer health care benefits and pay a portion of the benefit costs.

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BENEFITS TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 621 jobs in the state by the year 2013. We also estimate that the project would create total state government revenues through the year 2013, net of MEGA cost and adjusted for inflation, of \$6.7 million (2008 dollars) due to the creation of these new jobs.

BUSINESS CASE:

Alternatively, the company is considering a competing offer from Jacksonville, Florida. Jacksonville has several inherent cost advantages over Troy, including significantly lower wages and taxes. Florida does not impose an individual income tax which would represent an additional advantage to the company and Jacksonville has a dominant healthcare industry, which allows My Insurance Expert to attain greater profit margins and economies of scale in its operations.

STATE AND OTHER LOCAL ASSISTANCE:

The City of Troy supports this expansion and is providing a local contribution through its Downtown Development Authority (DDA) with a combination of services valued at \$20,000. This will be presented at their July 23, 2008, DDA meeting.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent employment tax credit for five years, for up to 337 net new employees.