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Brown Smith Wallace merges benefits unit with Highland firm

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Brown Smith Wallace's **Benefit Plans Plus** unit has merged with a competitor, **Qualified Plan Services** from Highland, Ill.

The merger creates a 22-person retirement plan service provider that will generate between \$2.5 million and \$3 million in revenue this year, said Patrick Shelton, Brown Smith's managing member of the unit.

The deal was effective May 1, said Nancy Flachsbart, who founded Qualified Plan Services 27 years ago. The deal included an asset sale to Benefit Plans, but neither Shelton nor Flachsbart disclosed terms of the deal.

Flachsbart, 62, said she had been considering potential merger partners for several years to firm up a succession plan for her business. She avoided contact with national firms because she feared they might not retain her Illinois office.

"We wanted to be in that (Illinois) marketplace," said Shelton, 41, adding that the combination will double Benefit Plans' sales force. He will be the managing member from St. Louis. Flachsbart will have an ownership stake in the combined business and will continue running the Illinois office.

Prior to the deal, Benefit Plus' 12-person staff administered 500 plans. Qualified Plan Services' 10-member staff administered 250 retirement plans and 70 company cafeteria plans for clients that included Forshaw of St. Louis and Rottler Pest Control.

Both companies are known as third party administrators, which handle the technical back shop work for company retirement and other employee benefit plans. Third party administration businesses are generally small and scattered throughout the country; most date from the mid 1980s when 401(k) plans started to become more popular with businesses, said Kent Novell, principal with **Retirement Research Inc.** in West Hartford, Conn. He said more of the firms are likely to be sold in the coming years as their founders consider succession plans.

“Those (third party administrators) that have deeper pockets are likely to go on an acquisition spree in the next few years,” Novell said.

The deal places Benefit Plans among the largest third party administration firms locally.

Harvey Wallace, managing principal of Brown Smith, said the deal with Qualified Plan presents an opportunity to transfer other Brown Smith services to the Metro East. The entire accounting and consulting firm, including several other subsidiaries, generated \$26.5 million in 2008 with a staff of about 200.

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