

South Florida BUSINESS JOURNAL

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Incapital set to add jobs, expand space

BY BRIAN BANDELL

Incapital, a brokerage that focuses on bonds, hired 40 people in Boca Raton last year and wants to add dozens more financial professionals.

The company is based in Chicago, although most of its employees – about 100 – work in a

17,000-square-foot office in Boca Raton. Incapital CEO John Radtke said he would like to expand the office by 5,000 square feet to accommodate future growth, including the 25 to 30 employees he plans to hire over the next 12 months.

"Florida is about 80 percent or 90 percent of our production," Radtke said. "Last year, we

traded \$70 billion in securities out of our Boca Raton office."

He said the average salary and commission at Incapital is more than \$250,000 a year. For the past three years, the company has paid

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100 percent of its employees' health insurance premiums.

The company has also focused on philanthropy, donating \$400,000 to about 90 charities over the past two years.

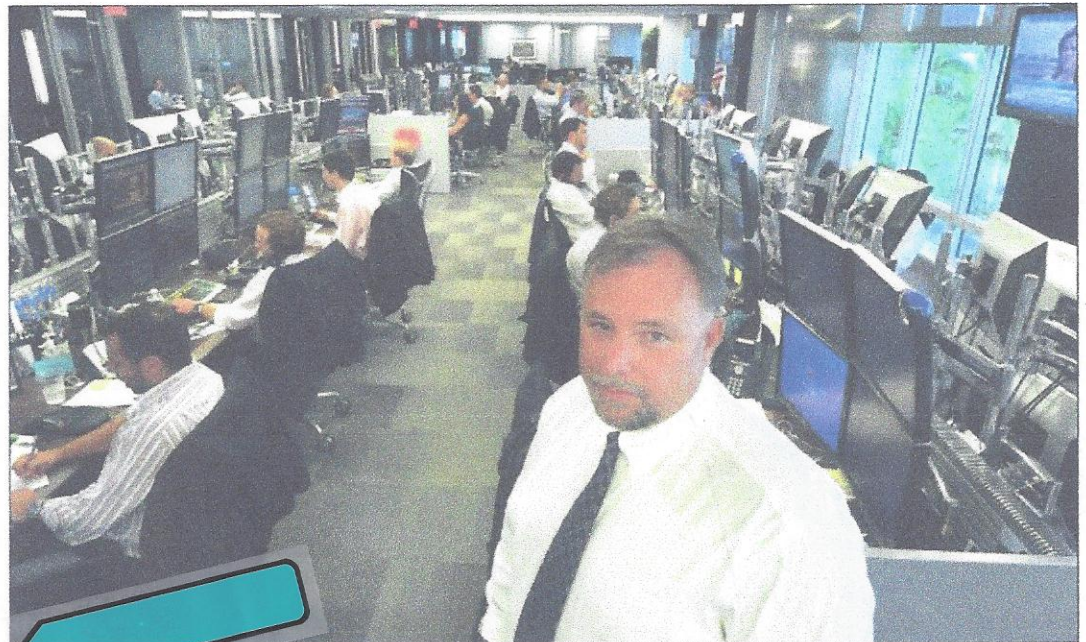
Radtke said Incapital also has internships available, and has given some of them to Native Americans from reservations in such places as Oklahoma.

Incapital specializes in brokering high-grade corporate bonds. Radtke said the company underwrites bonds for 55 companies on the Fortune 500, including General Electric Co., Ford Motor Co., JPMorgan Chase & Co. and Caterpillar. It does not deal directly with individual investors, however. The firm generally works with asset managers at banks, and institutional investors.

CORPORATE BONDS ARE MORE POPULAR

Radtke said corporate bonds are gaining in popularity for conservative investors because bank saving accounts and timed deposits are paying such low interest rates.

Investors can make more in bonds than in bank accounts, but the key is to make sure the company that issued the bonds will repay them, said Bart Sacher, a securities attorney and partner in Miami law firm Sacher, Zelman, Hartman, Paul, Beiley & Sacher, PA. He said three things to consider when buying corporate bonds are the health of the company issuing the bonds, the interest rate being paid versus the maturity date of the bond, and understanding that the value of the bond changes inverse to inter-



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est rates. Bonds are worth more when interest rates decrease, but they can lose current market value when interest rates increase since investors can obtain new bonds that

pay higher rates.

In addition to selling and researching bonds, Incapital has expanded into insurance services and annuities, which allow for tax-free growth until they pay out. Radtke said much of Incapital's hiring this year would be on the annuities side. Generally, Incapital acts as an intermediary between the annuities broker and the insurance company, he said.

Radtke said he is also excited about the capital gain tax rate reductions. With the capital gain tax rate increase in 2013 unless Congress acts, owners of small broker-dealers selling this year, he said.

"There are a lot of good opportunities because of the impending sale because of the impending rate increase," Radtke said.