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print editions remain of this newsletter, which resumes electronic-only distribution in 2010. If you don't already receive it via e-mail, send address to editor@cata.info. All addresses held in confidence. Don't be left behind!

Advance auto show tickets on sale now

CATA members can buy general admission tickets to the 2010 Chicago Auto Show at a 45 percent savings off box office prices. The tickets promote goodwill among customers and even can entice prospects to close a deal.

See the order form in this newsletter.

NADA dissects area employee compensation

The area's average dealership general manager earned $200,751 in 2008, according to data from the latest biannual compensation survey administered by the National Automobile Dealers Association.

Employee compensation generally lagged the 6.8 percent cost-of-living increase since the survey was administered two years ago. Indeed, the average GM earned $210,000 in the 2004 study of CATA dealers.

The NADA study, conducted this spring, tracked manager pay based on 2008 W-2 earnings, and other forms of compensation like health and dental plans and vacation allowances.

Responding dealers were categorized as selling more or less than 400 new vehicles last year. Within those categories, the average GM pay at a smaller store was $98,280, while GMs at larger stores averaged $222,099.

Sixty-one area dealers completed the survey, and most of their sales exceeded the NADA's 400-unit class. In fact, the average among all responding dealers showed 888 new-vehicle sales in 2008, generating $52.6 million. The average area dealer employed 66 workers last year.

All participating dealers reported offering health insurance to their employees, and 82 percent also extended coverage to employee dependents. Thirteen percent of the dealers paid the entire cost of health coverage; overall, dealers paid for 42 percent of that benefit.

Although most dealers also offered a dental plan, a slight majority in the study, 51 percent, said they paid for no portion of the plans.

Other pay averages last year: general sales manager, $146,893; new-vehicle sales manager, $103,625; used-vehicle sales manager, $112,931; service manager, $98,347; finance and insurance manager, $111,250.

Dealers may request a copy of the full report by writing to the CATA's Erik Higgins at 18W200 Butterfield Rd., Oakbrook Terrace, IL 60181.

Global trade debate heats up in wake of Obama's Far East trip

In his first trip to Asia as U.S. president, Barack Obama this month met with the leaders of Singapore, China, Japan and South Korea. While the administration has been reviewing U.S. trade policies since its inauguration, the American International Automobile Dealers Administration contends that Obama's "foggy" direction on global trade has frustrated businesses in the U.S. and in Asian markets.

The tour of Asia sparked a bipartisan group of 88 House members to convey to Obama their mounting concerns about his administration's trade policy.

In a letter, spearheaded by two representatives from Washington—Democrat Adam Smith and Dave Reichert, a Republican—the group urged Obama to move forward on the U.S.-South Korea Free Trade Agreement.

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Achoo!

Using common sense can keep dealership healthy during flu season

With consumers stampeding like Black Friday shoppers in their attempts to obtain a vaccine against the so-called swine flu, it is important for businesses like dealerships to institute measures to prevent or minimize influenza outbreaks.

As important, if a dealership is hit with widespread employee absences from Influenza A (H1N1) virus or other ailments, managers should have contingencies prepared to keep business operating as efficiently as possible.

Though H1N1 is not as dangerous as experts initially feared, it is easily transmittable, making it a serious concern. And while a pandemic-preparedness plan will vary from one company to the next, there are some things that all companies can do:

• Institute Hygiene Policies. Place posters, which are available on the Internet, in bathrooms to remind people how to properly wash their hands. Also, place paper towels near bathroom doors so that people don't have to open them with their bare hands. Put hand sanitizer stations near any elevators.

• **Be Proactive**. Instead of relying on cleaning staff, place tubs of disinfection wipes throughout the office and ask employees to wipe down hot spots such as doorknobs and water coolers, and shared equipment like facsimile machines.

• **Enact Social Distancing Policies**. In case of an outbreak, close lunch rooms and other areas where people congregate. Plan for staggered shifts so that fewer people are at work at the same time.

• **Break Employees into Groups**. Identify critical employees, who can work from home during a severe outbreak, as well as non-critical employees and high-risk employees, such as pregnant women, who don't need to be in the office.

• **Revisit Sick Leave Policies**. Encourage workers who are sick, or have loved ones who are sick, to work from home so as not to infect others in the workplace.

Businesses should consider temporarily altering sick-leave policies during flu season to encourage people to stay home when sick.

Admittedly, the last two tips may be difficult to achieve at a dealership, where most of the work is conducted on-site. But perhaps some responsibilities for some employees can be satisfied from home, such as making phone calls to prospective customers.

For more information and tips for businesses, visit the Web site of the Centers for Disease Control and Prevention, http://pandemicflu.gov/professional/business.

Patterned after the most anticipated part of any "20 Group" meeting, the Great Ideas Exchange is designed to share best practices among CATA dealer members.

With no inventory, LIFO recapture looms for dealers

Ending 2008 with bulging inventory caused some car dealers to have to record LIFO adjustments. But that tax deferral might come home quicker than thought for those whose lots now are bare.

"It could be a disaster if dealers and their controllers are not looking at the fluctuations in their inventory from last year," said Jim Boland, partner with the accounting firm Mironov, Sloan & Parziale, LLC.

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Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full resume to the Editor.

Review past editions dating to 1998 or search by subject at http://cata.drivechicago.com.

Jerry H. Cizek III — **President, Publisher**
Erik K. Higgins — **Editor, Director of Dealer Affairs**

Path forward for estate tax still being plotted

Congressional leaders are still discussing the path forward for estate tax legislation. But any delay could make a one-year extension of current law more likely, rather than a permanent resolution of the issue.

Such a move would be simpler to get through Congress, but it would frustrate business groups, which argue that short-term fixes would hurt estate planning by family-owned businesses.

Congress is under pressure to act by the end of the year. If it does nothing, current law will make the estate tax disappear on Jan. 1, only to return in 2011 at higher rates and lower exemptions.

Few lawmakers are eager to pass a retroactive bill that would tax people after they die and after their estates are already distributed.

But consensus on the issue has proven elusive, and the House Democratic Caucus is showing signs of a split. Members also are focusing more on job-creation legislation, which may take precedence over the estate tax.

Democratic leaders want to move a permanent extension of the 2009 structure of the estate tax, which features a $3.5 million per-person exemption and a top rate of 45 percent.

Liberals are upset that such an extension — which would cost $233.6 billion over 10 years and benefit the country's wealthiest families — would not be offset, even as they have to scrape up every dollar they can to offset health care legislation.

Meanwhile, a moderate faction led by Rep. Shelley Berkley (D-Nev.) has offered a proposal that would be more favorable to estates.

Berkley would gradually bring the top rate down to 35 percent, and push the exemption up to $5 million and index it for inflation.

Berkley's legislation mirrors a plan supported by a bipartisan group of senators during the budget debate earlier this year.

That amendment, offered by Sens. Blanche Lincoln (D-Ark.) and Jon Kyl (R-Ariz.), was adopted on a 51-48 vote, signaling that Republicans and moderate Democrats had the clout to get a better deal for estates than the 2009 rates.

Congress implemented the estate tax in 1916.

Trade

Continued from Page 1

South Korea's is the world's 13th largest economy, and the 88 congressmen want Obama to at least begin discussion with leaders in Seoul to resolve conflict over two contested portions of the pact: beef exports and the U.S. domestic auto industry's access to Korea's markets.

The European Union recently struck a deal with South Korea, all but xeroxing the U.S. agreement with the Asian country. The letter outlined some of the costs of not returning to the global economic race by saying a pact with Korea would be "the most economically beneficial trade agreement the United States has negotiated in 15 years."

The United States has three pending free trade agreements—with Colombia, Panama, and South Korea—that have been collecting dust since long before the Bush administration left town, which makes international trade proponents anxious over when, or if, the United States will take action. They fear inaction will leave the country behind.

The AIADA has echoed that concern by continuing to monitor the administration's steps this year toward trade. The dealer association has long advocated the United States participating in the global economy.

The current domestic economic times can make it comfortable for people to want to shun the outside world, but the AIADA contends that protectionism is not the solution. Russ Darrow, the 2009 AIADA chairman, expounds on the topic on Page 4.

The economic environment has undergone serious change, and people's attitudes and motives have changed with it. As the United States works its way out of an economic crisis, some Americans are growing more concerned about "protecting" the nation from international trade.

But the AIADA reports that an estimated 176,800 net U.S. jobs could be lost if other countries retaliate against "Buy American" provisions.

As the global trade debate gradually heats up, the AIADA's Legislative Action Network will keep dealers informed. When the issue moves to Congress's front burner, the L.A.N. will appeal to dealers to write to and call their congressmen.

The AIADA is committed to ensuring that the United States remains a valuable player in the global economy for the best interest and protection of international nameplate dealers and their manufacturers.

Marketplace

GM/GSM Have experienced every dealership department over 20 years, the past 10 as GM. Combine positive interpersonal skills, initiative, capacity to motivate others and desire to learn. Graduate of Northwood University, NADA Dealer Development Academy. Kevin Murphy, (630) 508-9887.

Résumé on file at the CATA.

AIADA chairman's solution to economic woes: 'It's trade, stupid'

By Russ Darrow

For more than a year, Congress, the President, his administration, and every politician with a pulse in this country has been occupied with one challenge: how to fix our struggling economy.

As a small business owner, I have seen a lot of programs meant to fix our economy come and go; some more successful than others. Tax cuts and hikes, bank bailouts, TARP funding, TALF funding, and Cash for Clunkers all have passed us by. And yet, the silver bullet remains elusive.

But what if one of the real keys to ending this recession has been staring us in the face all along? To borrow a phrase, it's trade, stupid.

As the economy has worsened, Congress has put the brakes on global trade, refusing to ratify three pending free-trade agreements and offering up more than 90 pieces of self-defeating "Buy American" legislation.

Meanwhile, the lawmakers have only made America's economic problems worse. In October, unemployment reached a 26-year high of 10.2 percent. The dollar is at its weakest international value since 1967.

Our withdrawal from the global marketplace has coincided with an uptick in trade activity between other countries. We may have taken our ball and gone home, but the game has continued on. The rest of the world is powering forward with mutually beneficial trade pacts, and we're missing out on real recovery opportunities.

Take, for example, the free-trade agreement the Bush administration negotiated with South Korea in 2007. It's been 27 long months, and Congress still hasn't gotten around to passing the accord.

If enacted, the agreement would eliminate tariffs on nearly 95 percent of consumer and industrial product trade and could add up to $30 billion in bilateral trade between our two countries.

Specific to the auto industry, the agreement would:

- Remove the U.S. 2.5 percent passenge-vehicle tariff in stages. Korea would immediately reduce its 8 percent auto tariff to zero.
- Remove the 25 percent tariff on pickup trucks gradually over 10 years. Korea would implement an immediate reduction of its truck tariffs to zero.
- Remove U.S. and Korean tariffs on all auto parts. This means there would be no tariff on about 60 percent of the parts used in many of the cars produced in Alabama. This also would apply to parts imported from Korea for aftermarket use.

While Congress has dawdled on this and other agreements, the European Union has struck a nearly identical pact with South Korea, Canada has done the same with Columbia, and Japan has sealed a $211.4 billion deal with the Association of Southeast Asian Nations.

In all, 12 bilateral or regional trade deals have taken effect this year. How many deals has the U.S. been a part of? None.

According to the U.S. Chamber of Commerce, this country's failure to act while other countries form their own trade deals could cost us $40.2 billion in exports and 383,400 American jobs. That's a loss we can't afford.

As President Obama zipped around Asia this month (including visits to Japan, Singapore, China, and South Korea) I hope he got a good look at the humming economic exchange the U.S. should be a part of.

There are 168 trade agreements in effect today in Asia. The United States has made itself a part of just two—with Singapore and Australia.

Ultimately, bilateral trade alone will not end this recession. But it is becoming increasingly evident that trade must be considered a key component of our recovery.

If we continue to remain on the sidelines, paralyzed by indecision, we stand to lose out on billions. And we will continue to feel the impact of this recession long after the rest of the world has traded its way back to prosperity.

Russ Darrow operates 15 dealerships in eastern Wisconsin and is the 2009 chairman of the American International Automobile Dealers Association.

Dealer groups oppose health-care bill, but manufacturers are mum

As the Senate considers the $1.1 trillion health care bill passed by the House, lobbyists for car dealers and those for auto workers are lining up on opposite sides while automakers sit out the debate for now.

The National Automobile Dealers Association and American International Automobile Dealers Association reportedly have joined a small-business coalition to oppose the bill. The 58-group coalition cites the legislation's requirements that employers provide coverage and the measure's imposition of a tax penalty on employers that don't.

AIADA Chairman Russ Darrow said the bill "includes employer mandates that will hurt both employers and employees, high surtaxes and a public option that would be funded on the backs of small businesses."

The groups also criticized tax credits for coverage provided by businesses with 25 or fewer employees, saying the credits would have "limited value."

The bill passed the House on Nov. 7 by a 220-215 vote. It likely faces greater challenges in the Senate. President Barack Obama wants to sign legislation by year's end.