

Dixie Automotive News

News for the Southeast Automotive Aftermarket

Summer 2006

Bill Lewis Elected Chairman

AAAS members elected the 2006 - 2007 slate of officers during the Saturday morning business program at the AAAS Friends & Family Retreat 2006. Bill Lewis of Southern Generators, Inc. in Greenville, AL was elected to lead the group as Chairman of the Board. Bill follows in his father's footsteps. William Lewis served as Chairman 1980 - 1982. Lewis has served on the Executive Committee as First and Second Vice Chairman. His service also includes the AAAS Board of Directors and Board of Trustees for both the Automotive Aftermarket Fund and AAAS Educational Foundation.



2006-2007

AAAS Officers & Board of Directors

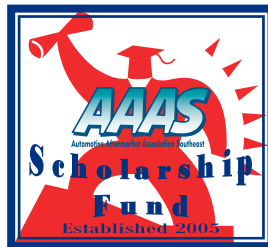
Bill Lewis	Chairman
Steve Kampwerth	1st Vice Chairman
Jimmy Edwards	2nd Vice Chairman
Bobby Chandler	Immediate Past Chairman
Dick Bell	Treasurer
Dick Bell	Director-Alabama
Phil Bellenfant	Director-Alabama
Barry Daniel	Director-Georgia
Sid Dooley	Director-Alabama
Jimmy Edwards	Director-Mississippi
Bill Hamilton	Director-Alabama
Rob Harris	Director-Alabama
Steve Kampwerth	Director-Alabama
Brian Keith	Director-Alabama
Bill Lewis	Director-Alabama
Mike Morgan	Director-Alabama
Phil Payne	Director-Georgia
Tom Powell	Director-Georgia
Tom Roberson	Director-Mississippi
Tommy Rogers	Director-Alabama
Mark Siegel	Director-Georgia

We extend congratulations to each of these officers and directors! Please feel free to contact these

2006 AAAS Scholarship Fund Awards Announced

The AAAS Scholarship Fund Committee is very pleased to announce the recipients of the 2006 scholarship awards:

The Stanley E. Waits Memorial Scholarship awarded to Tara Marie **Veasey**. Other recipients include Jane Ellen **Harris**, Lisa Karen **Tunstill**, Steven Lee **Rambo**, Brandy Shea **McGough**, Brandon Scott **Baker**, Constance Nicole **Lewis**, Ashleigh Lauren **Parmer**, Christopher Clark **Little** & Christal Andrea **Baty**.



Please look to the enclosed flyer for more information on these ten out-

standing recipients of the 2006 scholarship awards.

This is only the second year of the association's scholarship fund's existence and the program has grown from three scholarships last year to ten this year. The AAAS board of directors hopes this is just the beginning of what we as an industry can do to assist mem-

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great volunteers with comments or questions about your association! ♦

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WELCOME, New Members



AAAS Chairman Bill Lewis wishes to welcome the following twelve members into the association. Lewis encourages these and all members to investigate the programs offered through AAAS.

Enclosed is an AAAS Membership Directory 2006 New Members Insert which can be placed with your directory.

Advantage Engine Restoration, Inc.Moody, AL
 Arrowhead Composites & Thermoplastics, Elmore, AL
 Automotive Equipment & ServiceOpelika, AL
 Buchanan Auto Body Shop, Inc.Birmingham, AL
 Jerry Higgins Tire & AutomotiveMontgomery, AL
 Lynn Johnson Collision Repair, LLCChelsea, AL

Mader Bearing Supply, Inc.Mobile, AL
 Murray's Garage, Inc.Leeds, AL
 Premier Truck Centers, Inc. - FultondaleFultondale, AL
 Premier Truck Centers, Inc. - MadisonFultondale, AL
 Premier Truck Centers, Inc. - TusculumbiaFultondale, AL
 Southeast Truck & Trailer Refurbishers, Inc. .Phenix City, AL



Associations
 Make A Better World

(Continued from page 1)

bers, employees, sons and daughters deserving in their efforts to gain an education. The association is establishing a foundation which will make your contributions tax deductible this year. The scholarship foundation is off to a really good start thanks to the great people at Associate Jobbers Warehouse in Boaz, AL as they endowed the Stan Waits memorial scholarship. Please consider making your contribution to this great cause! (Contribution Flyer Enclosed For Your Use).

The AAAS fund gives priority to AAAS members, member employees and family of members and employees. AAAS can accept your contributions now. Just make your check payable to the AAAS Educational Foundation. This year we offer a helping hand to ten great kids. Help us build a program that can assist dozens!

Do you have an employee interested in furthering his or her education; trade school included? Is there someone there at your business with a child graduating next year? Call the association for an application. ◆

Online Training Now Available

A AIA has teamed up with the Total Training Network (TTN) to provide members with online learning. More than 350 courses cover more than 25 topics ranging from sales and management, to customer service and negotiating, to personal development and motivations and many others. Courses average 30 minutes in length. Printed student materials are available and after each course is a short 10 to 15 question quiz. A certificate is available upon completion of training. The cost is \$100 per user per company for a year of unlimited courses, and is open to AAIA members only.

For more information or to enroll in the courses, contact Barbara Clark at 301-654-6664 or barbara.clark@aftermarket.org. Visit www.tnnlearning.com and click on "Support" for a list of available courses. ◆

NOVA Web Support

N OVA Network has launched an enhanced online reporting system. Please refer to the enclosed flyer. The website is extremely helpful in several ways. You can save \$1.50 monthly by printing your statement online. Just call customer service and give them your merchant number and tell the representative that you will be printing your own statements. ◆

Small Business - Free Retirement Guides

T he IRS has created a free CD-ROM for assisting small businesses to establish and hopefully maintain their own retirement plans for employees. This discusses traditional and Roth IRAs (Individual Retirement Accounts), as well as IRA-based retirements plans such as SEP, Simple IRA's, SARSEP (Salary Reduction Simplified Employee Pension) and Payroll Deduction IRA Plans. It includes a calculator to help you provide a "ball park" estimate of the amount you will need at retirement. It has other references to publications and forms available.

This information comes not only from the IRS but includes material from the Securities and Exchange Commission (SEC), the Federal Deposit Insurance Corporation (FDIC) and Social Security Administration (SSA). There are also video clips for retirement planning and links to other government websites available for retirement information. So, if you are considering possible retirement plans or already have some, this might be a good source to look over or consult from time to time. You can order it on line at www.irs.gov/retirement or call toll free at 800.829.3676 and ask for publication 4395. ◆

Aftermarket Expected to Grow 4.2 Percent in 2006

The light vehicle automotive aftermarket industry is expected to grow 4.2 percent in 2006, according to new research from the Automotive Aftermarket Suppliers Association (AASA). A detailed analysis of the size of the aftermarket is included in the 2006-2007 AASA Automotive Aftermarket Status Report.

According to AASA, the value of the light vehicle aftermarket (parts and labor) broke the \$200 billion mark for the first time ever in 2005, finishing at \$200.41 billion – a 5.2 percent increase from 2004. The jump was the highest the industry has experienced since a 5.6 percent increase in 2000. If you include the \$54.5 billion heavy duty aftermarket (Class 6 through 8), the total U.S. aftermarket is \$255 billion – a 5.1 percent increase over 2004.

AASA estimates that the light vehicle aftermarket will finish 2006 at nearly \$209 billion. Growth will continue at a somewhat slower pace and reach \$239 billion by the end of the decade.

"We expect the aftermarket to

only get stronger in the years to come," said AASA Executive Director Steve Handschuh. "Our industry is vital to keeping the 232 million vehicles on U.S. roads running safely and efficiently and, ultimately, in keeping Americans productive and mobile."

Vehicles more than 10 years old account for the largest share of the dollars spent and provided the largest boost to 2005 overall aftermarket value. This category, along with the 6- to 10-year-old vehicle group, is expected to continue to expand at a stable pace, while new to 5-year-old vehicles are projected to decline in aftermarket volume through to 2010.

According to Frank Hampshire, AASA research director, AASA uses a "Survey Cost Method" to calculate the size of the industry. "This method involves multiplying the number of vehicles on the road for each model year, by a survey-derived estimate of service and repair dollars spent on vehicles by

model year," he said. "This method accurately captures the full spectrum of aftermarket activity, but offers limited means of analyzing or estimating expenditures by DIY share or type of product/service."

AASA's estimates for the light vehicle aftermarket exclude warranty work, collision and accessories, but include fleet maintenance and repair. AASA's estimates do not include parts for medium and heavy-duty trucks and trailers, off-highway equipment, farm machinery, motorcycles and scooters, snowmobiles, watercrafts, industrial equipment or recreational vehicles

In terms of aftermarket components and services, AASA's size of the aftermarket estimates is restricted to replacement parts and related services and does not include appearance products and services, gasoline, dealer preparation, car audio and entertainment centers, hand tools and service diagnostic equipment and paint and body equipment. ♦

ASE Launches TechQuiz Online Self-Assessment

The National Institute for Automotive Service Excellence (ASE) has developed a new series of four online self-assessment quizzes to help individuals evaluate their automotive technical knowledge. The new product, called TechQuiz, is quick, convenient and useful for both new and experienced technicians.

Each of these quizzes is designed to measure technical knowledge at three levels: 1) Fundamentals, 2) Maintenance, and 3) Diagnosis and Repair. This evaluation can help individuals prepare for the ASE certification tests, or help identify areas needing improvement through targeted training.

Since these are not pass/fail tests, users get a score report with details on how they did in each area. Each test has 40 questions.

There are four different quizzes:

- Gasoline Engines
- Drive Trains
- Undercar
- Electrical/Electronic Systems & HVAC

Perhaps the greatest value of the TechQuiz product is the opportunity to experience questions asked in the ASE style. Although the quizzes are not a certification, they have been developed with the same process, rigor and high level of quality for which ASE is noted. The quizzes can be taken

"Life consists not in holding good cards but in playing those you hold well."

~ Josh Billings



multiple times to get an idea of progress in acquiring knowledge and can be taken in the privacy of one's own home if desired. The results can also be stored for later reference and easily retrieved or kept in a personal portfolio. For more information, visit the ASE website. ♦

Dividend-Only Compensation May Invite IRS Audit

One of the advantages of structuring your business as an S corporation is the ability to pay yourself distributions that are taxed to you as income free of Medicare and FICA. But watch out: If the IRS decides you're not paying yourself adequate salary it can recharacterize your dividends and slap you with a hefty payroll tax assessment.

The risk is particularly great if you're the sole shareholder, president, sole employee and entire board of directors of your S Corp. The IRS has won a series of lawsuits against shareholders/executives who have tried to avoid all self-employment taxes by taking only distributions from the company, says

Ronald Levitt, attorney with Walston, Wells, Anderson & Birchall in Birmingham, Alabama. The Feds are serious about getting their FICA and Medicare assessments: FICA contributions are capped at \$3,700 per year, while Medicare consumes 2.9% of an employee's compensation with no ceiling. To avoid scrutiny of your wages, "you have to pay yourself a reasonable amount of compensation," says Levitt.

Here are four guidelines for determining just what "reasonable" means:

1. Acknowledge your contributions to the business. If you're flying solo, then obviously your work is generating all the revenue. "If the only thing earning money is your sweat, it's pretty hard to argue that the company shouldn't pay your wages," Levitt warns. Courts have specifically rejected tax payers' arguments that they donated their labor to their own companies.

And even if you have a lot of employees, if you are still the rainmaker or spend significant time performing the productive work of the business, the Feds will insist that the labor be compensated with wages, not dividends.

2. Consider how much day-to-day management work you perform. As the shareholder, you "hired" yourself as president to lead the whole enterprise, and you need to pay yourself for that work. If you make the majority of key business management decisions, that has to be factored into your pay.

That's not to say that you are required to pay yourself on a Ken Lay scale to pass IRS muster. Court decisions acknowledge that conditions and the health of the business play a role in determining executive's wages. But if you claim bad results kept you from paying yourself a reasonable salary, you'd better not have paid out big dividends.

3. Know how much your competition pays. Industry standards for the type of work you do play a big part in determining the reasonableness of your wages, Levitt says.

4. Family dividends are always suspect. Congress authorized the IRS to treat distributions from an S corp. as wages when employees who are family members of shareholders don't take adequate salaries. Levitt advises, if you run an S corp. owned by your children, and take no salary for your work, the IRS is likely to treat distributions to children as wages to you.



AAIW 2006: It's All Here
One Badge... Two Great Shows!

The SEMA Show
 Las Vegas Convention Center
 Tuesday, October 31 - Friday November 3

Automotive Aftermarket Products Expo (AAPEX)
 Sands Expo & Convention Center
 Tuesday, October 31 - Thursday November 2

Automotive Aftermarket Industry Week 2006 registration is now open at www.aapexshow.com. The two Las Vegas shows, AAPEX and SEMA Show, are the world's largest automotive aftermarket trade shows. To register:

1. If you attended AAIW last year and provided a valid email address, you have been sent an email with an "Alumni Link." This is your unique link to registration that pre-sets your information and allows you to register without further qualification. If your information has changed since last year, you may be required to provide qualifying materials. Instructions are included on the site.

2. If you are attending for the first time, you will be required to provide qualifying identification as specified on the website.

- Register Online for \$15 on or before October 13
- Register by mail or fax for \$25 on or before Oct. 13
- Register after October 13 and on-site for \$50