

tmta talk

A publication of the Tooling, Manufacturing & Technologies Association



FROM ROB'S ROOST
By ROB DUMONT
PRESIDENT & CEO

Headway In Headwinds

The TMTA has been very active in Washington since the previous edition of TMTA Talk! I had the good fortune to be accompanied by the Chairman of the Board of the Association, Herb Trute of **T & W Tool & Die** (Oak Park, MI) on November 20 and 21st, 2008. We were invited to a meeting at the offices of Senator Debbie Stabenow to discuss issues facing and concerns of manufacturers as well as assistance to the auto industry. While in that meeting with the Senator, Governor Jennifer Granholm of Michigan arrived at the Senator's office and sat in on our meeting. Numerous issues were addressed and ideas were discussed. The Governor was in DC to offer her assistance in getting aid for the automotive industry. We made it very clear in the meeting that while we supported assistance to the auto industry there had to be a caveat. We felt that provisions had to be included in the package, whatever form it might take, to ensure that since any funding advanced to the industry belonged to the American taxpayer, those funds had to be spent in America on American made products. That way we could put Americans to work and, who knows, someone might actually be able to buy a car. It was explained that when the benefit of any assistance flowed, Americans should be at the head of the line. We did not want an auto maker to take assistance funding and spent it on outsourced product or for that matter on an investment outside of the U.S.



After the meeting with the Senator and Governor, Mr. Trute and I met with members of the Senator's staff to discuss trade and tax issues.

We then went on to the House side of the Hill and visited the offices of eleven members of the House of Representatives and delivered the same message to staff at each office. We were able to meet with Rep. Duncan Hunter of California (formerly a candidate for the Republican nomination for President) who did not run in the November election. Fortunately we were introduced to his son who will be replacing him in the House having won the election in that district of California. In addition we had a very good meeting and discussion with Rep. Dale Kildee of Michigan.

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tmta Calendar of Events

December 2008

17	TMTA Board of Directors meets at TMTA offices
18	MTMIC Board of Directors meets at TMTA offices
24-25	Christmas Holiday - TMTA & MTMIC Offices Closed
31-1/1	New Year's Holiday - TMTA & MTMIC Offices Closed

Visit www.thetmta.com for detailed, up-to-date information on all events.



19 Year Old Dependent Reminder

This is a reminder to those companies who have members with a dependent that turned age 19 during the 2008 year, BCBS will automatically add that dependent on as a family continuation rider with increased premiums due effective 1/1/09. You need to report dependents that are being terminated at the end of the year to avoid extra rate charges. You also need to check your BCBS billings carefully to make sure charges are correct since you can only delete back 30 days. If you have any questions, contact Elaine at TMTA at 248-488-0300, ext. 1309.

Asthma "Rescue" Inhalers are Changing

If you are one of the estimated 40 million people with a respiratory disorder who uses a "rescue" inhaler, you need to know that effective January 1, 2009 you won't be able to buy an inhaler that uses chlorofluorocarbon (CFC) propellants. The inhalers included in the changeover contain albuterol or levalbuterol, the active ingredient that helps quickly open the airways during an asthma attack. Inhalers that contain corticosteroids, the active ingredient that helps prevent asthma attacks from occurring, are not included in the new mandate.

New inhalers will use hydrofluoroalkane (HFA) propellants, which don't damage the Earth's ozone layer like CFCs. While the medication delivered through the HFA inhalers are effective, there are some significant differences between HFA and CFC inhalers that users need to be aware of.

Priming – When you first use the inhaler, or if you haven't used it in awhile, you need to prime the pump to ensure that you're getting the accurate dose of medication. Priming entails spraying one or more doses into the air depending on the requirements of your brand of inhaler. Ask your pharmacist for your inhaler's priming requirements.

Inhaling – The spray from HFA inhalers doesn't come out as forcefully and some users have reported feeling as if they're not getting enough medication. Most of these users are not using the proper inhalation technique. Your inhalation carries the

medicine where it needs to go, so users should start to breathe in as they press the inhaler. For questions on proper usage, consult your physician or pharmacist.

Cleaning – HFAs are a little stickier and tend to accumulate buildups so they require more frequent cleaning than CFCs. If you notice a white powder in your inhaler, you need to rinse it in warm water and let it dry out overnight.

Cost – Because pharmaceutical companies had to come up with new ways to deliver old medications, there are no longer generic versions of albuterol inhalers available and that will usually cost the user more. Many manufacturers have a coupon program to help offset some of the cost difference. Check with your doctor or the manufacturer of your inhaler for more details (check manufacturers' websites on the internet).

If you still have a CFC inhaler, you can use it after December 31, 2008 and you won't be breaking any laws, but you won't be able to buy such an inhaler after that time.

If you still have questions, visit the Asthma and Allergy Network Mothers of Asthmatics at www.aanma.org.

Important Notice for TMTA Groups That Participate in the TMTA Disability Program

W-2 Preparation for TMTA Groups:

- Reliance Standard Life Insurance issues W-2s for LTD and STD policyholders.
- Reliance provides the employer's match and also issues the W-2s on taxable business. Reliance handles all tax filing responsibilities for the employer.
- W-2s are mailed directly to the employee. A copy is NOT sent to the employer.
- The December Monthly Case Summary Report (DICS) is your company's year-end statement. The monthly DICS reports are cumulative.
- The December DICS report is mailed the second week in January and cannot be provided sooner due to year-end corporate cut off dates.

Employee W-2 Add-On for Group Term Life Insurance Remains the Same

The Internal Revenue Service regulations state that the

cost of any employer provided group term life insurance in excess of \$50,000 is taxable income to the employee covered.

The IRS has published the chart below to figure the amount to add to each employee's Form W-2:

Age at the end of taxable year	Cost per \$1,000 of insurance per month
Under 25	\$0.05
25-29	\$0.06
30-34	\$0.08
35-39	\$0.09
40-44	\$0.10
45-49	\$0.15
50-54	\$0.23
55-59	\$0.43
60-64	\$0.66
65-69	\$1.27
70 & Above	\$2.06

To illustrate, take for example an employee who has \$75,000 of group term life from January to June and \$125,000 from July to December. The employee is age 60 at December 31, 2008.

$\$75,000 - \$50,000 / 1,000 * .66 * 6 \text{ months} = \$ 99.00$
 $\$125,000 - \$50,000 / 1,000 * .66 * 6 \text{ months} = \underline{\$297.00}$

Total to add to W-2 wages \$396.00

Christmas/New Year Holiday Survey Results

Our sincere thanks to the 126 companies that responded to this year's holiday survey. We hope the results will be useful to your business as both you and your employees enjoy the Holiday Season.

		Open	½ Open ½ Closed	Closed Paid	Closed Unpaid
12/22	Mon	89.7%	0.0%	1.7%	8.6%
12/23	Tues	85.3%	4.3%	1.7%	8.7%
12/24	Wed	10.7%	20.2%	58.1%	11.0%
12/25	Thurs	0.0%	0.8%	94.4%	4.8%
12/26	Fri	19.2%	0.8%	36.0%	44.0%
12/27	Sat	6.0%	0.0%	2.6%	91.4%
12/28	Sun	2.6%	0.0%	1.7%	95.7%
12/29	Mon	67.1%	0.0%	9.2%	23.7%
12/30	Tues	67.5%	0.0%	10.8%	21.7%
12/31	Wed	29.3%	13.8%	46.3%	10.6%
1/1	Thurs	0.0%	1.6%	93.0%	5.4%
1/2	Fri	30.6%	0.8%	21.8%	46.8%



After 10 months of deliberations, the Transportation Funding Task Force (TFTF) has released their report. The task force was appointed by Governor Jennifer Granholm and the Legislature to find ways to fix crumbling roads without a general tax hike. The report contends that the state needs to at least double its current investment in transportation to prevent a loss of up to \$1 billion in federal funds each year and to maintain Michigan's highways, roads, bridges, passenger transportation, freight transportation and aviation systems. The report states that taking some of the actions recommended by TFTF would create jobs/economic activity, attract business, increase revenue and provide better transportation services.

The changes recommended by the TFTF that seem most suitable for getting through the Legislature in lame duck appear to be changing the state's fuel tax from a retail based tax to a wholesale tax and hiking vehicle registration fees. Accomplishing the changes the report calls for in the lame duck session would require strong leadership by the Governor with active support by the Legislature. An aggressive public relations would most likely be added to the mix.

Most members of the TFTF agree that the problem would be more expensive the longer the problem is not addressed. Some insiders believe the lame duck session would provide the best opportunity to at least begin the debate.

The TFTF report recommendations include:

- Increasing vehicle registration fees and eliminating registration discounts.
- Converting or raising the 19 cent per gallon gas tax.
- Raising the 15 cent a gallon diesel tax to align it with the gas tax.
- Increasing the state's 6 percent sales tax by a penny, to 7 cents on the dollar and dedicating the extra money to transportation needs.
- Redirecting all of the sales tax on motor fuel taxes to transportation, rather than sending some to K-12 schools.
- Increasing the aviation fuel tax.
- Abolishing aviation fuel tax refund to airlines.
- Enabling toll financed reconstruction, expansion or new construction of highways.



Is it over yet? 2008 I mean!

“2008 will undoubtedly go down in history as the worst in this new century. Never have

the few been so advantaged by the many with nearly total complicity by both the advantaged and disadvantaged parties. We (the disadvantaged) have to help those that would steal from us (the advantaged) in order to survive the result of their theft.”

Yesterday I started my newsletter contribution with the above paragraph; I went on to sound like every other writer, news person and interviewee on Sunday morning programming. Then I realized it just does not matter what is being said, it really is old news and if you missed it, please give the forwarding address of the next rock you will be living under when your current one is repossessed. The Federal government acknowledges that we are in a recession, the state of Michigan acknowledges that we are in a recession, the local government realizes we are in a recession and finally it seems the people that have kept hope alive by spending like there is no tomorrow have realized we are in a recession.

The unwelcome result is that we have to live with it until something changes. Moreover, I learned long ago that even though my dog thinks I am charismatic, nobody else much cares about my opinion on the economy, government or religion. So, we live with it and hope we (collectively) have learned again from our mistakes.

Adhering to my “keep it business” edict;

How about the MTMIC?

By the time you read this, those MTMIC policyholders with January renewals will have seen the renewal policy terms and conditions. New this year is the option to stretch your annual premium over 12 months by using the ACH service previously announced and now approved by the state. This brings to four the options available for paying your premium:

- Annual payment;
- Ten-pay plan (10 equal payments);
- Twelve-pay plan (12 equal monthly payments withdrawn from your account); and
- Credit card payments (contact MTMIC for details).

The Board of Directors has strongly held to the theory that we will only charge what is necessary to maintain our position while providing the top notch service that policyholders have grown to expect from our organiza-

tion. During the last year we have had quite a few former policyholders return to the group because they “just were not getting the same level of service” from our many competitors.

Many of those competitors have lost money in the stock market and have had to resort to stricter underwriting to maintain their profit margins. We have always tried to adhere to strict underwriting requirements and that has led to the stability of our pricing model over the last ten years.

Every year I hear many confusing comments about the pricing offered by MTMIC and the MTA WCF in prior years. This group has had less than a total 10% overall rate change in the last ten years—in spite of the medical inflation that we have undergone during that period.

This year the Loss Control department has performed a valuable service to the underwriting department by assessing the loss control potential of each policyholder and ranking them as an ‘A’ through ‘E’. This is what that ranking means:

- ‘A’ Acceptable Loss Ratio—Adequate safety effort;
- ‘B’ Acceptable Loss Ratio—Inadequate safety effort;
- ‘C’ Unacceptable Loss Ratio—Adequate safety effort;
- ‘D’ Unacceptable Loss Ratio—Inadequate safety effort; and
- ‘E’ Unacceptable Loss Ratio—No safety effort.

It would be ideal to have all of the policyholders rated as an ‘A’ or ‘C’ and those policyholders should be rewarded for their efforts (even though, in the case of a ‘C’ they may have suffered a streak of bad luck). Those companies rated ‘B’ will be rewarded for their good luck even though they need to not tempt fate by improving their loss control efforts.

‘D’ and ‘E’ accounts are a problem. ‘D’ policyholders are having bad luck and are not doing enough to correct their shortcomings. The MTMIC will work with those employers to improve their status and reward accordingly for their



successes. ‘E’ accounts are costing the remainder of the policyholders a share of their loss expense and don’t seem to care enough to try to improve their position.

'D' and 'E' accounts received notice of their shortcomings by being charged more for their workers' compensation insurance this year. 'E' accounts should look elsewhere for their coverage. 'D' accounts will find their pricing to be reflective of market conditions. Every attempt has been made to reward 'A', 'B', and 'C' accounts by being offered extremely competitive pricing and the continued superlative loss control and claim handling that will assist you in maintaining the advantage of the MTMIC programs.

The MPPA

The MTMIC announced several months ago that we were working with Michigan Plastic Processors on the January 1 renewal of their workers' compensation program. We are pleased to announce that we were offered the opportunity to quote over 95% of the participants and have been successful in welcoming a significant number of those businesses as MTMIC policyholders. Final numbers have not been obtained but we will update you after the first of the year.

Marketing

In general this would not be something I would mention except that we have been bucking the trend.

In the last year we added 10% to our policyholder base and premium volume. At this point we have, in addition to the MPPA, quoted another 15% in premium volume for January 1, 2009. The opportunity to quote this volume of business has been the kind of problem we are all looking for: a lot of business prospects and excellent possibilities for growth.

Final Word

I apologize for not writing an article in last month's TMTA—it was not something that happened on purpose; I just ran out of time to put something on paper for the editor.

What I should have told you last month was that we had elected three new Board members;

Bobby Cox, **Acorn Stamping**, Oxford;
 Gerald Decker, **Precision Boring**, Clinton Twp.; and
 Dennis Haller, **Haller International**, Detroit.

I should have also told you that we wished to express our extreme gratitude to Richard Smith of **Wolverine Bronze** for his many years of Board service and for his tenure as Chairman/President.

But most important, I should have said something about Thanksgiving and how we should all be thankful for what we have and try to find new ways to capitalize on what is confronting not only us but the entire country and maybe

the world (Toyota and Honda are down in the 30-40% range, too).

We led the world in crisis before; we need to figure out how to do it now.

But most of all we have to figure out that taking advantage of each other does not make us better business persons or people in general. Maybe that should be our hope for the New Year—try to play nice with each other—what could it hurt?

~Happy Holidays from the Board and Staff of MTMIC~

Inflation Talk

CPI-W Urban Wage Earners and Clerical Workers

Month	82-84	1967	57-59
Oct 2008	212.182	632.025	735.04*
Sept	214.935	640.226	744.58*
August	215.247	641.155	745.66*
July	216.304	644.303	749.32*
June	215.223	641.082	745.57*
May	212.788	633.830	737.14*
Apr	210.698	627.606	729.90*
Mar	209.147	622.985	724.53*

CPI-U All Urban Consumers

Month	82-84	1967	57-59
Oct 2008	216.573	648.758	754.49*
Sept	218.783	655.376	762.19*
August	219.086	656.284	763.25*
July	219.964	658.915	766.31*
June	218.815	655.474	762.30*
May	216.632	648.933	754.70*
Apr	214.823	643.515	748.40*
Mar	213.528	639.636	743.88*

Note: October 2008 CPI-W represents a 3.8% increase from one year ago; CPI-U a 3.7% increase.

* Base Year 1957-59 is no longer released. BLS has issued the following conversion factors from the 82-84 year:

CPI-W—.2886674 CPI-U—.2870447

2009 First/Second Qtr Business Trends Outlook Survey Results

Many thanks to the 114 member companies that took the time to respond to the latest Business Trends Outlook Survey sent with last month's issue of TMTA Talk. The figures in the brackets are the responses from the survey completed six months ago.

“Awaiting Obama’s Boom!!!!...”

Hope we survive. Too bad our elected officials don't understand the value of manufacturing. (cutting tools)

In my 40+ years in the auto business, I have never seen things this slow. (spline gauges & master gears)

Orders are up one week and down the next. We are praying as all else (shows & advertising) helps very little these days. (special machinery)

Two of our largest customers laid off this week. The rest are keeping all work inside house. All our hopes rest on one large quote. Where is our bailout? (cutting tools)

Holding on tight. It looks like this roller coaster is heading down. (metal stamping/fabrication)

Our best year ever...Quit doing automotive. (metal stamping/fabricating)

No work, No help and No Point! (precision machining)

“Buy American” (cutting tools)

We are a small company so it doesn't take a lot to move us from Fair to Good or from Fair to Bad. (special machinery)

Awaiting Obama's Boom!!! On taxes-unions-freedom of speech! (foundry)

When will our customers learn, quality isn't expensive—it's PRICELESS!! The more jobs they send overseas the less cars they sell here. I wonder if there is a connection... (tools & dies)

All indicators are pointing toward a very slow 2009. I hope we survive. (metal stamping/fabrication)

I can't project 6 months out, with the auto's possible bankruptcy and an unknown new administration... (gages)

The collapse of scrap metal prices combined with high steel prices is really hurting. Our 2008 sales are higher than 2007 due only to new business. Every segment, especially automotive, has declined. (metal stamping/fabrication)

Primary Markets—Automotive, Truck, Refrigeration & AC. Domestic customers down—all global sales are stable. (precision machining)

The spigot was turned off October 1st. October average order was down 26% from September. Outlook is not very positive the next 6 months. (high speed steel svc center)

Who knows! (precision machining)

We cannot allow “Employee Free Choice Act” to happen under new presidency. (special machinery)

Quoting & Profits are only up slightly. (metal stamping/fabrication)

Yuk! (precision machining)

Push to get rid of NAFTA. (manufacturing)

1. Describe your company's operation:

Tools & Dies	8%
Special Machinery	8%
Precision Machining	30%
Molds/Die Cast Dies	3%
Metal Stamping/ Fabrication	12%
Prototypes	3%
Cutting Tools	13%
Other	23%

2. How is your business now?

Excellent	04%	(02%)
Very good	11%	(16%)
Good	18%	(27%)
Fair	42%	(41%)
Bad	19%	(12%)
Very bad	06%	(02%)

3. Over the next six months, your company's business will:

Increase substantially	00%	(02%)
Increase moderately	21%	(32%)
Remain the same	46%	(53%)
Decrease moderately	25%	(13%)
Decrease substantially	08%	(00%)

4. Current average work week:

Hours per week	43.9	(44.4)
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5. Current employment:

Hourly:	27.3	(29.2)
Salaried:	06.1	(08.0)

6. Compare to one year ago your current level of business:

	Up	Same	Down
Quoting activity	29% (32%)	30% (39%)	41% (29%)
Shipments	21% (33%)	27% (29%)	52% (38%)
Order backlog	11% (21%)	29% (36%)	60% (43%)
Profits	15% (23%)	26% (30%)	59% (47%)
Employment	15% (15%)	55% (59%)	30% (26%)

(Rob's Roost continued from Page 1)

The trip was very productive; by day's end I had received an e-mail from Senator Stabenow's staff inquiring of Mr. Trute and me whether or not we would be willing to meet with members of the Obama transition team. We immediately responded in the affirmative.

A date was ultimately set to meet the team in Senator Stabenow's office on the morning of December 2nd and we were asked to bring several manufacturers with us. Mr. Trute, Robert Peuterbaugh of **Joint Production Technology** (Macomb MI), Bruce Cain of **Xcel Mold** (North Canton OH), Dave Frengel of **Penn United Technologies** (Sax-onburg PA) and Brian O'Shaughnessy of **Revere Copper Products** (Rome NY) attended the meeting. Various issues including Trade Policy, Border Adjusted Taxation, Intellectual Property Protection and Currency Manipulation were addressed. We considered the meeting to be quite productive; we made some very good contacts, and, we have and will continue to follow up.

We then went on to visit several Senate offices and had the good fortune to run into Senator Jon Tester of Montana on the street outside the Russell Building. He was very engaging and quite interested in the caveat we suggested ought to be part of any assistance to the auto industry.

Later in the afternoon we met with Rep. John Boehner of Ohio who is the minority leader in the House of Representatives.

Messrs. Trute & Peuterbaugh and I attended most of the Senate Hearing on the Auto Industry assistance package and were very pleased to see that Senator Tester, as good as his word, questioned the CEO's of the Detroit Three and made it very clear that assistance funds if advanced had to be spent in the U.S. The next day, although we were not present, the House Hearings were held and Rep. Don Manzullo of Illinois (we had visited his office and delivered our caveat message) made it eminently clear to the CEO's that funding had to be spent in America and that he (Rep. Manzullo) did not want any of it spent on tooling produced offshore.

Is there any expectation that the admonitions to spend the assistance funds in the U.S. will have effect? Yes! Indeed I have had a call from a member company that was just awarded a multi-million contract by one of the Detroit Three. The member indicated that there appeared to be a new found "buy American" sentiment. I surely hope so!

Have a very Merry Christmas and know that we at the TMTA will continue to work hard to make your New Year happy and, hopefully, prosperous!

TMTA Endorsed Service Providers

Manufacturing Technology Mutual Insurance Company (MTMIC)

(workers' compensation program)

Provider contact:

Gary Wood 248-488-1172 ext. 1316

Reliance Standard/Ameritas

(life/dental insurance programs)

TMTA contacts:

Dennis Campbell 248-488-0300 ext. 1313

Stella Krupansky 248-488-0300 ext. 1310

Blue Cross Blue Shield/BCN

(health insurance program)

TMTA contacts:

Dennis Campbell 248-488-0300 ext. 1313

Elaine Burger-Laskosky 248-488-0300 ext. 1309

Federated Insurance

(property & casualty insurance program)

Provider contact:

John Medo 800-428-4143

Freedom One Financial Group

(401(k) retirement program)

Provider contact:

Lesley Goodwin 248-620-8100

John M. Packer & Associates

(unemployment cost control program)

Provider contact:

Nathan Wiest 800-482-2971

Custom Telecom

(phone/communications programs)

Provider contact:

Kathy Schaumburger 866-332-1200

Schena Roofing & Sheet Metal Co., Inc.

(commercial/industrial roofing contractor)

Provider contact:

586-949-4777

TMTA receives a benefit from its Endorsed Providers when you, as a member, patronize them. This is one way we are able to maintain the level of dues.

TMTA MEMBERS IN THE NEWS



Picture from the December 2, 2008 seminar: A Primer on Bankruptcy or What to do when your customer or supplier files for bankruptcy and How to Help Yourself Using Tool Liens presented by Strobl and Sharp. Our thanks to those members who attended.



TMTA, in its ongoing effort to represent the interests of our membership to government, met with state officials at the beginning of November.

From left to right: Rob Dumont, President & CEO of TMTA; Debbie Stabenow, U.S. Senator, Michigan; Herb Trute, Chairman of the TMTA Board of Directors; Jennifer Granholm, Governor of Michigan.

2009 IRS Standard Mileage Rates

The IRS issued the 2009 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, and medical/moving purposes.

Beginning 1/1/09, the rates are as follows:

Business rates	- 55 cents
Medical or moving	- 24 cents
Charitable rates	- 14 cents

Happy Holidays!

*Our Very Best Wishes
for a Safe and Joyous
Holiday Season to
Each of You
and
Your Families
From Your Staff at TMTA:
Robert Dumont,
Jerry Morrow,
Elaine Burger-Laskosky,
Stella Krupansky,
and
Ron Mariutto.*

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