Driv-Lok

Press Fit Fasteners are among the smallest but most essential pieces in all industrial manufacturing. Nearly every mechanically engineered product—including power tools, vehicles, sporting goods, and even military equipment—relies on the strength and quality of their pins, studs, and dowels to function safely and properly. Sycamore, Illinois-based Driv-Lok has, since 1940, grown from a small operation with only one employee and one machine into a respected leader in the Press Fit Fastener business. Today, they manufacture over 12,000 standard fasteners and have also made a name for themselves designing customized fasteners (over 1,700) for the needs of individual clients.

Gary Seegers, Driv-Lok’s president and CEO, and a Sycamore native himself—has been with the company since 1992, when he started as Director of Finance. He has been in the fastener industry for nearly all of his professional life, but had actually been unaware that a fastener company existed in his own hometown until a search firm in Boston passed the job listing along to him in Rockford. Gary came to Driv-Lok from a “screws and bolts” manufacturer but quickly understood how to adjust to press fasteners, noting that he already had significant experience working with the combination of standard and custom parts found at Driv-Lok. After a notable degree of success improving Driv-Lok’s efficiency standards, he was also given the position of Director of Operations, and was ultimately tapped to take over the top job in 2000.

More importantly, Seegers noted, he “shared the same value system” as his new company. Driv-Lok strives to maintain a corporate culture that rewards its employees for their drive and dedication. They value teamwork, creativity, and a commitment to finding ways to improve both individuals and the company as a whole, and they also attempt to keep the workplace safe, friendly, and fun. This atmosphere fosters integrity, trust in each other, and pride in the products that Driv-Lok makes. Driv-Lok provides jobs for 90 employees, and Seegers states that one of his proudest accomplishments has been maintaining a high quality of pay and benefits programs for Driv-Lok employees. Having been with the company himself for nearly 20 years, he states plainly, “It just never occurred to me to be anywhere else.”

Earlier this year, Driv-Lok determined that they would need an accurate audit of their operations, and they turned to KRD. “KRD was referred to us,” said Seegers. “We were looking for a firm that would be a good fit, that would be honest and engaged with us. [KRD] has done a fine job!” Seegers had especially unreserved praise for KRD Partner Chris Cameron, who conducted Driv-Lok’s review. “Our working relationship with Chris has been excellent!” said Seegers. “We needed a quick review, and he did a great job.”

On the horizon, Seegers intends to tackle the challenge of educating consumers on the work done by Driv-Lok. “People can be ignorant of our processes, but we provide critical solutions for many parts of our country,” he explains. “Things that help people move; things that protect people’s lives. Our customers require reliability.” He hopes to start moving Driv-Lok to interact more with innovators in the manufacturing industry—Driv-Lok, he believes, has “unlimited potential” to help such companies.

KRD is excited to work with industry leaders like Gary Seegers and Driv-Lok, and we look forward to establishing an even more fruitful relationship with them in the months ahead to help them achieve their goals. To find out more about Driv-Lok, visit their website at www.driv-lok.com.
Look into the benefits of a solo 401(k)

Have you heard about solo 401(k) plans? The traditional type of 401(k) retirement plan is now available for self-employed individuals... and it lets you save more than other types of plans.

In the past, 401(k) plans were typically offered by larger corporations. Employees could make pre-tax contributions by payroll deduction. The company would then usually match a percentage of those contributions. Investments grew tax-free until withdrawn at retirement. One advantage of a 401(k) plan is the relatively large amount you can contribute each year — $16,500 in 2011 with an extra $5,500 catch-up if you’re 50 years old or older.

Now you can establish the same type of plan if you’re self-employed or run an “owner only” business. That’s a business with just you and possibly your spouse, but no employees. You can save more with a solo 401(k) than with the traditional SEP, SIMPLE, or Keogh plans. That’s because you are able to make two types of tax-deductible contributions. First you make the usual employer contribution as owner of the business. Then you can make an additional salary deferral as an employee. As a result, you could potentially shelter up to $49,000 of your 2011 self-employment earnings from tax. If you’re eligible for the over-50 catch-up, that rises to $54,500.

The solo 401(k) plans are flexible and relatively simple to administer. If you think this plan might be right for you, please contact our office. We can tell you more about it and help show you how much you could save.

New Website

Our website has undergone a makeover! The new site has been redesigned with an eye toward providing our clients and potential clients with compelling articles. You’ll find recent news, finance tips, an events calendar, and other helpful features, as well as the ability to contact a CPA with questions. Come see what we have to offer at the new krdcpas.com!

E-Verify and Increased Government Focus

The United States government’s E-Verify system is designed to prevent the employment of illegal immigrants. It cross-checks information provided by a job applicant on the federal I-9 Form with a database maintained by the Department of Homeland Security (DHS). As part of the current push to reform the nation’s immigration policies, DHS has recently announced that they will be dedicating additional effort to enforcement — requiring businesses to be more diligent about enrolling and using the system.

In the past, concerns about the accuracy of E-Verify had presented a challenge to its widespread adoption. The consequences of mistakenly hiring somebody ineligible to work in the United States, as well as denying employment based on a false report of ineligibility, can be devastating. DHS acknowledges that the system remains in need of improvement, but additionally cites that the error rate has been dropping. E-Verify relies heavily on the diligence of individual citizens to update their own information; DHS believes that the most common causes of E-Verify errors are failure to update citizenship status changes or name changes by newly married individuals.

Per a Supreme Court ruling this year, individual states are permitted to maintain their own E-Verify systems and enact laws governing the use of those systems — a decision that has generated additional controversy in the already contentious debate over immigration. Currently, all employers in Alabama, Arizona, and Mississippi must e-verify new hires; there are also limited versions of the E-Verify mandate in effect in Virginia, Utah, Colorado, Georgia, and South Carolina. Conversely, governors in states such as Rhode Island and Illinois have been working to prohibit the use of any E-Verify system, stating that the inaccuracy risks are presently too high.

At a press conference this past June, President Obama stated that he viewed E-Verify as “an important enforcement tool” but understood that it still needed examination and improvement. He noted the system as just one part of a larger strategy for immigration reform, which would also have to consider national security, pathways to citizenship, and assurance that the policies protected law-abiding employers while holding accountable those that did not comply. “We’ve got to have a system that makes sure that we uphold our tradition as a nation of laws,” Obama said, “and that we also uphold our tradition as a nation of immigrants.”

Financial Planning and Investment Advisory

KRD Financial, LLC, a registered investment advisory firm, provides clients with the strategies and products to successfully meet their individual short and long term objectives. Too many options, too much information, and too many demands often challenge investors. Our Certified Financial Planners and Certified Public Accountants guide clients through this maze into a sound financial plan, accounting for life cycle stage, risk temperament, tax concerns, and personal circumstances and preferences. Visit KRDFinancial.com for more information.
Gas Prices Rise

So Do IRS Mileage Deductions!

Gas prices, unfortunately, will remain high for the foreseeable future. To help ease the pain of these costs, the IRS has taken the unusual step of increasing the optional standard mileage rates — which offer tax deductions on miles traveled in a business vehicle — from 51 cents/mile to 55.5 cents/mile, as of July 1, 2011 until the end of the year. This rate is used to calculate an estimate of the deductible costs of a business vehicle, as opposed to requiring meticulous tracking of the actual costs. Taxpayers always have the option of forgoing the estimated mileage rate to track their costs exactly.

“This year’s increased gas prices are having a major impact on individual Americans,” said IRS Commissioner Doug Shulman. “We are taking this step so the reimbursement rate will be fair to taxpayers.” This policy adjustment also reflects other costs, such as depreciation and insurance changes.

The new rates for mileage, as well as new rates for other deductions, were listed in IRS Announcement 2011-40.

Summertime TAX TIPS

Vacation Home?

Planning to rent out your vacation getaway? When it comes to taking advantage of the tax benefits, timing is an important factor. Here are two points to remember.

The fourteen-day-or-ten-percent test. The IRS applies this test to determine if you use your vacation home as a personal residence. If you stay in the home more than 14 days or 10% of the total days it’s rented in a calendar year (whichever is greater), the general rule is you’re using it as your home.

Why does it matter? Because treating a vacation home as your personal residence affects your rental deductions. You’d include all the rent you receive as income on your tax return. But related expenses are generally limited to the amount of that income, meaning you can’t offset other income with a loss. Note that time spent in your vacation home by family members and certain others can count as personal use.

The less-than-fifteen exception. Rent out your vacation home for less than 15 days during the taxable year, and the income is yours, tax-free. You don’t even have to report it on your return. Just be aware that any expenses related to the rental are nondeductible. If you itemize, you can still deduct qualified mortgage interest and real estate taxes on your vacation home.

Other tax rules, such as passive activity and capital gains reporting, can also impact the decision to rent out your vacation home.

Give us a call before you put up that “For Rent” sign. We’ll be happy to review your options under the tax rules.

More Tax Ideas:

Summer Trip, Boat, RV, Summer Camp, Hiring Your Child

- If you have summer travel plans and the primary purpose of your trip is business, you can deduct all the travel costs to and from your business destination and all other business-related costs even if you add on a few extra days for pleasure. You can’t deduct costs related to the pleasure portion. Including a spouse or friend on your trip is permissible, but you can’t deduct the additional costs for that person.

- If you itemize your deductions, you can deduct the mortgage interest and property taxes paid for your vacation home. A boat or RV can qualify as a vacation home if it has sleeping quarters, cooking facilities, and a bathroom. If a retreat also serves as rental property, you can control your tax deductions by changing the number of days you use it for vacation.

- If you and your spouse work, the cost of sending your children to a summer day camp may qualify for the child care credit.

- If you own a business, consider hiring your child for the summer. Your child can earn up to $5,800 tax-free this year, and your business is entitled to a deduction for the wages paid. You must pay your child a reasonable wage for the work performed. If your business isn’t incorporated, a child under 18 is not subject to FICA taxes.

Remember, the IRS will NEVER contact you via e-mail. Delete any e-mails claiming to be from the IRS, without replying or clicking any links.
Kutchins, Robbins, & Diamond, LTD.

is proud to have been named one of the Top 40 Best Places to Work in Illinois by The Daily Herald Business Ledger, landing at the 19th spot out of hundreds of businesses. The statewide Best Places to Work in Illinois survey and awards program was designed to recognize and honor the best places of employment in Illinois, benefiting the state’s economy, its workforce and businesses. Selection was determined through a two-part process and included several Illinois companies across a vast array of industries.

Kutchins also notes that a company dedicated to the contentment of its workforce also builds a favorable reputation with potential clients and business partners. “Given the choice,” he explains, “most people would probably prefer to do business with a firm with positive employees. It makes for a great experience and enables great client relationships.”

Kutchins partner Allen Kutchins is a firm believer in the idea that happy employees translate to a competitive advantage in the marketplace: Positive employee attitudes improve productivity. He describes the company culture of KRD as one that values the contributions of its employees.

“KRD is honored by this distinction and accepts it as a commitment in the firm’s future.”

TOQUE
(Children’s Oncology Services, Inc.)
September 8, 2011
The Renaissance Hotel
312.924.4220
www.onestopcamp.org /events/toque.php

Loyola University
- Career and Internship Fairs
September 14, 2011
Jonathan Gozdal
847.240.1040 ext 123

DePaul University
- Meet the Firms Career Fair
September 14, 2011
Jonathan Gozdal
847.240.1040 ext 123

Illinois CPA Society’s Second Annual Day of Service
September 23, 2011
Sharon Bree
847.240.1040 ext 142
www.icpas.org /CPADayofService.htm

Illinois Small College Placement Association
- Fall Interview Day
October 14, 2011
Jonathan Gozdal
847.240.1040 ext 123

GGI North American Conference
October 25-27, 2011
Toronto, Canada
Allen Kutchins
847.240.1040 ext 135
www.ggi.com

Friends of La Rabida Annual Awards Dinner
November 18, 2011
Four Seasons Hotel
773.753.9602
www.larabida.org /page-fundraising-events

Chicagoland Cooperator Condominium Expo
November 16, 2011
Navy Pier
Chad Porter
847.240.1040 ext 191
www.chicagocondoexpo.com

2011 IVCA Annual Awards Dinner
December 5, 2011
Four Seasons Hotel
Allen Kutchins
847.240.1040 ext 135
www.illinoisvc.org

KRD Named One of 2011’s Best Places to Work in Illinois

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“We have always embraced our employees’ unique talents and help foster their career growth. We also try to have fun along the way. We hire superb talent and retain them by helping advance their careers.”

“KRD is honored by this distinction and accepts it as a commitment in the firm’s future.”