



Member's

Corner

That slow boat to and from China is moving faster!

by Steve Grossman, CPMR
Former IHRA President and Chairman



Steve Grossman, CPMR

Here it is Friday afternoon, the last one of the month and the year is two thirds over. Even though it has been quiet, we've received two phone calls confirming two promotions for Spring of 2006, both of which are being manufactured in China.

If it hasn't happened to you, be aware that prices given for China goods 3 months ago might no longer be valid. This could be due to the reevaluation of the RMG, China currency, rising cost of raw materials, and increased freight costs. The last two are directly related to oil costs. Many of my importers expect oil to go to \$80 a barrel.

One of the ideas we are exploring with our most trusted suppliers is to partner with them on the purchase of product from China so we can share in greater profits. We are aware of the greater the risk the greater the reward. Most of the items we are considering are items I have found in China.

In last month's article, I mentioned I have committed the time and dollars to attend The Keystone Conference, sponsored by MANA and NEMRA, our sister associations. Their major focus is the China connection and how to maximize the ex-

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Insurance Info & Ideas

MSA, HRA, HSA, FSA ... who are these guys? Why is everyone talking about Health Savings Accounts (HSAs)?

by Pat Brown, IHRA Insurance Consultant;
President, Associated Benefit Planners

The first part is an insurance policy with a high annual deductible of at least \$1,000 per year, for a single person and at least \$2,000 per year for a family. These HSA medical insurance policies may be purchased on an individual basis or on a group basis. There can be no "office visit co-pays", no other "first dollar coverage," no prescription cards with \$5 or \$10 co-pays, nor any other "first dollar" benefits to be paid before the annual deductible is reached. These plans were designed so that the insurance plan pays nothing before the annual deductible is met. HSA Plans are typically designed to be PPO Network usage plans with a higher level of benefits payable if the PPO Network doctors and hospitals are used for medical services. The range of deductibles may be as low as \$1,000 per year or as high as \$2,600 per year for individuals. The family deductibles may be as low as \$2,000 or as high as \$5,200 per year.

The second part of an HSA Plan is the "side fund." This is a tax-advantaged bank account with dollars contributed by the employer or the employee, or both. The amount of contribution in a year may not exceed the annual deductible for single or family coverage. The employer and/or the employee may each deposit dollars into the "side fund," but the combined deposits may not exceed the annual deductible. The major tax advantage is that these funds are deposited as "pre-tax" dollars and are not subject to payroll withholding taxes if contributed by the employer and are an "above the line" deduction if the deposit is made by the employee from already-taxed dollars. The employee dollars deposited may not be "tax advantaged" twice. In other words, if the "side fund" deposits are made through a "sal-

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Insurance Info & Ideas (from page 1)

ary reduction plan” or as an employer “pre-tax” deposit, then the employee is not permitted to use these funds as an individual “above the line” tax deduction because the tax advantage has already been used once.

In the typical HSA plan, the insurance policy pays no benefits until the annual deductible has been spent. The “side fund” is accumulated and used to pay for the expenses that are eligible under the deductible. The “side fund” dollars are maintained in a bank account that continues from year to year and is never taxed as long as these funds are set aside for medically needed services and supplies. If these funds are spent on some other type of item, such as golf balls or lipstick, they are taxable as ordinary income and additionally taxed with a penalty excise tax. However, these “side fund” dollars are not annual “use it or lose it” funds that must be spent within a calendar year, but HSA dollars can be accumulated over many years for use when medically needed.

Why are HSAs so valuable to small business?

HSAs are medical insurance policies that can reduce the amount of medical premiums that are paid to your insurance company for traditional PPO medical plans. This is accomplished by your purchasing a “high deductible” policy with no benefits paid until the annual deductible has been met. The reduction in premium will fall somewhere between 10% and 40% depending on the type of plan being replaced and the size of the HSA deductible selected. The premium not spent may be used to fund part or all of the “bank account” and accumulated over time to fully fund the annual deductible. The HSA concept is basic. If we are spending our own dollars, we may become more aware and judicious of their usage. If we don’t spend all the “side fund” dollars, then they are still available for future needs and can accumulate, at interest, from year to year.

When an employer purchases a traditional PPO Plan for his/her employees, a large part of the premium is based on the amount and scope of “first dollar benefits.” These are the benefits paid before the deductible is met. They typically include doctor office visits, emergency room use and prescription drug card usage. They are “first dollar benefits” because the insurance plan pays for all of the charges, except for the small employee co-pay amounts. The premium cost of these “first dollar benefits” is large and represents about 20% to 40% of the total premium. By altering the structure of the “first dollar benefits” payment by installing an HSA

Plan, a significant premium reduction is seen because the HSA “side fund” pays for these “first dollar benefits,” and the employee is spending his/her own dollars rather than simply seeking maximum usage of the employer’s traditional PPO plan.

The tax advantages are available only to persons covered by HSA Plans and are valuable to the employer, as well. The HSA “side fund” is a tax advantaged fund because the dollars are never taxed - if they are spent on medical needs as defined by the IRS. The money in the “side-fund” rolls over from year to year and gains non-taxable interest. The maximum amount that may be put in the “side fund” is limited to the amount of the annual deductible. The dollars may be deposited in the “side fund” by the employer, the employee or a combination of both. All of the dollars that are put in the “side fund” are tax deductible, either to the employer and/or the employee. This means that any expenses paid with the “side fund” dollars are paid with “before tax” dollars, i.e., not subject to payroll taxes or tax withholding.

HSAs are available to one person firms (Individual HSA Plans) as well as firms with two or more full-time payroll employees (Group HSA Plans). In many group cases, insurance companies will allow HSAs to be an option offered along side a traditional medical insurance plan, so that employees may select or choose HSAs over another traditional plan. Also, HSAs take the responsibility of small claims away from the insurance company and give that responsibility to the ultimate consumer, the insured person. HSAs preserve the essential function of medical insurance by covering those large, very expensive claims so that the covered person is not faced with financial destruction because of a severe illness or accident. A few states do not allow HSAs. Otherwise, HSAs are broadly available in most states from many competing insurance carriers.

HSAs are one of the few ways to lower your medical insurance premiums and continue to offer or provide a solid medical insurance plan for you and your employees.

Pat Brown is president of Associated Benefit Planners and participates in IHRA’s Expert Access Program. He can be contacted at 800-854-4636; eMail: abppbrown@aol.com

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Rep Protection Law Summaries Now on IHRA Web Site

You asked for it ... you got it!

Thanks to our legal counsel, **Gerald M. Newman**, and the Electronics Representatives Association (ERA), updated information on all the state rep commission protection laws is now available to IHRA members via our Web site. You can download the PDF file of summaries by going to:

<http://www.ihra.org/whatsnew.asp>

and downloading the 6th item on the page.

Rep commission protection laws are now on the books in 36 states and Puerto Rico. The most recent addition is the new law adopted in Connecticut earlier this year. It passed after a vigorous lobbying effort that was led by MANA, and supported by ERA and several other rep associations.

If you are not familiar with the rep protection laws in the states in which you do business, take a few minutes to PRINT, READ and SAVE this summary. You may also want to e-mail the PDF file to your lawyer.

If you have any questions about the statutes that affect your company, remember that you can use your EXPERT ACCESS privilege to call Gerry Newman for a free phone consultation. His number is 312-648-2300, Ext. 309.

This is an IHRA service to keep members advised of lines available. The listing of a manufacturer should in no way be construed as an endorsement of that line by IHRA, it being the obligation of each member to make their own evaluation of the line.

2005 INDUSTRY CALENDAR OF EVENTS

September

Sep 10 - 13

BOSTON GIFT SHOW
Boston, MA

Sep 10 - 13

ATLANTA FALL GIFT & HOME FURNISHINGS MARKET
& ATLANTA GOURMET MARKET
Atlanta, GA

Sep 15 - 18

NATURAL PRODUCTS EXPO EAST
Washington, DC

Sep 17 - 19

NATIONAL GOURMET FOOD SHOW
Dallas, TX

Sep 17 - 19

DALLAS INT'L GIFT & HOME ACCESSORIES MARKET
Dallas, Texas

Sep 24 - 26

LOS ANGELES GIFT & HOME MARKET
Los Angeles, California

October

Oct 15 - 17

ART & FRAMING SHOWCASE
New York, NY

Oct 15 - 17

COFFEE FEST SEATTLE
Seattle, WA

Oct 16 - 19

NEW YORK HOME TEXTILES SHOW
New York, NY

Oct 16 - 19

NEW YORK GOURMET HOUSEWARES SHOW
New York, NY

Oct 29 - Nov 3

NEW YORK TABLETOP SHOWS
New York, NY



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| DATES: March 12 - 14 |
| DAYS: Sunday, Monday & Tuesday |
| LOCATION: McCormick Place Chicago, USA |

Register at: <http://www.housewares.org/ihshow/attendeeinfo.asp>

For a complete list of ECRM-EPPS Conferences, see their website at: <http://www.ecrm-epps.com>

Grossman (from page 1)

perience. I hope some of you take the time and invest in your future and join me. (See page 6 for complete details.)

I have finished the book "Blink" by Malcolm Gladwell and it is really a simple message of why snap decisions/judgments can either go right or wrong. Our lives are based on our experiences and we make decisions based on what we know. If what we know is accurate, we probably will make the right decision. If not, we probably will make a decision that can greatly miss the mark.

The book is an easy read that that will help you make better decisions and evaluations and also probably explain when you or others make bad ones.

That is all there is this month. Have a good Labor Day and hope to see a lot of you in Louisville at The Keystone Conference.

SCHEDULE AND REGISTRATION FOR THE KEYSTONE CONFERENCE

Tuesday, September 20

General Arrival

5:30 p.m. - 7:00 p.m. - Cocktail Reception

Wednesday, September 21

7:00 a.m. - 8:00 a.m. - Breakfast

8:00 a.m. - 9:30 a.m. - Opening Presentation
Globalization and the Changing Marketplace
Patrick J. Cleary

9:30 a.m. - 10:00 a.m. - Networking Coffee Break

10:00 a.m. - 11:30 a.m. - General Session
How Will the Changing Marketplace Affect the Role of the Representative?

11:30 a.m. - 1:00 p.m. - Networking Luncheon

1:00 p.m. - 2:30 p.m. - Breakout Sessions
Globalization - A Focused View for Manufacturers' Representatives
John Cower
Strategic Selling Alliances
Steve Waterhouse

Internal Team Selling
All Representative Panel Discussion

2:45 p.m. - 4:15 p.m. - Breakout Sessions
Keeping Your Representatives Informed: One Manufacturer's Story
Charles H. Ingram

Selling Value
Robert Nadeau
Practical Technology
All Representative Panel Discussion

6:00 p.m. - Dine-Arounds

Thursday, September 22

7:00 a.m. - 8:00 a.m. - Breakfast

8:00 a.m. - 9:30 a.m. - Breakout Sessions

Selling Value (Repeated from Wed)
Robert Nadeau

Strategic Selling Alliances (Repeated from Wed)
Steve Waterhouse

Preparing for the Sale or Succession of Your Agency
All Representative Panel Discussion

9:30 a.m. - 10:00 a.m. - Networking Coffee Break

10:00 a.m. - 11:30 a.m. - Open Discussion About Current Issues

11:45 a.m. - 1:15 p.m. - Closing Luncheon

Closing Presentation - Legislative Update
John Satagaj

Mr. Satagaj is the President and General Counsel for the Small Business Legislative Council (SBLC)

REGISTRATION INFORMATION

IHRA Members: \$495 per person

Non-Member Registrants: \$595 per person

To register online, go to:

<https://www.nemra.org/index.cfm?do=keyregform>

Or you can fax or mail your registration form to:

Keystone 2005
c/o NEMRA
660 White Plains Road, Suite 600
Tarrytown, NY 10591
Fax: 914-524-8655

HOTEL INFORMATION

Marriott Louisville Downtown Hotel
Jefferson Street at Third Street
Louisville, KY 40202
800-533-0127 / Reservations: 800-228-9290

Room Rates: \$119 per night single/double
(plus state/local taxes)

On-site parking fee: \$16 daily
Valet parking fee: \$20 daily

To make your hotel room reservation, call 1-800-228-9290; reference the group name "Keystone" to receive the program's special rate. You can also register online at www.marriott.com.

Participants are responsible for making their own hotel reservations. Room reservations must be made by Friday, August 19, 2005. We cannot guarantee rate and room availability after this date.

TRANSPORTATION

Louisville Airport (SDF) - 8 miles from the hotel
Estimated taxi fare: \$12 (one way)

Cincinnati Airport (CVG) - 96 miles from the hotel

Indianapolis Airport (IND) - 115 miles from the hotel

Louisville Union Railroad Station - .4 miles

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Call PAT BROWN at 800-854-4636

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| Kentucky | New York | |

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