ILLINOIS Automobile Dealer News

A Publication of the Illinois Automobile Dealers Association
Vol. 33 No. 3

Navigating Revised
Federal EV Tax Credit And State EV Rebates

ILLINOIS AUTOMOBILE DEALERS ASSOCIATION
IADA

Woodward & Associates, Inc.

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Consumer Complaints
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Add Points
Real Estate Law
Employment & Labor Law
Federal & State Regulatory Compliance

BACKGROUND:

Principal, Private Law Firm
Former, IADA Legal Counsel
Former, Illinois Assistant Attorney General, Deputy Chief, Consumer Protection Division
Drafted Illinois Motor Vehicle Franchise Act Amendments Creating Motor Vehicle Review Board
Drafted Illinois Motor Vehicle Advertising Regulations

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CONTENTS Vol. 33 No. 3

THE newsLINK group

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IADA Chairman's Message

SEAN GRANT
IADA CHAIRMAN

Although the state legislature is not in session, there is still plenty going on with our state association.

On August 30, IADA and our NADA Director, Jamie Auffenberg Jr., Auffenberg Auto Group, O'Fallon, hosted an inaugural President's Club Members' Appreciation Day and National Dealer Issues Update. The event included a dinner and cocktail reception, an opportunity to golf, and a presentation by Charlie Cook, regarded as one of the nation's leading authorities on U.S. elections and national political trends in Washington, D.C.

The event was held at Panther Creek Country Club in Springfield and was created to thank the many President's Club members for their exceptional support while encouraging others to participate in the battle.

Under the direction of Jamie Auffenberg, our IADA members within our NADA region contributed nearly $140,000 toward last year's national legislative efforts. Jamie has been one of our foremost fighters, working through NADA with our national elected officials.

IADA offers many services to assist our dealer members, but our advocacy efforts on behalf of dealers will always be our primary focus. At the time of this printing, your IADA staff and dealer officers are in Washington, D.C., attending the NADA Washington Conference and meeting with our Illinois Congressional Members.

Our Association is also nearing completion of a completely renovated

> I urge you to continue to be involved in our grassroots legislative efforts, take advantage of our partner programs, and stay informed by reading all the timely IADA information.

IllinoisDealers.com website and the production of an informational video highlighting the benefits of our "Dealer Owned" association.

Finally, IADA is excited to be able to begin offering the NADA Professional Series, *New Manager Training*, right here in our IADA office. This series allows us to provide the most efficient and affordable way to offer the best-in-class training to dealership managers without having to fly to other parts of the country and spend extra nights in hotels.

As your 2022 IADA Chairman, I thank you for your strong support of IADA. I urge you to continue to be involved in our grassroots legislative efforts, take advantage of our partner programs, and stay informed by reading all the timely IADA information. It is an honor and privilege to work with you as the IADA Chairman!

Lead **Like Lombardi**

By Ethos Group

Vince Lombardi was arguably the greatest football coach of all time. Known for his tireless work ethic and exacting standards, he led the Green Bay Packers to five championships in nine seasons as head coach, and he did it in a very different environment from professional sports today. His Packers won the first two Super Bowls, and the trophy given to every subsequent Super Bowl winner afterward bears his name. In 15 seasons as an NFL assistant and head coach, Lombardi's teams never had a losing season — ever. Leadership like this should be appreciated, regardless of which team's colors you wear.

Lombardi became famous for his unyielding dedication and tenacious spirit. He believed in daily, dedicated practice and expected nothing less than excellence from his players and coaches. He demanded attention to detail from every individual and expected a team effort. He understood the strength that comes from a well-trained, unified, and singularly focused team.

Lombardi's principles as a leader were focused on aligning the team's priorities, and he shared this guidance with his team: "Your religion, your family, and the Green Bay Packers will be your priorities as long as you are here. And in that order." Over time, these simple words became known as the "Lombardi Trinity" because they were the foundation of his ethos and the culture he created within his teams. He insisted his players commit themselves to living fulfilling personal lives just as he demanded they give themselves wholeheartedly to the game of football. He understood the focus he required of them on the field necessitated they eliminate distractions off the field. Insisting they find balance between their personal and professional lives ensured the two were rarely in conflict.

Vince Lombardi's fundamentals are every bit as applicable to business as to the game of football. By insisting your people dedicate themselves to their personal lives when at home, you can insist they dedicate themselves to their professional lives while at work. The more success they see personally, the more success they will experience professionally.

Connect the Success

Your leadership team has a responsibility to help those within your organization realize that success at work and success at home are not mutually exclusive. This can be difficult in a business that demands so much time and energy from each person.

One way to encourage your people to dedicate themselves fully is to help them "connect the success." A cycle of satisfaction is created when a person recognizes that achievements in one area of life translate to progress in another area of life. People embrace the concept "work hard, play hard" with new enthusiasm. You will find them empowered and engaged like never before, and the team benefits along with the individual.

So how do you connect personal and professional success? Here are three keys to unlocking the potential of your business by unlocking the potential of your people.

Discover Their Motivation

People are motivated differently. While some are motivated by a commission, bonus, or hourly raise, others respond more positively to a flexible schedule or paid time off. Sometimes peer recognition for a job well done is the motivation someone needs, while other employees need to feel like a small part of a larger team accomplishment.

It is not difficult to find out someone's motivation — just ask. Ask your employees what they would like to accomplish personally. Ask them what they want to accomplish professionally. Discover what motivates your employees and commit to making the difference happen with them.

Reward People Differently

Your leadership team must do away with the one-size-fits-all approach (standard operating procedure in the business for too long) because different people experience success differently. To prevent potential unfairness in the workplace (from treating people differently), the key is to connect the motivation of the employee to the resulting reward. Treating everyone how they want to be treated leads to satisfied employees, and satisfied employees lead to satisfied customers.

Celebrate the Wins

It is not always easy for managers to slow down and celebrate successes with their people, but missing these opportunities can wear down someone's will to "win" and invalidate professional victories. While it is important to encourage your employees to savor the sweetness of success themselves, it is critical that your leadership team slow down and take the time to recognize both professional and personal victories and celebrate with others.

Leaders Lead People

Your leadership team has a responsibility beyond sales quotas, gross profit percentages, and expense management. Ultimately the team has a responsibility to people. After all, nothing dramatically changes the profitability of a business like the full engagement of the people who make business happen. ■

> Your leadership team has a responsibility to help those within your organization realize that success at work and success at home are not mutually exclusive.

Ethos Group is proud to be partnering with IADA in helping their dealer members grow. If we can be of service to your organization, please reach out to either Ian Drake at 913-952-0110 or idrake@ethosgroup.com or Chris Nesseth at 319-270-4779 or cnesseth@ethosgroup.com. Ethos Group is a consulting company that partners with retail automotive dealers to promote an ethical, customer-focused approach to the sale, financing, and servicing of automobiles. Their services include technology, compliance, consulting, recruiting, training, product administration, and dealer participation programs.

Consultant's Corner

Process Oriented

JOEL KANSANBACK
BROWN & BROWN DEALER SERVICES

In today's business nomenclature, it is so common that we refer to ourselves or someone as a process-oriented person. I think it's kind of assumed that we all know what that means. It's a person who operates with a plan. A set of steps to success. They are viewed as structured, well thought out and with tremendous resolve and follow through.

These process-oriented people are the opposite of shoot-from-the-hip, follow your gut, wing it, try your hardest and hope it all turns out. If you look at it that way, can we in today's modern business world afford to not be process oriented? I would suggest to you that in a business with traditionally razor thin margins, huge capital investments, large number of employees, a very litigious environment, everyone must be process oriented.

Historically, entrepreneurs have been the risk takers, the eagles that soar in the face of adversity. Maybe these natural leaders don't need a handbook for success but follow their gut, make the tough decisions, lead from out front, and get things done.

There are some awesome and inspiring traits in there, but I would suggest to you that in our more sophisticated world we can have a process for everything. We can't afford to not surround ourselves with people who can value and follow a plan. It's time to take the next steps to embracing this throughout the dealership.

We can no longer just hire people we like that seem most similar to the hiring manager. We must value detail orientation and follow through in a way we never have before. If a person can't follow a process, they can't be on the team. We can no longer reward sales achievements without regard for CSI and we must have clear processes and strategies for dealing with today's consumer. Not only are they more informed and sophisticated, but they want their information when they want it, and they want input in their buying journey. The days of "come on in" being the response to every question asked by email or phone need to be over.

To do this you will need a comprehensive plan that includes training. This training will require an outside facilitator. We are that outside facilitator, the agent of change for the future. ■

For more information, please contact Francis Fagan with Brown & Brown Dealer Services at 312-608-4979 or francis.fagan@bbrown.com. Francis is the Regional Training Director for Illinois and Indiana. At Brown & Brown Dealer Services we put the emphasis on training. Visit our website for our training calendar and to meet our nationally renowned trainers: www.bbdealerservices.com.

Counselor's Corner

JULIE CARDOSI
Law Office of
Julie A. Cardosi, P.C.

Dealer Should Properly Respond to OEM Written Communications and Notices — "Nastygrams" Should Not Automatically Be Filed in the "Circular Bin"

Written OEM communications — such as monthly or quarterly performance notices that assert or reveal alleged deficiencies, or other OEM communications that set forth any particular concern of the OEM or allege problems of the dealership under its sales and service (franchise) agreement (such as performance, facility or brand image compliance, vehicle ordering processes, capitalization) — should not be "filed" in the "circular bin." Nor should these notices and the OEM concerns they reveal be ignored. While such OEM written communications might seem like innocuous reminders, often, they are purposefully crafted and may be intended to build a case over time to support an OEM's legal claims of alleged dealership deficiencies.

Ignoring these communications and any alleged claims by the OEM does not mean the concern will go away or be forgotten. Properly responding to these communications, especially if they point to alleged deficiencies or performance concerns, is important to the dealership. Depending on the nature of the communication, the dealer's response should be measured and not be undertaken without the prior review of the dealership's counsel to avoid unintended consequences or future use of the OEM communication against the dealership's interests.

For example, in certain instances, these OEM written notifications are a precursor to the OEM's claim that the dealer defaulted under the terms of its franchise agreement and are sometimes followed by OEM notification of termination of the dealer's sales and service agreement. In Illinois, franchise termination by an OEM under the Illinois Motor Vehicle Franchise Act requires that the OEM satisfy its burden of proving that "good cause" exists for such action. However, the OEMs may try to point to the prior written communications as indicia of the deficiencies alleged, opportunities given to correct, and ongoing nature of the uncured problem, for which the OEM seeks action, such as termination or modification of the dealer's existing franchise agreement (e.g., "term" agreement) and the dealer's obligations thereunder. Dealers may then find themselves facing the potentially costly option of having to formally dispute or challenge the OEM's conduct and asserted deficiencies, which may include filing a legal protest or other legal challenges.

A dealership that properly responds to OEM performance letters or communications is able to document possible inaccuracies in the OEM's narrative of the alleged problem. Importantly, the dealer's response might also correctly identify the

Down the road, if the dealer and the OEM end up in a dispute regarding the alleged concern, the dealer's position is documented to include conduct or shortcomings on the part of the OEM that caused or contributed to the alleged deficiencies.

origin of the alleged concern. For example, perhaps it stems from some conduct on the part of the OEM, such as an allocation problem, the use of improper standards of measurement, an incorrectly assigned market territory, or a failure to account for other market factors. Down the road, if the dealer and the OEM end up in a dispute regarding the alleged concern, the dealer's position is documented to include conduct or shortcomings on the part of the OEM that caused or contributed to the alleged deficiencies.

Based upon the considerations discussed above, a dealership should evaluate, along with its legal counsel, the dealer's prompt written response to regular OEM performance letters, particularly where they may give rise to alleged deficiencies, paying close attention to factual accuracies and inaccuracies. The same holds true for written OEM communications specifically summarizing alleged performance or other concerns under the dealer's sales and service agreement. This exchange of communication will assist the trier of fact, such as an arbiter, protest board or even a court, to assess whether the alleged concern constitutes a violation by the dealer under the dealer's franchise agreement or whether the alleged concern originates from or is caused in whole or in part by conduct or failures on the part of the OEM or some other factors. Consulting with counsel helps the dealer to avoid an unintended consequence such as statements against interest and will ultimately save both time and cost in the event the dealer has to formally challenge any adverse action taken by the OEM on the basis of its alleged deficiencies or concerns. ■

Julie A. Cardosi is Principal of the private firm, Law Office of Julie A. Cardosi, P.C., of Springfield, Illinois. She has practiced law for over 35 years and represents the business interests of franchised motor vehicle dealers throughout Illinois. Formerly in-house staff legal counsel for the Illinois Automobile Dealers Association, she concentrates her private practice in the areas of dealership compliance matters, transfers of ownership, mergers and acquisitions, franchise law, commercial real estate transfers, and other areas impacting day-to-day dealership operations. She has also served as former Illinois Assistant Attorney General and Deputy Chief of the Consumer Fraud Bureau of the Attorney General's Office. The material discussed in this article is for general information only and is not intended as legal advice and should not be acted upon as such. Dealers should consult their own private legal counsel for application to their specific circumstances. For more information, Julie can be reached at jcardosi@autocounsel.com or 217-787-9782, ext. 1.

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Navigating Revised Federal

EV Tax Credit And State EV Rebates

With the transition to new, tougher-to-meet, and confusing tax credits for electric vehicles (EV), it can be a head-scratcher waiting for more guidance from automakers and the federal government. President Joe Biden signed the Inflation Reduction Act into law August 16, 2022, triggering a shift from the old $7,500 EV tax credit to a new, more complicated one designed to incentivize domestic EV production, reduce reliance on foreign supply chains, and prevent wealthy buyers from getting a discount.

The revised federal income tax credit for electric vehicle purchases that took effect August 16, 2022, combined with the state EV rebate that took effect July 1, 2022, could reduce as much as $11,500 from the price of a qualifying electric vehicle, if you can successfully navigate the regulatory maze.

Revised Income Tax Credit

Until August 16, 2022, a $7,500 federal income tax credit was available to anyone purchasing a fully electric vehicle, provided that the manufacturer of the vehicle had sold fewer than 200,000 EVs. Upon crossing the 200,000 sale threshold, the credit began to phase out (GM and Tesla). The Inflation Reduction Act creates a series of changes to the federal tax credit designed to promote American-made and sourced EVs. Ironically, the first change under the Inflation Reduction Act took effect August 16, 2022, and will actually reduce the pool of vehicles for which the federal credit will be available. Starting August 16, 2022, the credit will be available only for purchases of EVs where the final assembly occurred in North America. The Department of Energy maintains a list of Model Year 2022 and early Model Year 2023 electric vehicles that likely meet the final assembly requirement (afdc.energy.gov). The key word is “likely.” Some vehicles on the list are assembled at different factories in different parts of the world, some in North America and some not. The best way to ensure a purchase qualifies is to use NHTSA’s VIN Decoder (site provided by DOT at nhtsa.gov) to determine whether a vehicle was manufactured in North America.

Pending Transactions

Some vehicles that qualified for the $7,500 income tax credit on August 15 do not qualify starting August 16. For example, the North American assembly requirement may suddenly make a vehicle ineligible for the credit. However, if your customer entered into a “binding contract” to purchase a vehicle before Aug. 16, 2022, but takes possession on or after Aug. 16, 2022, the customer may still claim the credit. The Treasury Department’s attempt to define “binding contract” is quoted verbatim immediately below:

What Is a Written Binding Contract?

In general, a written contract is binding if it is enforceable under State law and does not limit damages to a specified amount (for example, by use of a liquidated damages provision or the forfeiture of a deposit). While the enforceability of a contract under State law is a facts-and-circumstances determination to be made under relevant State law, if a customer has made a significant non-refundable deposit or down payment, it is an indication of a binding contract. For tax purposes in general, a contract provision that limits damages to an amount equal to at least 5% of the total contract price is not treated as limiting damages to a specified amount. For example, if a customer has made a non-refundable deposit or down payment of 5% of the total contract price, it is an indication of a binding contract. A contract is binding even if subject to a condition, as long as the condition is not within the control of either party. A contract will continue to be binding if the parties make insubstantial changes to its terms and conditions.

Generally, under Illinois law, deposits on motor vehicles must be refunded if a customer is unable to complete the purchase, such as when a customer cannot get approved for financing at the quoted rate. If you have specific instances of a “carryover” deal and are unsure of whether the purchase will qualify for the tax credit, we recommend that you seek counsel.

Coming Changes

The Inflation Reduction Act will usher in several changes to the EV Income Tax Credit over the next several years, some making the credit more accessible and others limiting the credit.

Changes Effective January 1, 2023

- The 200,000-unit sales threshold that triggers the phase-out of the income tax credit will be eliminated, making GM and Tesla eligible once again for vehicles that can meet the other eligibility requirements.
- The credit will not be allowed for vans, SUVs, and pickup trucks with an MSRP over $80,000 nor any other vehicle with an MSRP over $55,000.
- The credit will not be allowed for buyers with a modified gross income over $150,000 ($300,000 for married couples filing jointly and $225,000 for head of household filers) in both the year before and the year of the purchase.
- At least 40% of the critical minerals in the vehicle’s battery must be (1) extracted or processed in the U.S. or a U.S. free trade partner or (2) recycled in North America. The 40% minimum will increase to 80% by 2027.
- At least 50% of the value of the components in the vehicle’s battery must be manufactured or assembled in North America. The 50% minimum will gradually increase to 100% by 2029.
    - Implementation of the critical minerals and battery component limitations could be delayed if IRS does not adopt formal guidance by January 1, 2023.
- Separate income tax credits for pre-owned clean vehicles and qualified commercial clean vehicles will take effect. Details about the pre-owned clean vehicle and qualified commercial clean vehicle credits will be provided in a subsequent bulletin.

Changes Effective January 1, 2024

- Vehicles containing parts sourced from a “foreign entity of concern” will not qualify for the credit. The term “foreign entity of concern” is not clearly defined but is intended to prohibit sourcing from businesses in Russia and China. We will update you if IRS provides guidance on the “foreign entity of concern” prohibition.
- The $7,500 tax credit is currently constructed as a non-transferable income tax credit, which means that the customer does not realize the benefit until tax time. However, starting in 2024, the credit become assignable to the selling dealer, making it more attractive as it will operate like a “cash on the hood” incentive.

Changes Effective January 1, 2025

- If any critical minerals contained in the battery are extracted, processed, or recycled by a “foreign entity of concern,” a vehicle will not qualify for the credit, irrespective of whether the remainder of the battery meets the domestic content threshold.

Continued on page 18

Continued from page 17

Additional guidance from the Treasury Department on the $7,500 EV tax credit is available here: https://www.irs.gov/businesses/plug-in-electric-vehicle-credit-irc-30-and-irc-30d and here: https://home.treasury.gov/system/files/136/EV-Tax-Credit-FAQs.pdf.

State EV Rebate

The general parameters of the State $4,000 EV Rebate Program have not changed since it rolled out July 1, 2022. Additional information about the State EV Rebate is included here because the eligibility standards differ from those for the federal $7,500 income tax credit. Customers and vehicles qualifying for the income tax credit may or may not qualify for the state rebate.

Some recent developments with the State rebate program may affect your customers. The IEPA rebate application portal will be closed during the month of October. Vehicles sold during the month of Oct. 2022 will be able to qualify for a rebate, but customers who purchase on or after Oct. 1 will not be able to submit applications until Nov. 1, 2022. Additionally, for vehicles purchased between July 1, 2022, and Sept. 30, 2022, rebate applications must be submitted by Sept. 30, 2022.

For additional details about the State EV Rebate Program, please refer to our June 29, 2022 IADA Bulletin at www.illinoisdealers.com.

A Note About Vin Lookup Tools

- Scan this QR code and use this VIN Decoder tool to determine whether an EV was manufactured in North America: https://www.nhtsa.gov/vin-decoder.

  A vehicle must be a qualifying EV and manufactured in North America to qualify for the $7,500 Income Tax Credit.

- Scan this QR code and use this tool to determine eligibility for the $4,000 Illinois EV Rebate. A vehicle that appears on this list is NOT eligible for the $4,000 Illinois EV Rebate: https://www2.illinois.gov/epa/Pages/default.aspx.

- Scan this QR code if you want to go the extra mile. You can use this VIN lookup tool to determine whether a vehicle has an open recall: https://www.nhtsa.gov/recalls.

  While recall status does not affect eligibility for the $7,500 Income Tax Credit nor the $4,000 State EV Rebate, an unrepaired recall can provide an opportunity for service business.

Dealer Spotlight:
Lou Bachrodt Auto Mall
Rockford, IL

Like many dealerships across Illinois, Lou Bachrodt Auto Mall in Rockford is experiencing an unusual time in the auto business. Pandemic-related staffing shortages and inventory gaps have presented challenges for everyone. But this 70-year-old, third-generation company — which includes Chevrolet, Buick, GMC, VW, and BMW dealerships — has pivoted its efforts toward two things it can control: supporting the greater community and retaining employees.

Established in 1953 by Lou Bachrodt, the dealership is now run by his grandchildren, including Dealer Principal Rachel and General Sales Manager Patrick. They are following in their parents' and grandparents' footsteps by engaging employees and customers in a wide variety of philanthropic activities.

"Lou Bachrodt has a 70-year tradition of giving back to the community that has given so much to us," explains Rachel Bachrodt. "I am very proud to carry on that tradition. Social media really has given us a new platform not only to promote and assist those organizations that we support, but it also gives us an avenue to reach out to community members in new and creative ways. Additionally, it is fun and exciting for our employees to see the events and sponsorships on social media and allows the team to be even more engaged. We look forward to finding new ways to continue this tradition and grow our community reach even further."

According to Bachrodt marketing manager Tracy Beyer, the family-owned and operated dealership is doubling-down on showing care and concern for its neighbors in need. "The Bachrodt family just understands the importance of giving back," Tracy explains. "And they have watched Rockford struggle, thrive and grow over the last 70 years."

A key focus of support for the dealership is children in need. This year will mark the 25th anniversary of Lou Bachrodt's "12 Hours of Salvation" Toy Drive in conjunction with the Salvation Army. Prior to Christmas, the dealership collects donations, purchases toys, and accepts new, unwrapped toys from customers and staff. This year they're on track to hit a combined $120,000 and 200,000 toys.

Lou Bachrodt Auto Mall supports children in other ways. To further support area children, each year they support the work of the Boys and Girls Club and Gigi's Playhouse, a national organization with a Rockford presence that works closely with special needs children.

The list of other community events and donations is extensive, including an annual blood drive and working with local Boylan High School with whatever initiatives it needs help with.

In addition to community members, Lou Bachrodt prioritizes and supports its employees. A member

From left to right: General Sales Manager Patrick Bachrodt, General Manager Charlie Hansmeyer and Dealer Rachel Bachrodt

of the Bachrodt family is at one of the dealerships every day and is frequently seen asking sales, support, and service staff how they can help. They can be found on the lot, service area, or in the office, making connections with employees.

"They make working here fun," says Beyer. "We celebrate employee anniversaries, birthdays, and accomplishments. The Bachrodts really make us feel like family and create an environment that we want to be a part of."

This attitude rubs off on customers who are met with a "we're here to help you" attitude. With inventory so low, Bachrodt staff is trained to listen carefully to what a customer wants in a vehicle and then works to help them find it, whether it's on the lot or not.

IADA strives to support all our members across Illinois and share best practices. That's why we are proud to launch a new series called "Dealer Spotlight," which will feature members from across the state sharing tips and innovations that work for businesses, employees, and customers. If you have a suggestion for this feature, contact our IADA office or our promotions partner, Colleen Dudgeon at Colleen@Serafin.com or 773-805-0353.

Goodbye to Dick Bachrodt

Richard J. Bachrodt, second-generation family leader of Rockford's Lou Bachrodt Auto Mall, died peacefully on September 2 after a long illness. He was surrounded by his family, who will continue his dedication to family, friendships, community, and the family business.

While Dick received many accolades during his career, such as being recognized as a Pontiac Master and Chevrolet Top 500 dealer, most who knew him would say that he cared more about building great teams and celebrating the successes of others.

Memorials may be made to The Lou Bachrodt, Jr. Founders' Memorial Program benefitting Boylan Catholic High School students, 4000 St. Francis Dr. Rockford, IL 61103, or Catholic Charities of Rockford 6116 Mulford Village Dr. #8 Rockford, IL 61107. Share online condolences at www.fitzgeraldfh.com. ■

How to Delight Employees

and Create Exceptional Benefits Education

By American Fidelity

AMERICAN FIDELITY
a different opinion

Employees feel better about their employment when they know their employer cares. Employee benefits can generate this goodwill, but only if employees know and understand their benefits. In a company where employee benefits are generous and wide-ranging, benefits education is the key to keeping a satisfied employee.

Start From the Beginning

Communication about employee benefits begins when the employee is hired and sometimes even before researching your organization. Clear benefits education can help your employees during the benefits selection process and helps ease their transition into the new job.

- Prepare a packet of information or a video for new employees that summarizes benefits and makes choices easier.
- Provide an employee orientation that goes over benefits in-depth and provides employees an opportunity to ask questions.
- Update your employee benefits packet yearly as benefits change.

Tailor Benefits to Your Employees

Employees focus on the benefits they need most. Therefore, review your benefits package regularly and update it yearly to ensure your company's benefits meet your staff's needs.

Survey your employees regularly to find out more about their needs. Ask questions such as:

- Are you satisfied with the company's health plan options?
- Which of the current employee benefits do you like the most?
- What education efforts may help you better understand the company's benefits?

A regular survey helps you keep up with the changing needs of your employees to ensure that your benefits package is relevant and valuable to your staff. Collecting a wide range of information during your survey is essential, including demographic information, if possible. For example, if most of your employees are young, it may be more important to them to have benefits for young people starting families. On the other hand, a robust retirement package may be more valuable if your employees are primarily older.

Communicate About Benefits in Different Ways

Not all people learn the same. Some employees prefer to find out about benefits by email. Others may need a website or may want a face-to-face interaction to discuss benefits. Use different platforms for communicating about benefits to meet the needs of all your employees.

Here's a tip: when you survey employees about their preferred methods for learning about benefits, ask them about the communication platforms they prefer. Give them a chance to tell you what they want.

Provide Year-Round Benefit Education

People tend to forget about benefits they don't need all the time. For example, maybe your organization offers a transportation benefit that allows your employees to pay for their commuting expenses with pre-tax dollars. An employee who used to walk to work probably ignored that benefit when they first started. Now that they've moved and must commute, they could use a reminder about this perk!

Create a year-round education program that spotlights various benefits throughout the year. This education program could take the form of a newsletter or even a monthly webinar series.

By creating a program for communicating with employees about benefits, you empower your workforce to take advantage of their benefits, potentially helping with your retention goals. The better your communication, the more everyone benefits. ■

This information is intended to be educational. It is general in nature and should not be considered legal or tax advice. Consult an attorney or a tax professional regarding your specific situation.

This information is up to date as of January 2022 and has not been updated for changes in the law, administration, or current events. To learn more, please visit americanfidelity.com.

Why Being Kind at Work **Matters**

Kindness is a soft skill. Since kindness can be hard to teach, measure or master, many people dismiss it as a nonessential nicety that won't make or break your business. They value other capitalist-oriented skills more, such as ambition, grit, and skill.

Consider a fictional example: Scrooge, the main character in A Christmas Carol by Charles Dickens. People recognize he is a miserable, lonely man, and no one would want to be like him or be around him. Yet Scrooge also fits the idea of the selfish and ruthless business owner who makes money because he is willing to take advantage of others. As the story begins, he thinks any generous act detracting from profit is foolish.

No business leader is likely to make similar claims in public, but when they consider the business ideas separate from the man, some might secretly think Scrooge's ideas have some merit. But this is a big mistake. The soft skill of kindness is not just an important life skill; it's also an important business skill. Being considerate, friendly, helpful, and generous is a strength. It does not mean being a pushover or finishing last. Kindness means giving people the benefit of the doubt and remembering they may be dealing with difficult issues.

Kindness can strengthen business relationships within any culture, and many benefits involve employees. When the workplace culture is kind, communication is smoother and more effective, and employees are more likely to trust their leaders. Employees focus on their work and are less likely to compete negatively with other employees. Not only are relationships in and outside the company improved, but research also shows that employees with opportunities to be kind at work feel more loyal to their company.

Companies with a reputation for being kind find it easier to recruit and retain new employees. That's a huge plus, as there are currently more open jobs than people to fill them, and qualified applicants have their choice of jobs. Who wouldn't prefer working at a company where they can feel valued and respected?

Productivity also improves. Everybody makes mistakes, especially when trying out new business ideas. Employees can safely share information and be more innovative if the work culture kindly embraces learning from failure instead of punishing it.

Kindness is most challenging when it requires taking the high road and being kind in response to negative behavior. If you are trying to figure out why someone behaves badly, rather than treating them harshly, kindness is more likely to open someone up, giving them a chance to explain their side.

Customers respond positively to companies they believe are kind. When customers interact with a kind employee, a bond forms, resulting in increased customer engagement and brand loyalty.

Kindness is also helpful during difficult conversations. When speaking candidly to someone about a problem, kindly delivering what you must say is essential if you want the conversation to be a success. Choosing to be kind doesn't mean avoiding any discussion of difficult things. Balance honesty with kindness. The goal is to be empathetic and curious instead of harsh.

All employees should be courteous to everyone, regardless of status. Smile often. Say thank you. Use a kind, pleasant tone when talking, be clear and positive when communicating, and accurately express your feelings and ideas. The cleaning crew deserves the same level of civility as the company owner. Managers might also encourage employees to help others when their tasks are complete and to be generous about sharing space and material resources when necessary.

Be a good, thoughtful and kind listener. Listening skills improve communication, reduce mistakes, and encourage collaboration. Make time for others when they need it. If employees need substantial help, schedule a time to work with them.

> Be a good, thoughtful and kind listener. Listening skills improve communication, reduce mistakes and encourage collaboration. Make time for others when they need it.

Doing little things, like complimenting someone's work and recognizing others when they do well, shows kindness. Recognize each person's strengths and abilities. You can also communicate appreciation with food. If appropriate, a manager could bring breakfast or provide a snack tray during an important meeting. And team-building activities create a positive environment and show you want the workplace to be enjoyable.

Since some employees are gatekeepers, their opinions and influence may be larger than you think. Please treat them with respect. Start by introducing yourself and asking for their name if you can't see their name on a tag or desk when you meet them. If they are busy, keep the conversation to a minimum. If they seem open to small talk, keep the conversation pleasant and neutral. Notice photos and awards. The next time you see them, kindly acknowledge them in a way that lets them know you remember your last conversation.

Don't be overly familiar with people you've just met. Avoid terms that might be deemed insulting or condescending, such as "sweetie," "babe," "son," or "dude." When there is an opportunity to talk with anyone, engage in meaningful but not polarizing conversations, such as talking in a general way about weekend plans, previous work experiences and family.

Notice when someone is struggling with a door or carrying large packages, and offer your help. Also, help other people succeed. Recommend contacts, send referrals, and be willing to provide advice if asked.

If appropriate, mentor new employees. Mentoring can involve introducing a new employee to others, training them in their job responsibilities and helping them feel comfortable.

Being kind at work — and everywhere else — matters because it contributes to creating and maintaining a more positive world. It makes sense from a business perspective, but it also makes sense from a human perspective. There are no regrets about being kind, which is something you can't say about everything. ■

A Conversation with Linda Cohen, The Kindness Catalyst

Linda Cohen, the founder of Linda Cohen Consulting, is a professional keynote speaker known as the Kindness Catalyst. A consultant since 2012, Linda has a blog on her website (https://lindacohenconsulting.com). She has written two books; 1,000 Mitzvahs in 2011 and The Economy of Kindness in 2021.

It seems clear that you've made kindness your life's work. What is the story behind that?

My father called me in April 2006 after his terminal lung cancer diagnosis. He was a family therapist, and he had just turned 70. I was 38, with two young school-aged children. We had a difficult relationship, but I flew to Burlington, Vermont, and we started working to heal our relationship. He lived eight months after that call. Those months and the healing process were a gift. We both found peace; he died Dec. 1, 2006, on my son's sixth birthday.

> I try to live a life of abundance, not scarcity. Choose to live in a place of abundance.

Five weeks later, I woke up in the middle of the night with the idea that I would do 1,000 mitzvahs (good deeds) in his honor. Completing them was transformative. When I was more than a year into the project, my rabbi suggested that I write a book about it.

I thought the project was just a personal experience to help me process my grief, but it changed my life. In 2011, I did a TED talk to share the idea of kindness with other people. My first audiences were nonprofit groups like Girl Scouts, houses of worship and schools. Eventually, I realized how important kindness is in the workplace and why kindness is so important to business leaders.

Kindness is important everywhere. Why did you choose to focus on kindness in the workplace?

I could see that there were real challenges in the country and the world. Rhetoric was more challenging, and conversations were becoming more divided. Since people spend so much of their day in the workforce, I started looking for good business cultures and organizations that focus on kindness because I wanted to see their results. Also, I started working to bring kindness to the workplace. My first paid opportunities were with local government, health care and long-term health care, and then credit unions. I have continued working with many of these industries.

Why does kindness improve the bottom line?

My three Rs are reputation, recruitment and retention. When an organization gets a reputation for being unkind, its customers and staff often leave. In contrast, organizations with good reputations have an easier time recruiting talent. The third R is retention. If you tell people that your culture is one way, you hire them, and they discover it's not true, they will usually leave.

What is the easiest way to help business cultures turn toward kindness?

Start by listening. Some organizations listen to find out what is happening before they make changes. Schedule multiple sessions of active listening.

What's the next step after the first one?

Implementing what you can. For example, a fairly small company had its employees working remotely in the spring of 2020. They couldn't do their jobs because the schools were closed and their children were home.

Childcare is a huge challenge for most women. It should be everyone's problem, but it falls mainly on women. The company solved the problem by temporarily making the headquarters into a school. Employees dropped off their children at the temporary school, then went home to work.

What are your favorite stories about kindness in the workplace that have inspired you?
I met a volunteer manager during the first six months of the pandemic. She coordinated 75 working hospice volunteers. April was the usual time to honor volunteers, but she couldn't do a luncheon and provide recognition in the usual ways. Instead, she put together what she called a porch project. She got some cookies and mugs with the hospice logo, and then she and the other professionals in her organization drove over a large geographical area to thank the hospice volunteers by delivering the cookies and mugs to them. Everyone wore masks and stayed socially distanced, but they could see each other eye to eye.

I heard the second story when I spoke at a women's leaders event for a major retail chain. I addressed 250 women, with only three men in the audience: the CEO and two vice presidents. They were working in the grocery market, and I asked them to share a time they had received kindness from a manager.

A woman raised her hand. A decade earlier, when she was in her 20s, she worked in a different state than her family and missed them very much. The manager called her in at Christmas and instructed her to buy a ticket the company would pay for, take a week and visit her family. That was a huge gift; you never get that holiday week off when you are in the retail business.

One of the three men in the room was the boss who made that Christmas trip possible. I got choked up, witnessing that. It reaffirmed the rippled effect and how long somebody might hold on to a remembered kindness. Most people don't forget.

What is the most important lesson about kindness that you've learned?
I have three lessons, not one.

1. The size of the kindness doesn't necessarily matter.
2. Kindness has a ripple effect. Even one act can make a difference.
3. It is harder to receive kindness than it is to give kindness. Many people struggle with receiving, but when we receive kindness gracefully, we let them give us an important gift. Thank you is a complete sentence, and we should practice it regularly.

Do you have a story to share that you heard after a presentation?
In my book, I wrote about one gentleman who was in the senior living world before the pandemic. He was the franchise owner of a home care business. He wanted to recognize people in their work because he knew they were working with elderly adults.

This business owner would meet on Mondays at the beginning of the pandemic with front-line home-care workers. It was still unclear how contagious COVID was, so he made sure he knew what they needed and gave them hand sanitizer, lunch and water. Later, when the staff returned to the office, he had them work Fridays at home that summer, beginning in June 2021. He knew they could work remotely and get their job done.

He made people feel valued and appreciated.

Do you have other mentors who have helped you along the way?
When I began speaking professionally, I joined the National Speakers Association. Keynoters, trainers and consultants are all members who have helped me 100%. I wouldn't be at my current level without their encouragement, and I have encouraged others, too.

What are some lessons you have learned from them?
A fellow speaker once said, "Curiosity didn't kill the cat; comparison did." Celebrate your wins before you start working on conquering the next mountain.

Also, build a bigger pie in your life. I try to live a life of abundance, not scarcity. Choose to live in a place of abundance. Tell yourself different work and a better client are coming when something doesn't work out.

What do you want readers of this article to remember about you and your work when they finish reading it? What is the main takeaway?
I invite you to become a kindness catalyst, too.

Humanity wants more kindness, and we are disenfranchised without it. When people are surrounded by kindness in the workplace, they are healthier, happier, less stressed and less burned out. Real-life research in the last decade supports that conclusion, and more research is continuing to come out. ■

Linda lives in Portland, Oregon. She and her husband have two adult children and one Cavalier King Charles Spaniel. To learn more, please visit lindacohenconsulting.com.

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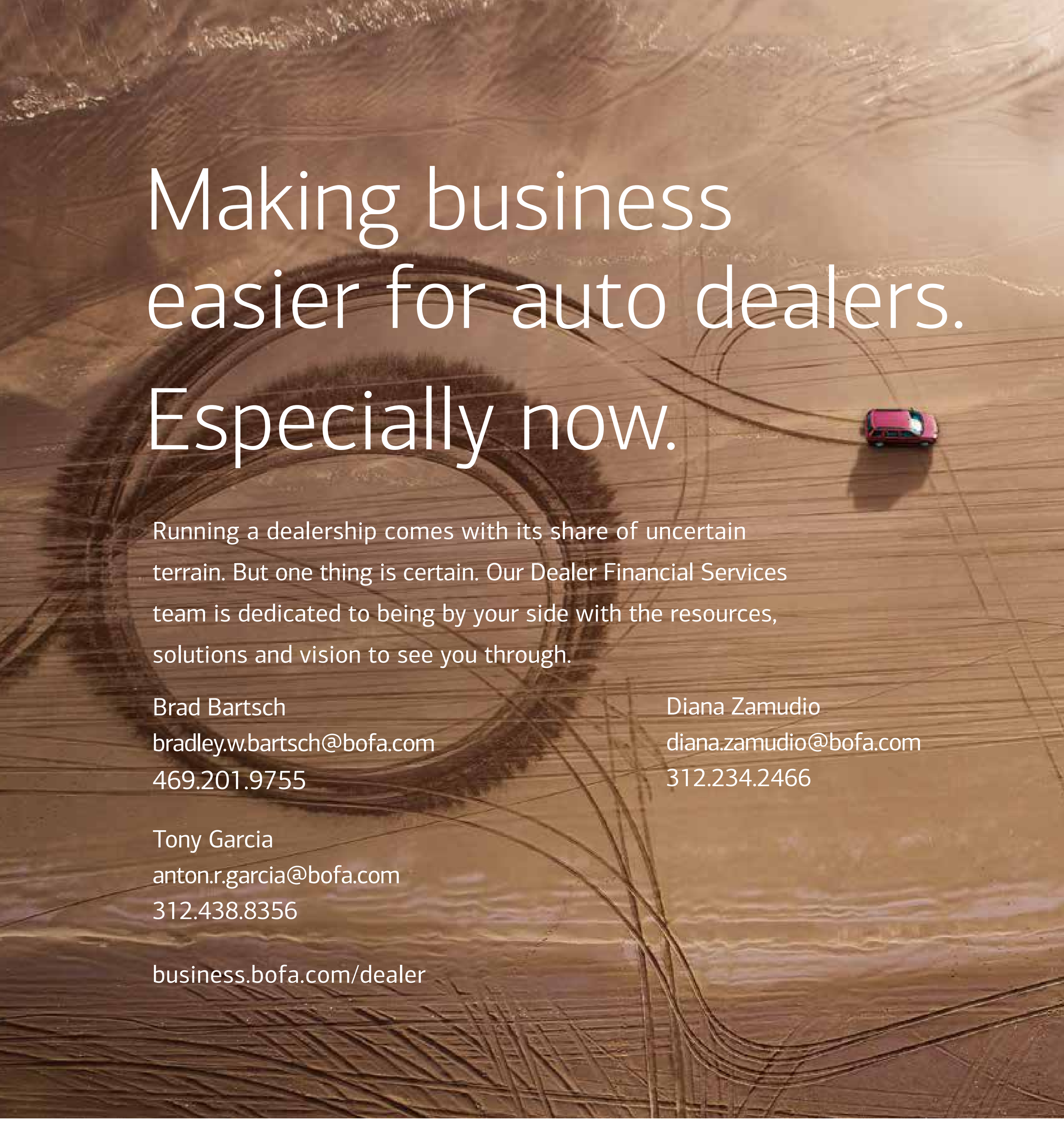

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