

STRUCTURAL BUILDING **COMPONENTS**TM

THE FUTURE OF FRAMING

June/July 2014

www.sbcmag.info

STORMING THE CAPITOL

Recapping the 2014 SBC Legislative Conference

Plus...

Employer-Sponsored
Retirement Plans

Affordable Care Act

...and much more!

CHANGE SERVICE REQUESTED

SBC Magazine • 6300 Enterprise Lane • Suite 200 • Madison, WI 53719

Framing the
**AMERICAN
DREAM**

PRRST STD
U.S. Postage
PAID
Madison, WI
Permit No. 2223

KNOW WHERE EVERY ORDER STANDS. **EVEN ON THE MOVE.**

When building custom homes, there's no such thing as business as usual. Stay on top of each quote and order when you're in the field with MBA™ Mobile. Get instant access to prices, schedules, delivery tickets, layouts, engineering data and even live directions to the jobsite. Find out where MBA™ Mobile can take your business at MiTek-US.com/MBAmobile.



MBA™ MOBILE

Available on any browser-enabled device.

© 2014 MiTek, All Rights Reserved.



Better Technology. Better Building.™

Publisher

Truss Publications, Inc.
6300 Enterprise Lane • Suite 200
Madison, WI 53719
Phone: 608-310-6706 • Fax: 608-271-7006
trusspubs@sbcmag.info • www.sbcmag.info

Editor

Scott Ward
Southern Components, Inc. • editor@sbcmag.info

Managing Editor

Sean Shields
608-310-6728 • sshields@sbcmag.info

Art Director

Melinda Caldwell
608-310-6729 • mcaldwell@sbcmag.info

Editorial Review

Kirk Grundahl
608-274-2345 • kgrundahl@sbcmag.info

Suzi Grundahl

608-310-6710 • sgrundahl@sbcmag.info

Advertising Sales & Marketing

Melinda Caldwell
608-310-6729 • mcaldwell@sbcmag.info

Sean Shields

608-310-6728 • sshields@sbcmag.info

Staff Writers for June/July

Keith Hershey

Accountant

Mike Younglove
608-310-6714 • myounglove@sbcmag.info

Computer Systems Administrator

Jay Edgar
608-310-6712 • jedgar@sbcmag.info

Send all ad materials, insertion orders, contracts & payments to:

Truss Publications, Inc.
6300 Enterprise Lane • Suite 200
Madison, WI 53719
Phone: 608-310-6706 • Fax: 608-271-7006
trusspubs@sbcmag.info • www.sbcmag.info

contents

Page 14

SBC STORMING THE CAPITOL

LEGISLATIVE

Bringing Focus onto the Components Industry

by Sean D. Shields

Page 18



Run Your Business, Not Your Retirement Plan

Understanding the Current Landscape of Employer-Sponsored Retirement Plans

by Buck Blanton

Page 20



The Affordable Care Act What's Next?

by Rick Kesecker

Editor's Message	5
Framers Council	8
Technical Q&A	10
Parting Shots	22

The mission of *Structural Building Components Magazine (SBC)* is to increase the knowledge of and to promote the common interests of those engaged in manufacturing and distributing structural building components. Further, *SBC* strives to ensure growth, continuity and increased professionalism in our industry, and to be the information conduit by staying abreast of leading-edge issues. *SBC's* editorial focus is geared toward the entire structural building component industry, which includes the membership of the Structural Building Components Association (SBCA). The opinions expressed in *SBC* are those of the authors and those quoted, and are not necessarily the opinions of Truss Publications or SBCA.



Tested.

EAGLE
METAL



Conconnector plates represent the heart of any truss manufacturing plant. As a supplier of structural connector plates to manufacturers across the country, Eagle Metal is the name to count on when the heart of your business is on the line.

Engineered. Tested. True.®

www.eaglemetal.com • 1-800-521-3245



Why Do We Go to The Hill?

At the next OQM to be held in Madison, WI, the Board will discuss the merits of continuing the SBC Legislative Conference.

Leading up to this year's 14th annual **SBC** Legislative Conference in Washington, DC, I was asked by a few members why we as an association meet with our lawmakers. This is a legitimate question and one I am going to bring up to the Board of Directors to discuss at our next Open Quarterly Meeting in Madison this summer. To start this discussion, I thought I would offer my personal opinion, as well as some of the thoughts shared by those who attended this year's conference.

SBCA is not your typical trade association. At its foundation is a focus on developing, sharing and promoting industry best practices with regard to engineering, design responsibilities, manufacturing processes and risk management. SBCA has focused on marketplace education through technical publications like BCSI and the Component Technology Workshop (CTW) presentations, to protect our industry's best interests and limit our liability in the construction process. To that end, SBCA has traditionally concentrated its advocacy efforts on building officials, specifiers, framers and fire officials, not lawmakers.

However, in 2000, a small group of SBCA members traveled to DC to meet with lawmakers to talk about one specific issue: the softwood lumber trade dispute between the U.S. and Canada and the resulting countervailing duties (taxes) placed on Canadian lumber. Those duties were artificially driving up the cost of lumber in the U.S. and creating a competitive disadvantage for northern U.S. component manufacturers (CM) against Canadian CMs, who could produce trusses cheaper because of the duty-free lumber and ship them over the border. Over the next six years, those grassroots lobbying efforts, particularly through Dan Holland's relationship with his Senator at the time, Trent Lott (R-MS), and Rick Parrino's relationship with his Senator, Charles Grassley (R-IA), were instrumental in influencing the creation of the softwood lumber agreement currently in place.

While organizations like the National Association of Homebuilders (NAHB) and their local affiliates throw millions of dollars in member dues and contributions toward lobbying Congress and state legislatures, SBCA has refrained from participating in a "pay-to-play," direct-lobbying approach. When you look at our limited financial resources, it doesn't make a lot of sense for SBCA to do so. However, I can personally attest to the fact that money plays a definite role in the process.

at a glance

- SBCA is not your typical trade association. At its foundation is a focus on developing, sharing and promoting industry best practices.
- SBCA has refrained from participating in a "pay-to-play," direct-lobbying approach.
- However, on issues ranging from tax reform to housing finance, there are proposals floated by lawmakers that could put many of us out of business very quickly. We have a duty to warn.

When I first came to DC four years ago, I met with my lawmakers and enjoyed telling them about the issues that are most important to our industry. Over time, my relationship with their offices grew, and the next year, I met directly with my Congressman, Rep. John Fleming. After that meeting, he asked me for a contribution to his campaign, which I gladly gave. The next year, he visited our truss plant in Shreveport (which was covered in the June/July 2012 issue of **SBC Magazine**), and I found it was a great opportunity to show him how and why we do what we do and to better illustrate the issues we struggle with. After that tour, he asked for another contribution, which I gave again. The next year, he asked for even more money. I finally declined, and since then, my relationship with Rep. Fleming has cooled a bit.

On the flip side, several of our members who have come to DC over the years have succeeded in building strong relationships with their lawmakers without giving

Continued on page 6

Editor's Message

Continued from page 5

money. Rick is one example; another is Mike Karceski's relationship with former 12-term Congressman Donald Manzullo (R-IL), who lost in 2012 after his congressional district was significantly altered through redistricting. Barry Dixon has a close relationship with his Representative, Ander Crenshaw (R-FL), and Joe Kannapell has a good time talking with his Representative, Robert Hurt (R-VA), every time he comes to DC. Contrary to my experience, these relationships and others didn't require money to build, just the time commitment to repeatedly visit them during legislative conferences.

So, why do we as an association visit our nation's capital, particularly when it seems like Congress doesn't seem to be willing to do much? Partly, the answer is that there is much they can do to inadvertently hurt our business and our customers. On issues ranging from tax reform to housing finance, there are proposals floated by lawmakers that could put many of us out of business very quickly, and we have a responsibility to inform our lawmakers about those mostly unintended consequences. However, our visits to DC are more about personal relationship building.

Our members of Congress are the most well-connected individuals in our communities. When we need help with anything from economic development grants to flagrantly unfair OSHA citations, these are the people who we can turn to for help. The more connections we have in their offices, the better our chances of getting a problem resolved to our advantage.

In the end, it will be up to the Board to decide whether the industry is getting a high enough return on investment in holding a legislative conference each year. I look forward to hearing your thoughts on this topic and for our discussion at the Board meeting in Madison. **SBC**

SBC Magazine encourages the participation of its readers in developing content for future issues. Do you have an article idea for an upcoming issue or a topic that you would like to see covered? Email your thoughts and ideas to editor@sbcmag.info.



STRUCTURAL COMPONENT OPERATIONS REACHING FOR EXCELLENCE

NEW SIMPLIFIED REQUIREMENTS



Quality-Focused



Customer-Centered



Best Practices

Learn more at sbcindustry.com/score



SBCA Board of Directors

Officers & Executive Committee Reps.

- **President:** **Scott Ward** • Southern Components, Inc.
318-687-3330 x106
- **President-Elect/Treasurer:** **Richard P. Parrino**
Plum Building Systems, LLC • 515-978-6260
- **Secretary:** **Jess Lohse** • Rocky Mountain Truss Co.
406-265-5140
- **Past President:** **Steve Stroder** • Timberland Lumber Co.
317-339-7585
- **Kenneth M. Cloyd** • California TrusFrame
951-657-7491
- **Barry Dixon** • True House, Inc.
904-757-7500
- **Dwight Hikel** • Shelter Systems Limited
410-876-3900
- **Joseph D. Hikel** • Shelter Systems Limited
410-876-3900

At-Large Representatives

- **Greg Griggs** • ProBuild Southeast • 770-428-2604
- **Don Groom** • Panel Truss Texas, Inc. • 903-657-7000

Directors Representing Chapters

- **Keith Azlin** • U.S. Components, LLC • 520-882-3709
- **Michael Balliet** • Builders FirstSource/Bama Truss & Components • 205-669-4188
- **Rick Cashman** • Florida Forest Products • 727-585-2067 x307
- **Jack Dermer** • American Truss Systems, Inc. • 281-442-4584
- **Issam Fakhoury** • Allwood Building Components • 586-727-2731
- **James C. Finkenhoefer** • Truss Systems, Inc. • 770-787-8715
- **Taft Ketchum** • PDJ Components, Inc. • 845-469-9191
- **David Motter, P.E.** • Louws Truss, Inc. • 360-384-9000
- **David A. Raasch** • Lloyd Truss Systems • 507-387-4250
- **Michael L. Ruede** • A-1 Roof Trusses • 772-409-1010
- **Steven Spradlin** • Capital Structures, Inc. • 479-783-8666
- **Javan Yoder** • Stark Truss Company, Inc. • 330-478-2100 x2223

Associate Member Directors

- **David B. Brakeman, P.E.** • ITW Building Components Group • 314-344-9121



eidemachinery.com

Machinery. Parts. Service.

- ✓ **New, state-of-the-art** component manufacturing & material handling systems by *industry leaders*.
- ✓ **Used & Reconditioned** machinery. Eide's warranty on reconditioned equipment meets or exceeds the new machine warranty.
- ✓ **Installation & Operator Training** included or available with any equipment purchase.
- ✓ **Table Retrofit** and upgrades for WizardPDS®.
- ✓ **Parts & Supplies**. Our parts department stocks thousands of parts and supplies for most brands of cutting and pressing systems. Custom and obsolete parts fabrication is our specialty.
- ✓ **Service & Repair**. Our service department offers complete repair, rebuilding & retro-fit services; in-house or on-site.
- ✓ **Equipment moving**, installation, and operator training services.
- ✓ **Auction Buyers Service**; We remove, ship and reinstall your equipment.
- ✓ **Overseas Buyers**; We can service and update your purchase as desired, containerize, ship and re-install the machine in your plant.

We know machinery.



Toll free 800-344-EIDE | Eide Machinery Sales, Inc. | PO Box 11397 / 3219 North Second Street Minneapolis, MN 55411-0397

WizardPDS® Channels®

Drop-in table automation for existing press equipment.

The patented open channel design of WizardPDS® Channels® makes *retrofit possible to any existing table*. There is no need to remove or ship your tables anywhere; we perform all retrofit work right in your plant. In just a matter of days you'll be running at productively levels never before thought possible. *With over 100 systems in operation today, this isn't a concept, it's a promise.*

Need to update your line? Contact a WizardPDS® representative to learn more about new, used & reconditioned press system options.



WizardPDS® Your table, Automated.



Think green.
Retro fit.
Save green.

WizardPDS®
Automated Perimeter Definition System



We bring the best together!

Toll free 800-344-3433 Ph. 612-521-9193 Fax 612-521-9307 www.eideintegratedsystems.com
Eide Integrated Systems, LLC PO Box 11397 / 3219 North Second Street Minneapolis, MN 55411-0397



Growing Compliance

Getting your employees to embrace safety takes small, deliberate steps.



Safety pays. In the past 30 years, my commitment to safety has led to lower insurance costs, OSHA inspections without fines and repeat customers for Hull & Associates. Having a safe jobsite did not come easily. It required changing the framing culture and my framers' perceptions about their value and safety. Though reluctant at first, my framing crews have embraced safety and, in turn, have grown a newfound respect for the framing industry and the work they provide.

It all started with hard hats—my framing crews did not wear them consistently, if at all. Texas is hot in the summer, but the sun does not limit the force of falling objects. “Wear your hard hat,” I would tell them again, and again, and again. Eventually, grudgingly, the hard hats were put on and kept on. Hard hats serve their intended purpose of protecting one's head from injury from falling objects, but they were much more important to that for my framing crews, because the hats got them thinking about personal protective equipment and safety. Once the hard hat battle was won, the next safety battles were simpler. Using fall protection for heights over six feet was easier to enforce. “You have to have fall protection when over six feet,” I would inform my framing crews. Sure enough, with their hard hats on their heads, they did. Once they understood the importance and value I placed on their lives, they understood my commitment to their safety. With framers looking out for their own safety, and the safety of their coworkers, the overall safety on the jobsite improved.

Having a safe jobsite did not happen overnight, however. After working in the framing industry for many years, I've learned some methods and practices that work better than others. The perception of the jobsite sets the tone for Hull & Associates' commitment to framing safety for everyone—workers arriving to the jobsite in the morning, the OSHA inspector on a visit, and potential customers who simply drive past. For example, we set up hand rails on all unprotected exterior edges, post a lot of signage, and keep the jobsite free of clutter and debris. Additionally, there is always a safety point person on every jobsite who stays at the site for the entire day, as well as three roaming safety officers that travel between active jobsites. We are always ready for an OSHA inspection because we understand the framing procedures we follow. With our continuous commitment to safety, we don't hide our practices behind a smoke screen. Instead, we openly discuss with OSHA inspectors what we believe is a greater hazard, and why we feel our practices are the safest possible. Understanding the “why” behind framing procedures is just as important as understanding the “how.” Through this multi-pronged safety approach, we often have OSHA inspections without any issued fines.

at a glance

- In the past 30 years, my commitment to safety has led to lower insurance costs, OSHA inspections without fines and repeat customers.
- Having a safe jobsite did not happen overnight. After working in the framing industry for many years, I've learned some methods and practices that work better than others.
- A safer work environment will have far-reaching effects in the industry, beyond just a healthier and safer workforce.

Since my framers understand my commitment to their safety, they appreciate my philosophy of living best practices. This translates to their health and safety on the jobsite, but also to the level of work they perform. Hull & Associates has many repeat customers because they are happy with the quality of work we provide. Just as shortcuts in safety are not tolerated, shortcuts in framing are unacceptable, and my framing crews know this. Many skills and traits from practicing safe framing translate directly into good quality framing—attention to detail and precision being two prominent examples. Setting the stage with safety has allowed these traits to develop in my framing crews, which has increased the value and pride in their work.

Continued on page 22

Type-17 point for faster starts

Fully threaded shank completely engages wood members

See faster starts and a smooth finish

Caphead countersinks for a smooth finish

The results are in: the new Strong-Drive® SDWC TRUSS Screw is another clear solution for fastening trusses and rafters to wall top plates. Featuring a fully threaded shank, the SDWC screw requires no pre-drilling, has a sharp tip for faster starts and countersinks flush for a smooth finish. The screw can be installed before or after sheathing is applied from inside the structure, which eliminates exterior work on the upper stories and increases job safety. SDWC screws are sold with a metal guide for the correct installation angle and a matched-tolerance driver bit.

The SDWC screw has tested values for both uplift and lateral loads. Combine that with its ease of installation and the choice is obvious. Learn more by calling (800) 999-5099 or visiting www.strongtie.com/sdwc.

Free guide included for a correct angle every time

SIMPSON
Strong-Tie

®

Training Doesn't Stop at Your Task

Employee training in a few key areas can significantly reduce your company's exposure to risk.

As production volume increases, retraining our industry's workforce is a real struggle. In many cases, employees are performing tasks they have never done before, from fabrication, pricing and designing, to selling and contracts. In addition, employees are "brought up to speed" quickly in order to get product out the door, relegating training to a need-to-know basis.

Question

In what areas should I train my employees to reduce my exposure to risk?

Answer

Our current and past industry leaders, with the support of SBCA, have invested thousands of hours developing standards, warning documentation, training programs and other tools to help train industry employees and protect individual companies and the best interests of the industry. This article will focus on areas that can easily put your company at risk, if your employees don't understand the content of what they are signing, sending out or agreeing to provide.

Contracts: To the extent a bid or proposal is signed by a prospective customer, it then becomes a written and enforceable contract. The contract is reflected by what is written in the bid and the accompanying terms and conditions of sale.

Unfortunately, even if you submit a bid that fairly allocates risks between you and your prospective customer, your customer may not sign it. Instead, he or she may request or even insist that you sign his or her written customer contract form. In many markets, this scenario is common. The customer knows its form contract has been carefully and thoroughly prepared and reviewed by knowledgeable lawyers and risk managers. The customer also knows the form contract most likely favors it in as many ways as possible. Not knowing what is important and why leaves the uninformed employee placing his company potentially at significant risk.

When a customer insists on using its customer contract form, the only information the customer will likely use from your bid will be product descriptions, prices, and possibly payment terms. With regard to scope of work, warranty, risk transfer or indemnification, insurance requirements, scheduling, delivery, default and other terms, the customer's contract form will make these types of provisions strictly in its favor. This is far different than how your terms and conditions of sale would treat such issues.

The builder's contract form will oftentimes be long and complex. Such forms may go by many names. Possible names include purchase order, purchase confirmation, vendor agreement, material supplier contract, or subcontract or subcontractor agreement. Yes, builders and contractors will ask manufacturers to sign subcontract agreement forms even if they are material suppliers and not truly subcontractors. Many builders and contractors prefer a "one size fits all" approach when it comes to contract forms. Keep in mind, however, that it is the content of the customer contract form that is important—and that is where inexperience can hurt you.

Scope of Responsibilities: It is all too easy to end up agreeing to provide a service to a customer in need, especially since component manufacturers (CM) typically are the only ones who send them professionally prepared and sealed documents, when required. This turns the CM into a design and installation expert, at least in the eyes

at a glance

- Current and past industry leaders, with the support of SBCA, have invested thousands of hours developing standards, warning documentation, training programs and other tools to help train industry employees.
- As a salesman or general manager, knowing what to look for on contractual documents is critical even with long-time customers.
- ANSI/TPI 1* Chapter 2 can provide insight into market expectations, scopes of work, responsibilities and the value of your work.

of the builder or contractor. As the industry has developed, more and more pressure has been put on CMs to take responsibilities not in their realm of expertise. How many times have you seen Construction Documents where loading information has not been provided, or a note that states, "All snow and drift loading by truss manufacturer," or had your customer ask you for an engineer's seal on a letter for something you didn't supply or did not install?

It is really easy to just take on this request and responsibility, especially when it is one of your loyal customers, or you believe that this service approach can be used to place you in a favorable position down the road to get other good projects. The real question is, what happens if the project goes wrong? Will your customer be there for you when the building doesn't have the correct loads and you need to provide significant repairs?

ANSI/TPI 1-2007 Chapter 2 provides a guideline for the scope of work responsibilities of the different parties in the construction process, and it helps prevent other parties from neglecting their roles and duties. While each manufacturer supplies different products and levels of service to their customers, it is important to make sure that you're only taking on responsibilities for areas that you are getting paid for and have the ability to perform.

Taking the time to review *ANSI/TPI 1* Chapter 2 in detail may be of great benefit to your business. Since it is part of the law through adoption into the building codes, it can provide insight into market expectations, scopes of work, responsibilities and the value of your work. If you are providing any work or services outside of those described for a truss manufacturer, it's a good idea to define what you are getting paid for those services. If you are doing them for free, it is likely this will be well known in the market, and you will be getting a good number of the jobs that assume free services.

With a good working knowledge of *ANSI/TPI 1*, you, your truss design staff and your sales staff should review Chapter 2, in depth, together. This will help give your staff more clearly defined business parameters and policies to operate within when dealing with your customers.

Jobsite Packages: As you are keenly aware, a key area of company risk happens during the installation of trusses. Providing public education about the hazards of any product (i.e., duty to warn and inform) has become a big issue in today's environment. Whether it is in handing someone a hot cup of coffee or starting a lawn mower, everything has warning stickers and proper handling instructions.

If you have been in this industry for a few years, you have either seen or heard of a truss collapse on a project. In some cases, the collapse also involved injuries or even a fatality. If you have supplied the trusses where there was a collapse, you may very well end up with some sort of legal action

against your company. One of the first lines of defense to reduce the issues that come along when an accident happens is to have deployed our industry's best practices approach. This includes the BCSI documents, the JOBSITE PACKAGE and being part of the industry in-plant QC program, In-Plant WTCA QC. Any legal expert who represents you knows that, if these best practices are in place, the discussion turns away from what the CM did not do, to what actually happened at the site to cause the accident.

Training: Training employees typically involves the tasks directly related to their part of the process. However, time needs to be devoted to training them on other areas that put the company at risk, from contract language to lumber grade stamp and jobsite packages. SBCA, and leading CMs in the industry, have spent a lot of time over the years to help put documents, training modules and code language in place to advance the best interests of your company.

With contracts, tools like SBCA's ORisk program can help train your staff to be more aware of your exposure to liability that can place your company in a situation that was completely unintended and challenging.

Clearly laying out your areas of expertise using the guidelines in *ANSI/TPI 1-2007* Chapter 2 with your sales and design staff is critical to ensure you are not expanding your responsibilities to areas that are within the scope of work of others and you are doing for free.

Jobsite packages are important educational vehicles. Merely sending out a jobsite package is not enough, however. This information should be reviewed and understood by all employees who have interactions with the framers, so that, as a company, everyone has a unified understanding of these documents and, hence, a unified voice. When a customer asks a question, the answer should always be the same. Finally, after you have a good working knowledge of all of the support information and best practice guidelines that your industry has provided, consider reviewing all of it in depth together with your staff. This can take a variety of forms from a lunch-and-learn to a more formal monthly meeting. This will stimulate good discussion and give your staff policies and procedures to think through and integrate into the day-to-day procedures of your business. **SBC**

To pose a question for this column, email technicalqa@sbcmag.info.

resources:

Good tools, programs and standards to use for training your employees to help reduce your risk:

- ORisk
- JOBSITE PACKAGES
- Truss Tags
- SBCA Load Guide
- *ANSI/TPI 1-2007* Chapter 2 "Standard Responsibilities in the Design and Application of Metal Plate Connected Wood Trusses"

sbcindustry.com



Better Technology. Better Building.™



HE'S HERE TO HELP STREAMLINE YOUR LINE.

Just as you work with builders to create custom homes, we work with you to enhance your operations. The MiTek Sales Manager can assist you with your workflow, retrofit tables for automatic jiggling, or help you decide on a smarter stacking system. Just like you, he knows that just because it ain't broke doesn't mean it can't work better.

Visit MiTek-US.com to find out more about your personal support team.

Bringing Focus onto the Components Industry

by Sean D. Shields

“After years of participating in the Legislative Conference, I now have an ongoing dialog with my Senator’s office. My persistence is paying off.”

—Mike McIntosh (MiTek)

Component manufacturers (CMs) and their suppliers went to Capitol Hill this May to help their Congressional lawmakers understand how the structural component manufacturing industry can be a valuable bellwether for our nation’s economic health. Indeed, the improving economy was evident in the increase over last year’s conference attendance. This year, 59 lawmakers were visited, but more importantly, 19 states were represented by 31 attendees.





(l to r) Mike Cassidy, Jimmy Broach, Gene Frogale

Why is the component industry a good litmus test of our nation's economy? Simply put, the unique make-up of this industry touches many of the drivers of our country's economic growth. First, CMs are primarily small business manufacturers whose products are purchased and used domestically in almost every community in the United States. Second, their customers are usually residential (single- and multi-family) and light-commercial builders, as well as agricultural builders. Finally, their highly engineered products are designed through cutting-edge software, manufactured using state-of-the-art production equipment in a quality-controlled environment, and shipped just-in-time to a jobsite for installation.

As a consequence, the component industry's success is inextricably tied to our nation's construction market, is sensitive to shortages in the skilled and unskilled labor markets and weaknesses in the transportation infrastructure, and struggles under the current tax and regulatory burden placed upon it by the federal government.

Road to Recovery

The primary message conference attendees brought to their lawmakers was that there are a few key issues Congress can influence that will have a profound impact on whether the economic recovery our nation is witnessing continues to gain momentum, or instead, stagnates or falters. In making this argument, CMs and suppliers first turned to the recent past.

From 2006 to the present, residential construction experienced the sharpest fall-off and prolonged depression in its history. The structural component industry saw a significant downturn as a result. At the beginning of the downturn, our industry had 1,956 manufacturing locations across the country employing 123,228 individuals with almost \$12.8 billion in sales. As of 2012, there are only 1,189 locations employing 49,938 individuals with \$5.2 billion in sales. Most lawmaker offices agreed it was unlikely there was another industry that experienced as significant a drop off as the residential construction sector during the recent prolonged recession.

However, according to David Crowe, Chief Economist for the National Association of Homebuilders (NAHB), all of the fundamentals are present to support a return to "normal" in single-family residential construction over the next two years. Crowe recently unveiled a chart (see Figure 1) of seasonally-adjusted single-family housing starts to illustrate the significant drop-off between the peak in 2006 and trough in 2009, the significant lull from 2009 to 2013, and then the projected increase past the red line going into 2015.

Crowe has significant amounts of data backing up his projected sharp increase, but there are a number of assumptions built into it that Congress could

help or hinder, and those were the primary issues attendees chose to bring to Washington, D.C., to talk about: labor availability and related immigration reform, and housing finance.

Labor

Conference attendees discussed how housing could not return to "normal" construction levels (Crowe argues sustainable, or "normal," single-family housing starts should be in the 1.3 million range), unless there were enough workers to build those homes. Both CMs and their builder customers are finding it difficult to meet current demand, much less prepare for a sharp uptick. CMs and suppliers argued many of the skilled and unskilled workers who once were part of our industry, and the overall construction industry, have left and taken jobs in other sectors of the economy.

The real problem is that young workers are not attracted to and entering these types of manufacturing and construction jobs as a valuable career choice. There is much more our nation needs to do with regard to promoting Science, Technology, Engineering and Mathematics (STEM) careers in our education system. Congress has taken some initial steps to incentivize the creation of STEM-focused high schools and community college programs, but much more needs to be done to dissipate the social stigma of these kinds of careers.

Continued on page 16

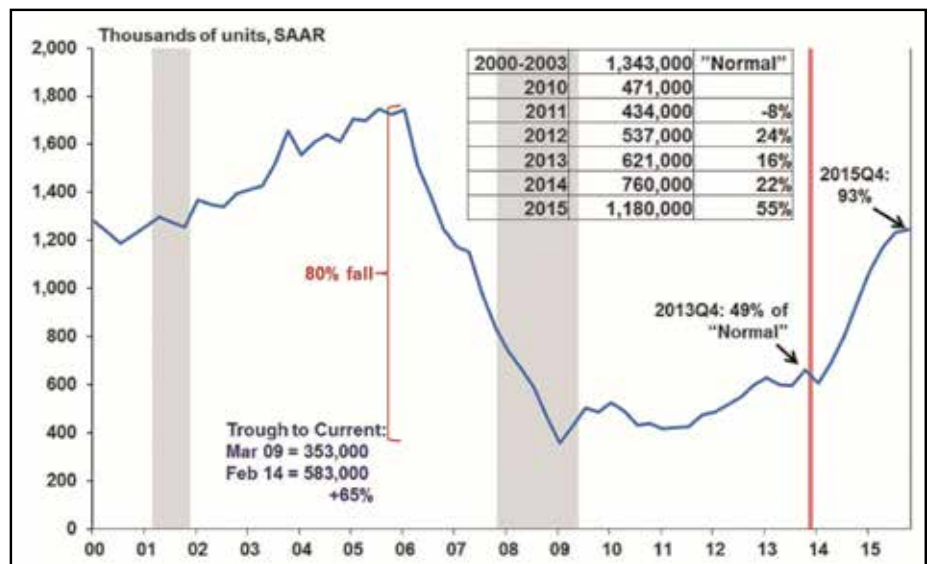


Figure 1. Seasonally-adjusted single-family housing starts (Source: NAHB).



(l to r) Gene Frogale, Mike Cassidy, Rep. Robert Hurt (R-VA), Joe Kannapell



(l to r) Glenn Traylor, Sen. Kay Hagan (R-NC), Mike McIntosh

Storming the Capitol...

Continued from page 15

Immigration

Alternatively, conference attendees argued, immigrant populations are generally eager to fill manufacturing and technical jobs like those in the components industry, perform them well, and have found that the career opportunities are valuable to them. Many of the lawmakers visited were quick to agree that our nation's immigration system is broken. They also admitted recent serious Congressional efforts at reform have failed to be realized, mostly due to the politics surrounding what to do with undocumented immigrants who entered the country illegally.

Be that as it may, it was pointed out that, as the economy continues to grow and construction activity returns to a more solid footing, immigration reform will play a significant role in determining whether growth continues, stalls, or falters. Unfortunately, while many lawmakers accepted and agreed with that assessment, there was general consensus that little would be done prior to the mid-term elections.

Housing Finance

Our nation's housing finance system is also in serious need of repair. According to the Congressional Budget Office, about half of the total volume of residential mortgages originated before the financial crisis were guaranteed by the Federal Housing Administration, Fannie Mae and Freddie Mac. That share is currently above 90 percent. Private investors are staying out of the mortgage industry, creating an unsustainable market.

Most of the current Congressional plans to reform this system propose dismantling Fannie Mae and Freddie Mac, making them scapegoats for the housing bubble created before the recession. CMs and suppliers cautioned that the transition away from these government-sponsored entities (GSE) be done in a careful and deliberate manner, to avoid further

disruptions to an already fragile housing finance system.

Of all the housing finance reform bills currently introduced, one (Housing Finance Reform and Taxpayer Protection Act of 2013, see pullout) appears to rise above the rest, particularly given its bipartisan support. The Johnson-Crapo bill establishes the Federal Mortgage Insurance Corporation (FMIC), which will act a lot like the FDIC for banks. Essentially, it creates a federal disaster insurance plan for the mortgage industry. Having the government in a limited role of supporting the mortgage market will strengthen the private financing sector and ensure liquidity and stability for homeownership and rental housing.

The Senate Banking Committee reviewed this bill the week before the conference, but it is currently unclear when, or if, this bill will be passed out of committee for the Senate to consider.

Tax Reform

Many conference attendees also spoke with their lawmakers about our nation's tax policy. They pointed out that one of the greatest obstacles to increased economic growth and higher standards of living in this country is its complex and constantly changing tax code. It disproportionately affects small businesses, the primary engine of job creation, which are forced to expend significant time and resources to comply.

One noteworthy problem is that our current system has excessively high levels of taxation on work income, savings and

housing finance:

SUPPORT: Senate Finance Committee Proposal (S. 1217) by Sen. Tim Johnson (D-SD) and Sen. Mike Crapo (R-ID), based on the Housing Finance Reform and Taxpayer Protection Act of 2013 by Sen. Bob Corker (R-TN) and Mark Warner, (D-VA).

- Proposal is designed to protect taxpayers from bearing the cost of a housing downturn.
- Promotes stable, liquid, and efficient mortgage markets for single-family and multi-family housing.
- Ensures that affordable, 30-year, fixed-rate, pre-payable mortgages continue to be available.
- Provides equal access for lenders of all sizes to the secondary market.
- Facilitates broad availability of mortgage credit for eligible borrowers in all areas and for single-family and multi-family housing.



(l to r) Jimmy Broach, Laura Broach and Rep. Mark Sanford (R-SC)

investment; this impedes business growth by discouraging long-term investment (due to high capital gains taxes), and hinders job creation (due to a heavy reliance on payroll taxes).

Over the past seven years, the businesses in our industry have been forced to retract and find ways to operate leaner. Yet, during that time, the government has only grown larger, collecting perpetually higher taxes. CMs and suppliers argued for comprehensive tax reform that restores balance to this equation and allows America's businesses to remain competitive and viable, which will grow the overall tax base.

Stephen Rykard (Trussway) met with his Representative, Jack Kingston (R-GA), who indicated he felt that comprehensive tax reform legislation was moving along swiftly behind the scenes. Further, Kingston said that the House and Senate would likely take up this issue sooner rather than later, though probably not before the mid-term elections.

Energy Efficiency

Finally, conference attendees spoke with their lawmakers about Congressional efforts to decrease the energy consumption of our nation's homes and office buildings. They pointed out the component industry's products can be an effective part of our national goal to increase energy efficiency through enabling the use of more effective insulative materials in the building envelope.

However, they were quick to point out that code changes

energy efficiency:

SUPPORT: Energy Savings and Industrial Competitiveness Act of 2013 (S. 2262) Sen. Jeanne Shaheen (D-NH) and Sen. Robert Portman (R-OH).

- The bill would direct the Energy Department to work through nationally recognized code developers to update voluntary model building codes, adopted and implemented by local governments, to meet heightened energy-saving targets.
- The Energy Department would be required to, "consider the economic feasibility of achieving the proposed targets established" and "the potential costs and savings for consumers and building owners," according to the bill.

“Meeting with my actual Congressman made the whole experience feel worthwhile. He provided me reassurance he would vote in support of our issues like immigration reform.”

—Dave Raasch (Lloyd Truss Systems)

should reflect sound science and industry best practices, and any legislation passed at the federal level should allow for standards to be developed in the marketplace through a consensus-based process. To that end, they argued, states are best situated to adopt and enforce building codes that address the construction practices and geographic features (wind, seismic, snow, etc.) of their region of the country.

Our industry's timing on this issue could not have been better. The day before CMs and suppliers visited with their lawmakers, the Senate took up a cloture vote to limit debate on the Energy Savings and Industrial Competitiveness Act of 2013 (see pullout), a bill that returns the focus of energy code development back to the local level. The cloture vote was a necessary procedural vote in the Senate to eliminate the possibility of filibusters. The vote needed a super-majority (60 votes), but passed with ease on a 79-20 vote.

As a result, the next day, Senators debated the merits of the bill and proposed amendments, while our industry advocated its passage with those very same Senators.

Conclusion

The issues CMs and suppliers raised to their lawmakers during the **SBC** Legislative Conference were not unique to this industry alone. Several lawmaker offices remarked on how many of these issues, such as labor or taxation, had been raised by many other lobbying groups. Disturbingly, some were surprised by how pervasive the problems were. This reaction underscored our message that the components industry is a good bellwether for the nation's economic health.

If this industry continues to grow and thrive, so too will our country. If Congress continues to pass the buck on systemic problems with burdensome regulations on small businesses, a broken immigration system or an unsustainable housing finance system, then our nation may quickly revert to another recession-like period of economic stagnation. **SBC**

Run Your Business, Not Your Retirement Plan



Understanding the Current Landscape of Employer-Sponsored Retirement Plans

by Buck Blanton

The “defined contribution retirement plan,” of which the 401k is an example, has become the primary tool used by employees to save for their retirement. As of April 2014, there were 638,390 defined contribution plans in the U.S., covering more than 88 million participants with almost \$4 trillion in assets. Almost 80 percent of full-time workers have access to employer-sponsored plans, and approximately 80 percent of those employees participate in a plan.

Because of the prevalence of these plans, and the issues employers had in mishandling employee funds in the late 1990s and early 2000s, the U.S. government instituted new laws regarding the fiduciary responsibility and transparency requirements employers have in dealing with employee retirement plan funds. The Pension Protection Act of 2006 layered in new regulations incrementally through 2012, and the Dodd-Frank Act of 2010 went even further with new rules on proper disclosure of pension plan fees and expenses.

Through these two major statutes, a number of changes have been evident in the marketplace that should cause every employer a moment’s pause: plan audits have increased by more than 25 percent in the past few years; 1,000 new enforcement agents have been hired in the past year; three out of four audits result in a fine or penalty, or both; and, the average fine has increased in recent years by \$150,000 to \$600,000. Further, in years 2010-2013, an average of 80-100 individuals were indicted each year for offenses related to plans. As a result, in the 2013 audit year, 3,566 audits were performed, and more than \$2.7 billion in fines and penalties were levied.

Now more than ever, employers need to make sure they are doing things properly with regard to their defined contribution retirement plan fiduciary responsibility. Given the trends outlined above, many firms have chosen to outsource the fiduciary responsibility associated with corporate retirement plans. One way that this can be done is to participate in a Multiple Employer Plan (MEP). The MEP is a government-approved method by which a group, a trade association like SBCA for example, can put together a single plan that covers its association members. By purchasing plan services together, lower plan pricing is available, and fiduciary responsibilities can be shifted to a professional services company hired by the MEP.

Under this scenario, the MEP is a normal 401k retirement plan that simply lumps assets and plan services together into one very large plan with many participants. Companies can adopt the association plan and still have choices as to matching

“Now more than ever, employers need to make sure they are doing things properly with regard to their defined contribution retirement plan fiduciary responsibility.”

thresholds and employee eligibility, as well as other plan provisions. An additional advantage is that the plan sponsor is an independent, outsourced group and not the individual employer. This places fiduciary responsibility on the independent group for plan performance and administration and shifts it away from the employer. This allows the employer to run their business and not have to manage a 401k retirement plan on a daily basis.

The investment fund allocations can also be managed by the independent group, to make sure the selection and de-selection of fund allocations is performed by professionals based on quantitative and qualitative measurements on a consistent basis. This is a task seldom done consistently and objectively by most plan sponsors (employers) in stand-alone plans, nor is it something they should be expected to do well because it is not part of their core business.

Another key component within a MEP is employee communication and education. In most cases, required employee communication regarding plan funds is not done systematically by employers. Whereas with a MEP, the independent group managing the plan agrees to take on these tasks and accept fiduciary responsibility for them, alleviating the employer of many of the headaches that typically cause fiduciary breaches for which the Department of Labor and IRS issue citations. Further, because the plan has combined buying power, the services cost less than a stand-alone employer provider would have to pay.



Since August 2013, the SBCA Management Committee has been investigating the Multiple Employer Plan (MEP) option as a potential benefit to offer member companies. Look for more details in upcoming *SBC Industry News* headlines or contact Sean Shields at 608-310-6728 for further details.

There is still a fiduciary role in choosing a MEP, but it doesn't differ greatly from the role the employer has in adopting their own, independent plan. All things considered, this option is a very good one that allows an employer to focus on the fundamentals of their business while still providing a high-tech easy-to-understand and affordable retirement plan option to their employees. **SBC**

Buck is the Managing Partner of ECM Group, LLC, and has been in the insurance/investment industry for 32 years, with an emphasis in executive/employee benefits for 25+ years.

Hundegger SC3



The latest in ultra fast technology.



Technology is essential to every business, even those that aren't considered "technology" companies. Hundegger technology helps component manufacturers maintain a competitive edge and build a strong presence in today's world. Call today to learn more about Hundegger technology.

www.hundeggerusa.com • info@hundeggerusa.com • (435) 654-3028

The Affordable Care Act

What's Next?

by Rick Kesecker

On March 23, 2010, President Obama changed the landscape of healthcare as we know it by signing into law the Patient Protection and Affordable Care Act. We commonly refer to this federal statute as the Affordable Care Act (ACA) or "Obamacare." Regardless of which side of the fence you are on, this new law will have an impact on nearly every American and has increased the number of decisions employers have to make regarding their business.

Where Are We Now?

The ACA was enacted to promote quality affordable healthcare for all Americans. The ACA's rules were designed to make new policies more generous, affordable and transparent, as well as require everyone to buy coverage unless they are a member of an exempt group. All insurance plans are required to cover ten essential health benefits, along with the elimination of medical underwriting. The law limits how much insurers can vary premiums based on age. Older consumers have new protections against premium increases, while younger individuals may see premium increases.

The first ACA enrollment period ended on March 31, 2014. The U.S. Department of Health and Human Services recently reported that over 8 million Americans have signed up for private coverage during open enrollment. This exceeds the original estimates of 7 million enrollees set by the Congressional Budget Office (CBO), despite the program's rocky start.

However, the proportion of enrollees ages 18-35, while higher than in previous updates, is still cast as lower than needed to sustain the cost of the new law. There were also a relatively low number of Latino enrollees, which make up the nation's largest minority group and are also its least insured. Larry Levitt, an expert on health insurance marketplaces at the nonpartisan Kaiser Family foundation said, "beyond a doubt, the number of uninsured Americans has fallen by millions. Whether it is 5 million or 15 million still isn't clear. The low enrollment among Latinos is an indication of where challenges still lie: the hard-to-reach groups where more outreach is probably needed."

What's Next?

The next open enrollment period for 2015 is just a few months away and is scheduled to run from November 15, 2014, through February 15, 2015. Now is the time when federal and most state exchanges will revamp and make necessary changes for the

"As an employer, it is not a good time to procrastinate and wait to see what happens with ACA. Seek out an advisor who can look at your business and provide you with the information you need to handle the ACA with confidence. "

upcoming enrollment. The federal website performed much better toward the end of November, but many of the state exchanges still face significant problems and must work to address them and improve their offerings. In some cases, states must decide whether to stay the course or throw in the towel. Federal law dictates that state exchanges must be financially sustainable by the end of 2015, when federal funding ends.

All but one state exchange failed to meet the percentage of young enrollees experts considered necessary to keep premiums low. Enrollment advocates are beginning to evaluate what worked and what didn't, in order to conduct outreach and better educate individuals so they are better prepared to make sound financial decisions regarding their healthcare. Healthcare coverage, in general, is reverting back to the way it was 30 years ago, where insurance took care of paying for only the serious things. From an overall cost perspective, this makes more sense. It is far better to owe a \$5,000 deductible under "catastrophic plan" coverage than to not have insurance and have a bill from the hospital saying you owe \$50,000 or more.

The plans themselves are going to have to start setting rates for next year. According to the Heritage Foundation, more than half of U.S. counties have only one or two insurance carriers selling coverage in the federal exchange. The lack of competition means less choice for consumers and less market pressure to keep prices down.

Ceci Connolly, managing director of PWC's Health Research Institute, said, "There are big national insurance companies that saw this as an experimental year, and there are start-ups that hoped this was going to help them get off the ground in a big way." As more information becomes available about enrollees, and the fear of adverse selection dissipates more and more, it appears likely more carriers will enter the marketplace.

What Should You Be Doing?

As an employer, it is not a good time to procrastinate and wait to see what happens with ACA. Seek out an advisor who can look at your business and provide you with the information you need to handle the ACA with confidence. You want an advisor who can walk you through a reform readiness assessment process to make sure you are compliant. You need to know all of your available options and the impact they have on your business, such as:

- Evaluate whether or not it is in the best interest of the employer/employee to offer health benefits.
- Are you subject to a penalty if you don't offer healthcare?
- Are you keeping your employees from obtaining a subsidy?
- Is a private insurance exchange a better option?
- Are you prepared for a Department of Labor audit?
- Review plan documents for required changes to plan benefits.
- Provide the required notices to employees and dependents.
- Have you established a look-back period (measurement periods for ongoing and variable hour employees) and documented the results for 2014?
- Analyze tax-favored arrangements and determine if you are eligible for the small business Health Care Tax Credit.

Moving Forward

As an owner or manager, you have a business to run and need to make decisions based on your business needs, not the ACA. The ACA includes numerous provisions that take effect from 2010-2020. However, there have been multiple delays and postponements, such as the employer mandate. The mandate requires large businesses with 100 or more workers to provide affordable health insurance for full-time workers or face a penalty of \$2,000 per employee beginning in 2015. New rules allow these employers to cover only 70 percent of eligible employees in 2015

Serving the Truss Industry Since 1987



New & Used Models in Stock

For over 20 years, Lakeside Trailer has led the way in the component trailer industry with innovative ideas to assure your delivery operations remain efficient in today's competitive market. With more than 1700 truss trailers to our credit, Lakeside has perfected ways to reduce or eliminate your transportation concerns.

LAKESIDE
TRAILER MANUFACTURING, INC.

573/736-2966 • 573/736-5515 fax
www.rollerbed.com • lee@rollerbed.com

and 95 percent in 2016 and beyond. Employers with 50 to 99 workers have until 2016 to comply with the mandate or face similar penalties.

The ACA is here to stay, and it is highly unlikely it will be repealed, but it will continue to evolve. You know your business better than anyone else, and it is crucial that you focus on what you can control. The bottom line is that you don't have to be an expert regarding the ACA, but you do have to know who you can rely on and where you can obtain credible information so you can make informed decisions regarding your business. **SBC**

Rick Kesecker has over 30 years of experience serving others in the insurance and financial service industry. Rick is an investment advisor with Six Advisors, which was founded in 2013 by Eric Cantrell.




Precision Equipment MFG delivers premier truss trailers specifically designed to accommodate the challenging demands of the building industry. Precision Equipment MFG offers multiple truss trailer sizes in the gooseneck, standard and extendables. Precision Equipment MFG incorporates industry leading manufacturing components and features to ensure an excellent return on your investment.

Toll Free: 800.237.5161
Phone: 701.237.5161
 sales@precisionequipmfg.com
 www.precisionequipmfg.com



SBCA
MEMBER



parting shots

Share your stories and photos with us! Send submissions to partingshots@sbcmag.info.



The Capitol Area Chapter of SBCA hosted its first annual golf tournament on May 6, 2014. Over 80 participants enjoyed playing on the immaculate greens of the Fort Belvoir Golf Club under perfect weather conditions. Thanks to several very generous sponsors, and even more generous hearts during the course of play, the tournament raised over \$20,000 to benefit the BCMC Build 2014 project and Operation FINALLY HOME. Gene Frogale and Rhonda Leppert, Allied Systems/Annandale Millwork, coordinated the event with the help of many chapter members. Above center, Frogale (right) is pictured with Operation FINALLY HOME founder, Dan Wallrath (left).

Laura Sellinger (pictured above right), a veteran of three tours in Afghanistan and a recipient of a mortgage-free house built by Operation FINALLY HOME, gave tournament participants her perspective on the immense value a home provides to her and fellow wounded veterans. Sellinger's presentation was raw and moving, and further cemented the collective sentiment that the goal of BCMC Build, and its partnership with Operation FINALLY HOME, was an important and worthwhile endeavor. If you want to get involved in BCMC Build 2014 in Charlotte, NC, contact Jill at jjzimmerman@qualtim.com. **SBC**

Considering Equipment? Consider Clark.

Stacking Systems? No Problem!!!



We Offer **Fully Electric** Horizontal & Vertical Truss Stacking Systems

Big Plates on Little Trusses?



Try Our New **60 Ton** Jack Table!!!

Clark Industries, Inc.
 816 Callan Street, Monett, MO 65708
 Phone: 417-235-7182 - www.clark-ind.com
 Email: general@clark-ind.com

Framers Council

Continued from page 8

Though it was a long process to change the framing safety culture, and my employees and subs did it reluctantly at first, that has all changed. My employees are happy and retention is high because they value the time and money that Hull & Associates spends on their safety. They look out for each other and keep producing high-quality framing, which keeps my customers returning for more.

Through NFC's safety program, we are looking to provide framers access to best practices that will help foster similar professionalism and pride. A safer work environment will have far-reaching effects in the industry, beyond just a healthier and safer workforce. There are additional financial benefits, such as reduced insurance rates and a reduction in OSHA fines. Framers who use industry best practices to create safe, well-built structures, done right the first time, offer great value for suppliers, engineers, framers, general contractors, builders and owners. **SBC**

George Hull is President of Hull Associates, LLC in Arlington, TX. He brings more than 35 years of framing experience as the first Chairman of the National Framers Council. For more information about NFC, visit framerscouncil.org.

“ BCMC is a great opportunity to renew old friendships and make new ones, and between the education sessions and the show floor I always learn a lot about industry innovations and trends. ”

***- Chris Johnson,
Toll Integrated
Systems, Inc.***



**GEARING UP
FOR GROWTH**

**BCMC
2014
Charlotte, NC
OCTOBER
7-10**



*See You
There!*





Efficient. Intuitive. Complete.

The concept of linear cutting has just been advanced to the next level. The ALS 4.0 Linear Saw helps you control costs, gain efficiencies and keep prices competitive. Optional automated in-feed and out-feed queue systems offer dramatic productivity improvements and labor savings. The ALS 4.0 can easily turn a two-man job into a solo performance!

Watch the video to see for yourself how the ALS:

- ⦿ Cuts the shortest blocks and the longest scarfs, on the fly, in seconds.
- ⦿ Optimizes every stick of lumber it cuts, generating less scrap and more profit for you.
- ⦿ Pays for itself quickly by turning cutting into a one-man operation and improving your plant's overall capacity and productivity.



TO GET STARTED CALL
800.521.9790
OR VISIT **ITWBCG.COM**

Learn
More



ITW Building Components Group



youtube.com/user/itwbcg