



## Profitable Ideas for Automobile Dealers

### Am I Required to Have a 401k Audit?



John Gibbs, CPA  [jgibbs@vgncpa.com](mailto:jgibbs@vgncpa.com)

As the Plan Administrator of a retirement plan (401k), it is important to understand when a 401k audit is mandatory.

While all qualified retirement plans must file Form 5500, only plans that are considered “large” plans need to submit an independent auditor’s report along with their Form 5500 filing.

So, what is considered a large plan? It is solely dependent on the number of eligible participants in the plan on the first day of the plan year. Eligible participants are defined as those who have become eligible to participate, regardless of whether they have elected to participate. It also includes retired, separated, or deceased participants who maintain an account balance in the plan.

In the Plan’s inception year, if the number of eligible participants are 100 and greater, then it would be

classified as a large plan and an audit would be required. If eligible participants are less than 100, it would be classified as a small plan and an audit would not be required.

If you did not qualify as a large plan in the inception year, then in subsequent years the 80/120 rule applies. This rule allows the plan to fluctuate between 80 and 120 eligible participants without changing the prior year’s small plan classification; thus, not triggering an audit. However, when eligible participants exceed 120, the plan would be considered a large plan and an audit would be required.

Once a plan has been classified as a large plan, then eligible participants must fall below 100 in order to revert back to a small plan status and not be required to undergo an audit.

If you have any questions on whether your retirement plan falls under the large plan or small plan category, please contact Bishop Norris or John Gibbs at [vgncpa.com](http://vgncpa.com). More updates: [vgncpa.com/vgncvoice](http://vgncpa.com/vgncvoice)

### Vehicle Recalls Present Opportunities for Dealerships

Each year the number of vehicle recalls in the U.S. increases. According to Carfax, a leading source of vehicle history information, one in five operating vehicles currently have an open recall. Another indication of this trend is data released by the U.S. National Highway Traffic Safety Administration (NHTSA) which reveals approximately 25 percent of recalled vehicles never make it to the service shop.

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There is an undeniable disconnect between consumers and manufacturers. Failing to stay informed and take action, recalled vehicle owners are risking their lives. Dealerships can expect recall repairs to play a larger role in its service offerings as the trend is projected to grow.

Although notorious, recalls will be an excellent opportunity for dealerships to fill slower periods with steady work. There are two common reasons why people with outstanding vehicle recalls fail to bring their cars in for repairs:

1. they simply are unaware of the recall, or
2. do not recognize the recall as a safety issue or matter of urgency.

Dealerships should encourage and motivate their communities to address vehicle recalls. Through proactive marketing efforts, such as direct mailings, phone calls and email blasts, dealerships can help raise awareness and forge a relationship with their community. Communicate cautiously, the message should not instill fear.

To position this growing problem as an opportunity, dealerships will need to be strategic in how they approach customers.

- Position the recall as a value-added service.
- Capture new client information for follow ups.
- Act as the liaison between the customer and the manufacturer. Keep in mind recall notifications only reach vehicle owners if the manufacturer has the correct contact information on file. When you confirm your client's address, relay that information on to the manufacturer.
- Prepare to service customers with unrealistic expectations. Some recalled vehicle owners may expect a new vehicle. It will be tough to please everyone. Remember, the manufacturers will set guidelines that you must follow.
- Ensure the entire dealership is on board with offering recall repairs, especially service technicians. The rate of a recall repair is lower than a typical service repair, which is why service technicians may not welcome these types of repairs. Remind staff of the bigger picture; taking on recall work can grow the customer base, which can translate into more work down the road.

If you are serious about expanding your service offerings to include recall repairs, contact any member of the team at Vawter, Gammon, Norris and Company, P.C.



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