

J. KOZEL & SON, INC.

Kozel Steel ■ Trojan Steel ■ Tool Ranch

NEW HSA Limits

Current 2012 Limits

Single: \$3,100

Family: \$6,250

Catch up for 55+: \$1000 per spouse

NEW 2013 Limits

Single: \$3,250

Family: \$6,450

Catch up for 55+: \$1000 per spouse

IRS Form 8889

When you file your 2012 taxes you will need to complete Form 8889 if you have a Health Savings Account to show how much went in and came out during the year. As we move into the final quarter of the year, now would be a good time to review your HSA contributions thus far to make sure you are compliant with the annual limit. When reviewing your 2012 contributions, remember to use your bank statements rather than paystubs to determine your contribution. The reason is that the IRS wants to know how much is contributed between January 1st and December 31st. Bank statements show this information accurately. Paystubs are based on week-end date and do not necessarily follow the calendar year.

Perhaps, you will decide to contribute a little more in the following months to maximize your tax savings. Or, you might need to decrease your deduction in order to stay within the limits.

Either way, if you need to change your payroll deduction please fill out a direct deposit change form and give to Leanne.



2013 OPEN ENROLLMENT

WHAT TO EXPECT

The end of the year is in sight and it is time to think about what is forthcoming...

HEALTH AND DENTAL INSURANCE

Health insurance is a hot topic these days. The debate about the Patient Protection and Affordable Care Act continues as parts of the law begin to take affect and change our healthcare. In June, the Supreme Court ruled that the individual mandate was lawful on the grounds of Congress' power to tax and spend. The mandate will take effect in 2014 along with the implementation of insurance exchanges.



What can you expect to happen with company sponsored plans this year you ask? J. Kozel & Son, Inc. will continue to offer a High Deductible Health Plan and the same dental plan. The final

rates have not yet been revealed, but we are expecting a 19% premium increase for the health plan and minimal change for the dental plan.

In the coming months we will be communicating with you about the plan offerings and any changes there may be. During open enrollment, (December 1, 2012 to January 31, 2013) participants will be able to add or remove dependents, change their coverage level, and make any other necessary changes.



New Tool Ranch Store Coming Soon



I just wanted to let everyone know that we have leased a new building for a Contractor/Retail Tool Ranch store in Ontario, NY. It is the former Fastenal building located at 406 Route 104. This building became available earlier this month and we negotiated a 3 year lease with an option to purchase. We are currently doing some interior remodeling to make it look more Ranchy. I am hoping to open this location by November 1, 2012.

In addition, it looks like Jeff and I have finally made a decision on new accounting software. We will be implementing this new software at the new Tool Ranch location and transitioning it to the rest of our locations 1st quarter 2013.

We are very excited about our new

location as well as our new software and look forward to the new opportunities that they both will present us. I will be moving my office to the new location in Ontario to help facilitate opening the new store and implementation of our new accounting software. As always if anyone has any questions or would like further information do not hesitate to email me at rbenoit@kozelsteel.com.

- Ray Benoit

5 Action Ideas for Dealing With Difficult Customers

We all have had them, the difficult customer. It could have been an external or internal customer or perhaps a fellow coworker or your boss.

We all want to provide the best service possible; however, mistakes will and do happen and things can and do go wrong without our control .

Most customers judge us on how well we respond to a mistake. Do it well and they may forgive you much easier

and possibly say good things about you and the company.

The most important thing to remember when dealing with an upset customer is that your dealing with the customer's feelings. First deal with the customer's feelings, then deal with the mistake.

Customers who feel like they have received poor service or feel let down by our company want to dump their feelings on you.

You do not deal with the customer's feeling by just solving the problem. It takes more than that.

Here are 5 action ideas to deal with customers human needs.

1. *Don't let them get to you.*

We all know customers can be pretty nasty sometimes especially if a mistake has been made.

So try to remain calm and don't take it personally.

Continued on page 4, Difficult Customers...

Disclosure Overload

Everyone has probably noticed that there has been numerous emails sent out regarding fee disclosures from our retirement vendors. Each vendor creates their own disclosure document and we forward these on to you in order to comply with the latest regulations. I am sure that everyone now has a complete understanding of the fees being charged for our 401(k) and our profit sharing plan.... Right?

Not really. Well, let me take this opportunity to clear it up and make them a little more understandable. The easiest disclosure to discuss is the administrative fee that EBS (Employee Benefit Solutions) charges. It is currently \$1500 per year and J. Kozel & Son writes the check and there is no deduction from employee funds. Technically, it only needs to be disclosed if employees are charged the fee, but we send it out just to be sure. They are our "Third Party Administrator" and they make sure our plan is in compliance with the volumes of regulations issued each year, that money is properly allocated to each participant (you) and to fill out the necessary forms that need to be filed each year.

For our new employees: J. Kozel & Son, Inc. has two retirement plans. A 401(k) with Mass Mutual and a profit sharing plan with Manning & Napier (M&N). Our plans own assets that consist of individual stocks, bonds, and mutual funds. A mutual fund is typically made up of a group of stocks that are chosen by a mutual fund manager using a specific criteria. The "Net Asset Value" or price is equal to the total value of the assets divided by the total number of shares owned by the fund.

The next easiest to explain are the fees that Manning & Napier charge. Our plan's assets consist primarily of stocks and bonds as well as smaller dollar amounts in M&N's own mutual funds. M&N's fee is taken out of the plan assets each year and pays for their handling of our profit sharing plan.

This fee shows up as a reduction in the gain (or an increase of a loss) for any given year's performance. It is typically less than one percent of the plan's assets and for 2011 was equal to 0.79%. So if the actual performance was 10%, they would then report 9.21% after they take their fee.

The most complicated fee setup is for the 401(k) plan and is paid for by each

participant. Everybody's individual account is made up of shares in various mutual funds. Mass Mutual's charges consist of three different types of fees. The first is similar to M&N's fee. It is in the form of an asset-based fee that each mutual fund takes by subtracting it from their annual performance. This is typically around 1% +/- per year. The second fee is a very small per-participant fee and is charged each week. It is approximately equal to \$0.41 per participant per month. The third fee is another asset-based fee equal to 0.6% of your assets per year. This gets subtracted from your weekly contribution. You can find this on the Mass Mutual website's "Statement of Account" tab. It is listed under the "Other Activity" heading when looking at the Investment Summary.

I hope this has helped in your understanding of these fees. Overall, these are below average when compared to the universe of retirement plans. This is partly due to the size of our plans, our choice in vendors, and the negotiations we have conducted to lower these fees. We currently are over \$2.5 million in assets of which everyone should be proud.

- Jeffrey Loeffler

Tool Ranch Outside Sales

Tool Ranch would like to welcome Jim Fitch and Shane Dehn to our outside sales staff. Jim comes to us with many years of experience in the construction industry. He has worked for 84 lumber as an Outside Sales Rep and Store Manager. Jim will be working out of our Lancaster branch, targeting the residential and commercial construction industries. We think Jim will do so well that we went and bought him a brand new truck. I am confident that Jim will do over a million dollars in sales next year, no pressure though.

Shane has zero experience in sales, but has worked in the construction industry. He aced the interview, so we hired him. Shane will be working out of our Rochester branch also targeting the residential and commercial construction industry. Shane has been training in Lancaster where he continues to impress the locals with his aptitude for the job. We did not buy a new truck for Shane, but expect him to do well anyway.

WELCOME TO THE TOOL RANCH.

- Randy Rzepka

NOW AT TOOL RANCH



We now carry a professional line of outdoor power equipment from Echo. We have in stock chain saws, trimmers, blowers, augers, and many accessories. We will add to this line as needed.

Carrying the Echo line will open new markets and help grow our business-- something we need. Please help spread the word.

- Darryl Schneider



The 2012 Presidential Election will be held on Tuesday, November 6, 2012. To register to vote call 1-800-FOR-VOTE or visit <http://www.elections.ny.gov/VotingRegister.html> to download a form. Registration forms must be postmarked by Oct. 17. You can register in person at the board of elections up until Oct. 26.

Difficult Customers, continued from page 2

2. Listen.

Make sure the customer knows you are listening and that you are going to take care of them and their problem.

3. Stop saying sorry.

Sorry is a word used way to often in customer service. Try saying "I apologize" and if you have to say you are sorry be specific and give them the details of how you are taking care of them and their problem.

4. Empathize.

Using empathy is an effective way of dealing with customer feelings. Empathy is not agreeing

with the customer but accepting what the customer is saying and feeling.

Here is an example of an empathy response "I can understand that you're angry" or "I see what you mean".

5. Build a rapport.

Sometimes it's useful to add another phrase to the empathy response. Try including yourself in the picture. "I can understand how you feel" or "I don't like it either when I'm kept waiting".

This has the effect of getting on the customers

side and helps to build rapport.

Recap

In summary, make no mistake about it, whether be it internal or external, customers are primarily driven by their emotions. Therefore, it is important that we use human responses when dealing with an upset or difficult customer. Remember if a customer feels like we care, they are more likely to accept what you say when handling a mistake or any other customer service issue.

- Marc Phelps

Free Electronic Recycling

Rochester



October 28, 2012

8 a.m. to 2 p.m. at the Rochester Public Market, 280 N. Union Street

November 4, 2012

10 a.m. to 4 p.m. at the Seneca Park Zoo, 2222 St. Paul Street

www.sunnking.com

EcoPark

A one stop shop for all your recycling needs. Open weekly Wed. thru Sat. 7:30 a.m. to 1 p.m. at 10 Avion Drive (Off Paul Rd. near Kozel Steel)

<http://www.monroecounty.gov/ecopark>

Buffalo

Electronics Recycling Facility

For city residents, Open weekly Mon. thru Fri. 8 a.m. to 3 p.m., at 1120 Seneca Street. The city gets 8 cents per lb. for everything collected.

<http://www.ci.buffalo.ny.us>

Hoosick Falls

ERC Community Warehouse

Free recycling of monitors and televisions. Open weekly Tues. thru Fri. 9 a.m. to 5 p.m., & Saturday 9 a.m. to 4 p.m., at 21428 NY 22.

<http://www.ercwarehouse.org>

Other Recycling

Plastic bags:

www.plasticbagrecycling.com

CFL lightbulbs:

Take to Home Depot for recycling.

Prescription and OTC drugs:

Watch your newspaper for collection days and times.

Ink Cartridges:

Bring to Kozel Steel and put in the Imaginelt box or bring to Wegmans.

