## 2021 LIFO Lookout \&

## Top LIFO Candidates Guide



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## Quick LIFO 101 Refresher

Effect of Inflation on Financial Statements \& Tax Return

## On LIFO <br> Not on LIFO

Cost of Goods Sold


Ending Inventory
Pre-tax Income
Tax Liability


Ending Inventory
Pre-tax Income
Tax Liability


## Quick LIFO 101 Refresher

- LIFO is the biggest inventory-related tax savings tool
- Creates material long-term tax savings because benefits grow annually when there's inflation
- Under dollar-value LIFO method, tax savings are preserved even when goods responsible for building that reserve are discontinued or sold as long as the dollar value of those goods are replaced with other goods (unlike specific goods or "unit" LIFO or a lower of cost or market reserve)
- Minimal administrative burden under dollar value LIFO - No changes required to accounting system \& items continue to be tracked using same cost flow method historically used prior to going on LIFO.
- Current year (CY) tax savings from LIFO formula
- Calculate CY LIFO expense ( $\Delta$ in LIFO reserve) = Prior year ending inventory balance @ cost (FIFO/average cost) * Current year inflation rate
- Calculate CY tax savings from LIFO = Current year LIFO expense * Current year tax rate
- Current year after-tax cash savings from LIFO example
- Inputs
- Prior year end inventory balance at cost: $\$ 10 \mathrm{M}$
- Current year inflation rate: 5\%
- Tax rate: $30 \%$
- Outputs
- CY LIFO expense: \$10M * 5\% = \$500K
- CY tax cash savings from LIFO: \$500K * 30\% = \$150K
- Learn more at LIFOPro's website: How LIFO Works


## Simple LIFO Tax Savings Examples

Assuming \$20M inventory balance for all Periods

| Year on <br> LIFO | Inflation <br> Rate | Annual \& Cumulative Taxable Income Reduction LIFO |  | After-tax Cash Savings (Liability) |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | 30\% Tax Rate |  | 35\% Tax Rate |  | 40\% Tax Rate |  |
|  |  | Expense (Income) | LIFO Reserve | Current <br> Period | All Periods | Current <br> Period | All Periods | Current <br> Period | All Periods |
| 1 | 0.5\% | \$105,240 | \$105,240 | \$31,572 | \$31,572 | \$36,834 | \$36,834 | \$42,096 | \$42,096 |
| 2 | 1.0\% | 192,280 | 297,520 | 57,684 | 89,256 | 67,298 | 104,132 | 76,912 | 119,008 |
| 3 | 5.4\% | 1,089,320 | 1,386,840 | 326,796 | 416,052 | 381,262 | 485,394 | 435,728 | 554,736 |
| 4 | 5.4\% | 1,076,960 | 2,463,800 | 323,088 | 739,140 | 376,936 | 862,330 | 430,784 | 985,520 |
| 5 | 6.3\% | 1,255,520 | 3,719,320 | 376,656 | 1,115,796 | 439,432 | 1,301,762 | 502,208 | 1,487,728 |
| 6 | 3.0\% | 599,160 | 4,318,480 | 179,748 | 1,295,544 | 209,706 | 1,511,468 | 239,664 | 1,727,392 |
| 7 | 9.7\% | 1,947,660 | 6,266,140 | 584,298 | 1,879,842 | 681,681 | 2,193,149 | 779,064 | 2,506,456 |
| 8 | -0.8\% | -150,540 | 6,115,600 | $(45,162)$ | 1,834,680 | $(52,689)$ | 2,140,460 | $(60,216)$ | 2,446,240 |
| 9 | 2.0\% | 403,160 | 6,518,760 | 120,948 | 1,955,628 | 141,106 | 2,281,566 | 161,264 | 2,607,504 |
| 10 | 5.3\% | 1,060,880 | 7,579,640 | 318,264 | 2,273,892 | 371,308 | 2,652,874 | 424,352 | 3,031,856 |
| 11 | 1.2\% | 232,320 | 7,811,960 | 69,696 | 2,343,588 | 81,312 | 2,734,186 | 92,928 | 3,124,784 |
| 12 | 0.9\% | 178,100 | 7,990,060 | 53,430 | 2,397,018 | 62,335 | 2,796,521 | 71,240 | 3,196,024 |
| 13 | 1.6\% | 312,360 | 8,302,420 | 93,708 | 2,490,726 | 109,326 | 2,905,847 | 124,944 | 3,320,968 |
| 14 | -0.2\% | -40,860 | 8,261,560 | $(12,258)$ | 2,478,468 | $(14,301)$ | 2,891,546 | $(16,344)$ | 3,304,624 |
| 15 | 0.1\% | 14,560 | 8,276,120 | 4,368 | 2,482,836 | 5,096 | 2,896,642 | 5,824 | 3,310,448 |
| 16 | 0.8\% | 155,400 | 8,431,520 | 46,620 | 2,529,456 | 54,390 | 2,951,032 | 62,160 | 3,372,608 |
| 17 | 4.0\% | 804,060 | 9,235,580 | 241,218 | 2,770,674 | 281,421 | 3,232,453 | 321,624 | 3,694,232 |
| 18 | 2.2\% | 431,120 | 9,666,700 | 129,336 | 2,900,010 | 150,892 | 3,383,345 | 172,448 | 3,866,680 |
| 19 | 1.0\% | 198,980 | 9,865,680 | 59,694 | 2,959,704 | 69,643 | 3,452,988 | 79,592 | 3,946,272 |
| 20 | 9.7\% | \$1,946,980 | \$11,812,660 | \$584,094 | \$3,543,798 | \$681,443 | \$4,134,431 | \$778,792 | \$4,725,064 |

## Simple LIFO Tax Savings Examples

## LIFO Benefit Case Study: Building Products Manufacturer

- Years on LIFO: 6 (2015 = $1^{\text {st }}$ year on LIFO)
- 2020 y/e inventory balance @ cost: \$26M
- Average annual inflation rate: 3.2\%
- 2020 y/e LIFO reserve: $\$ 4.5 \mathrm{M}$
- Average tax rate: $30 \%$
- Average prime rate + 1\%: 5\%
- Cumulative after-tax cash savings: $\$ 1.3 \mathrm{M}$
- Cumulative after-tax interest savings: $\$ 67 \mathrm{~K}$
- Annual LIFO calculation cost: $\$ 3,500$
- Cumulative LIFO calculation cost: $\$ 21,000$
- ROI excluding after-tax interest savings:
- Cumulative after-tax cash savings - Cumulative cost Cumulative cost
- $=(\$ 1.3 \mathrm{M}-\$ 21 \mathrm{~K}) \div \$ 21 \mathrm{~K}=62.9 * 100=6289 \%$
- Cost as a percentage of after-tax cash savings:
(21,000 $\div \$ 1.3 \mathrm{M}=1.6 \%$


## 2021 LIFO Lookout

- LIFO continues to be the biggest inventory-related tax savings tool
- Unprecedented inflation has occurred this year, creating widespread once in a lifetime tax saving opportunities from electing LIFO in 2021
- Top LIFO candidates \& 10 months ended Oct. '21 year to date inflation are as follows (includes all manufacturers, wholesalers \& retailers):
- Processed foods \& feeds - $10 \%$
- Chemicals and allied products $-24 \%$
- Plastics \& rubber products - $17 \%$
- Metal \& metal products - $42 \%$
- Machinery \& equipment, including farm/ag \& construction machinery -5\%
- Furniture \& household goods - $9 \%$
- Auto dealers - $9 \%$ new vehicles \& $29 \%$ used vehicles
- LIFO's here to stay
- Threat of LIFO repeal is minimal according to LIFO lobbying group
- All spending bills currently working through Congress exclude LIFO repeal
- Potential for higher tax rates on the horizon will create higher tax savings from LIFO


## - IRS Concept Unit

- IRS released 21 page slide deck outlining road map for auditing LIFO calculations: LIFO Records (irs.gov)
- Concept Unit stresses LIFO books \& records adequacy \& emphasizes the need to maintain detailed documentation for each year's calculation since the first year on LIFO
- Also emphasizes the fact that the service may terminate a taxpayers LIFO election \& force them to take $100 \%$ of LIFO reserve into income if LIFO books \& records are deemed inadequate
- See LIFOPro's blog for more details on this development: IRS Releases Roadmap for Auditors to use on LIFO Taxpayers


## Top LIFO Candidates by Industry

Bureau of Labor Statistics Producer Price Indexes


Top LIFO Candidates by Good/Product Type

| BLSPPI | BLS PPI Category Description | $\begin{gathered} \text { YTD } \\ \text { 10/21 } \end{gathered}$ | $\begin{gathered} \text { 1Y Oct. } \\ \text { '21 } \end{gathered}$ | $\begin{gathered} \text { 1Y Dec. } \\ \text { '20 } \end{gathered}$ | $\begin{aligned} & \text { 1Y Dec. } \\ & \text { '19 } \end{aligned}$ | $\begin{gathered} 3 \mathrm{By} \\ \text { Avg. } \end{gathered}$ | $\begin{gathered} 5 \mathrm{SY} \\ \text { Avg. } \end{gathered}$ | $\begin{aligned} & \text { Avy } \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { 20y } \\ & \text { Avg. } \end{aligned}$ | $\begin{gathered} \text { \#Yrs w } \\ \text { Infl. } \end{gathered}$ | $\begin{aligned} & \text { \# Yrs } \\ & \text { Index } \\ & \text { Publ. } \end{aligned}$ | \# Yrs. <br> w/ Infl. <br> Freq. | Hist. <br> Avg. <br> Inf. <br> Freq. | BLS PPI Category Description | $\begin{gathered} \text { YTD } \\ \text { 10/21 } \end{gathered}$ | $\begin{gathered} \text { 1Y Oct. } \\ \text { '21. } \end{gathered}$ | $\begin{gathered} \text { 1Y Dec. } \\ \text { '20 } \end{gathered}$ | ${ }^{1 Y}$ Dec. '19 | $\begin{gathered} 3 \mathrm{By} \\ \text { Ayg. } \end{gathered}$ | $\begin{gathered} 5 \mathrm{Y} \\ \text { Avg. } \end{gathered}$ | $\begin{aligned} & \text { 10y } \\ & \text { Avg. } \end{aligned}$ | $\begin{aligned} & \text { Avg } \\ & \text { reve } \end{aligned}$ | \#Yrsw Infl. | $\begin{aligned} & \text { \# Yrs } \\ & \text { Index } \\ & \text { Publ. } \end{aligned}$ | \# Yrs. w/ Infl. Freq. | $\begin{aligned} & \text { Hist. } \\ & \text { Avg. } \\ & \text { Inf. } \\ & \text { Freq. } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 02 | Processed foods \& feeds | 10.2\% | 14.0\% | 2.0\% | 2.5\% | 5.0\% | 3.2\% | 1.7\% | 2.7\% | 17 | 20 | 85\% | 100\% | Other leather \& related products | 2.5\% | 2.1\% | 1.1\% | 1.1\% | 1.6\% | 1.6\% | 2.0\% | 1.6\% | 19 | 20 | 95\% | 100\% |
| 021 | Cereal \& bakery products | 8.1\% | 6.6\% | 0.1\% | 0.5\% | 3.2\% | 2.5\% | 1.5\% | 2.7\% | 16 | 20 | 80\% | \% | Petroleum products, refined | 68.9\% | 77.1\% | -15.3\% | 4.9\% | 6.1\% | 11.9\% | -0.6\% | 6.1\% | 13 | 20 | 65\% | 75\% |
| 0211 | Bakery products | ${ }^{3.2 \%}$ | 2.0\% | -1.1\% | .7\% | 1.2\% | 1.5\% | 1.5\% | 2.3\% | 19 | 20 | 5\% | 100\% | Finished lubricants | 14.4\% | 11.1\% | -0.6\% | 2.5\% | 5.2\% | 5.3\% | 1.7\% | 6.4\% | 14 | 20 | 70\% | 100\% |
| 0212 | Flour \& flour base mixes \& doughs | 18.6\% | 17.0\% | 1.3\% | -0.1\% | 6.4\% | 4.1\% | 1.7\% | 3.4\% | 14 | 20 | 70\% | 100\% | Chemicals \& allied products | 21.4\% | 24.1 | 0.7\% | -2.7\% | 5.0 | 5.3 | 2.2\% | 4.26 | 17 | 20 | 85\% | 100\% |
| 0213 | Milled rice \& byproducts | 5.4\% | 3.3\% | 6.8\% | 2.6\% | 4.5\% | 5.1\% | 1.3\% | 5.2\% | 15 | 20 | 75\% | 100\% | Industrial chemicals | 42.5\% | 51.9\% | -3.1\% | -6.8\% | 5.2\% | 7.5\% | 0.1\% | 5.0\% | 12 | 20 | 60\% | 100\% |
| 0214 | Cereal \& pasta products | 10.2\% | 8.5\% | 0.4\% | 0.5\% | 4.5\% | 2.8\% | 1.3\% | 2.6\% | 15 | 20 | 75\% | 100\% | Basic inorganic chemicals | 9.9\% | 9.5\% | -0.8\% | -1.2\% | 2.4\% | 3.7\% | -0.1\% | 4.7\% | 12 | 20 | 60\% | 75\% |
| 0221 | Meats | 22.1\% | 40.3\% | 3.4\% | 5.7\% | 10.0\% | 6.3\% | 3.0\% | 3.2\% | 15 | 20 | 75\% | 100\% | Basic organic chemicals | 48.7\% | 60.2\% | -3.6\% | $-7.8 \%$ $3.1 \%$ 2. | 5.7\% 5.2\% | 8.2\% | 0.1\% | 5.0\% $3.7 \%$ | 12 | 20 | 60\% | 100\% |
| 0222 | Processed poultry | 26.6\% | 30.0\% | 2.2\% | 5.1\% | 10.1\% | 4.1\% | 3.0\% | 2.6\% | 14 | 20 | 70\% | 100\% | Paints \& allied products Prepared paint | $11.0 \%$ 12.8\% | 10.0\% 11.5\% | 1.4\% | 3.1\% | 5.2\% 6.1\% | 4.6\% $4.9 \%$ 7.6\% | 2.5\% | 3.7\% $3.8 \%$ | 17 18 | 20 20 | 85\% | $100 \%$ $100 \%$ |
| 022306 | Prepared fresh \& frozen seafood | 14.7\% | 18.1\% | 4.1\% | 0.4\% | 5.7\% | 4.5\% |  |  | 8 | 10 | 80\% | 100\% | repared paint | $112.8 \%$ $33.2 \%$ | $11.5 \%$ $36.0 \%$ | $\begin{aligned} & 1.6 \% \\ & 3.8 \% \end{aligned}$ | -8.6\% | 6.1\% <br> $8.6 \%$ <br> 1.6 | 4.9\% | 3.3\% $1.3 \%$ | 3.8\% | 18 13 | 20 20 | 90\% | $100 \%$ $100 \%$ |
| 023 | Dairy products | 4.6\% | 2.5\% | -3.0\% | 7.7\% | 2.5\% | 1.7\% | 0.5\% | 1.7\% | 11 | 20 | 55\% | 100\% | Fertilizer materials | 65.4\% | 76.0\% | 9.8\% | -19.8\% | 14.2\% | 12.6\% | 0.7\% | 5.9\% | 13 | 20 | 65\% | $100 \%$ $100 \%$ |
| 024 | Processed fruits \& vegetables | 2.9\% | 3\% | 3.8\% | -0.8\% | 2.1\% | 20\% | 1.7\% | 2.8\% | 17 | 20 | 85\% | 100\% | Plastic resins \& materials | 42.3\% | 44.6\% | 5.6\% | -11.1\% | 10.1\% | 7.7\% | 3.4\% | 4.4\% | 15 | 20 | 75\% | 100\% |
| 0241 | Canned fruits \& juices | 4.1\% | 3.7\% | 4.4\% | -2.9\% | 1.4\% | 0.9\% | 1.8\% | 2.5\% | 15 | 20 | 75\% | 100\% | Thermoplastic resins \& plastics materials | 46.6 | 50.0\% | 6.8\% | -12.2\% | 11.0\% | 8.3\% | 3.6\% | 4.7\% | 15 | 20 | 75\% | 100\% |
| 0242 | Frozen fruits, juices \& ades | 20.5\% | 23.8\% | 8.0\% | -15.8\% | 3.4\% | 3.2\% | 2.0\% | 3.7\% | 14 | 20 | 70\% | 100\% | Thermosetting resins \& plastics materials | 15.7\% | 13.8\% | -0.7\% | -4.1\% | 3.8\% | 3.5\% | 1.5\% | 3.0\% | 16 | 20 | 80\% | 100\% |
| 0253 | Refined sugar products \& byproducts | 3.4\% | 5.3\% | 4.7\% | 4.4\% | 4.2\% | 3.4\% | -0.6\% | 2.9\% | 14 | 20 | \% | 75\% | Soaps \& detergents | 5.0\% | 4.7\% | 0.5\% | 1.1\% | 2.2\% | 1.7\% | 1.3\% | 2.0\% | 16 | 20 | 80\% | 100\% |
| 0254 | Confectionery materials | 11.6\% | 12.1\% | -4.4\% | 7.4\% | 4.5\% | 2.6\% | 0.5\% | 3.2\% | 15 | 20 | 5\% | 100\% | Industrial gases | 6.3\% | 10.1\% | -2.1\% | 11.5\% | 5.2\% | 3.2\% | 3.6\% | 3.4\% | 15 | 20 | 75\% | 100\% |
| 0262 | Soft drinks | 6.5\% | 7.6\% | 2.4\% | 3.8\% | 4.0\% | 3.1\% | 2.2\% | $4 \%$ | 20 | 20 | 100\% | 100\% | Rubber \& plastic products | 17.6\% | 16.9\% | 0.6\% | -1.1\% | 5.2\% | 4.5\% | 2.1\% | 3.0\% | 17 | 20 | 85\% | 100\% |
| 0264 | Other beverage materials | 8.1\% | 7.9\% | 4.7\% | 3.3\% | 5.8\% | 3.9\% | 2.9\% | 2.8\% | 18 | 20 | 90\% | 100\% | Rubber \& rubber products | 10.5\% | 10.7\% | 0.3\% | -0.4\% | 2.9\% | 2.8\% | 0.3\% | 2.7\% | 14 | 20 | 70\% | 100\% |
| 028 | Miscellaneous processed foods | 5.0\% | 3.8\% | 1.2\% | -1.0\% | 2.4\% | 2.3\% | 1.5\% | 2.1\% | 16 | 20 | 80\% | 100\% | Synthetic rubber | 25.7\% | 31.9\% | 0.1\% | -6.1\% | 3.3\% | 4.8\% | -1.7\% | 3.5\% | 13 | 20 | 65\% | 75\% |
| 028201 | Pickles \& other pickled products | 4.6\% | 4.9\% | 0.8\% | -0.2\% | 2.1\% | 2.5\% | 1.4\% | 1.8\% | 16 | 20 | 80\% | 100\% | Tires, tubes, tread \& repair materials | 6.9\% | 6.4\% | 0.3\% | 0.5\% | $2.4 \%$ | 2.1\% | 0.48 | 2.8 | 14 | 20 | 70 | 100\% |
| 0284 | Specialty canning | 5.9\% | 5.7\% | -0.3\% | 1.5\% | 3.1\% | 1.9\% | 1.7\% | 2.0\% | 17 | 20 | 85\% | 100\% | Miscellaneous rubber products | 8.1\% | 7.4\% | 0.5\% | 0.8\% | 3.2\% | $2.7 \%$ | 1.5 | 2.3 | 17 | 20 | 85\% | 100\% |
| 0285 | Frozen specialty food | 3.3\% | 3.0\% | 0.6\% | -0.4\% | 1.1\% | 0.5\% | 0.6\% | 1.3\% | 14 | 20 | 70\% | 100\% | Rubber \& plastics hose | 11.1\% | 10.7\% | 0.5\% | 2.8\% | 5.19 | 3.8\% | 2.5\% | 3.4 | 18 | 20 | 90\% | 100\% |
| 029 | Prepared animal feeds | 7.3\% | 19.7\% | 9.6\% | 0.5\% | 6.1\% | 3.7\% | 1.0\% | 3.8\% | 15 | 20 | 75\% | 100\% | Plastic products | 19.8\% | 18.8\% | 0.7\% | -1.3\% | 5.9\% | 5.0\% | 2.76 | 3.1\% | 16 | 20 | 80\% | 100\% |
| 0293 | Formula feeds | 12.3\% | 24.4\% | 8.6\% | 2.5\% | 7.9\% | 5.0\% | 0.8\% | 4.5\% | 15 | 20 | 75\% | 100\% | Plastic construction products | 28.96 | 29.5\% | 6.4\% | -0.1\% | 11.1\% | 8.0\% | 4.5\% | 4.3\% | 17 | 20 | 85\% | 100\% |
| 0294 | Miscellaneous feedstuffs | 7.9\% | 21.6\% | 10.4\% | 1.6\% | 7.4\% | 4.1\% | 1.7\% | 3.9\% | 14 | 20 | 70\% | 100\% | Plastics pipe | 53.3\% | 58.7\% | 14.1\% | -4.2\% | 18.7\% | 12.9\% | 6.4\% |  | 9 | 15 | 60 | 100\% |
| 03 | Textile products \& apparel | 12.9\% | 11.6\% | -0.2\% | -0.4\% | 3.9\% | 3.4\% | 1.7\% | 1.7\% | 13 | 20 | 65\% | 100\% | Plastics pipe fittings \& unions | 44.3\% | 47.2\% | 5.8\% | 2.4\% | 17.2\% | 12.8\% | 7.3\% |  | 14 | 15 | 93\% | 100\% |
| 032 | Processed yarns \& threads | 24.6\% | 20.0\% | -2.0\% | -4.3\% | 5.0\% | 5.0\% | 0.9\% | 2.4\% | 13 | 20 | 65\% | 100\% | Plastics plumbing fixtures | 16.1\% | 13.3\% | 2.6\% | 0.7\% | 6.5\% | 4.9\% | 2.8\% |  | 14 | 16 | 88\% | 100\% |
| 0326 | Yarns | 25.3\% | 20.5\% | -2.1\% | -4.4\% | 5.1\% | 5.1\% | 0.9\% | 2.4\% | 14 | 20 | 70\% | 100\% | Plastic film, sheet \& other shapes | 21.0\% | 19.8\% | 1.1\% | -1.4\% | 6.1\% | 5.2\% | 2.5\% | 3.4\% | 16 | 20 | 80\% | 100\% |
| 033 | Greige fabrics | 10.7\% | 10.4\% | -1.1\% | -2.0\% | 2.6\% | 2.1\% | 0.1\% | 1.5\% | 11 | 20 | 55\% | 100\% | Parts for transportation equipment | 9.8\% | 10.8\% | -0.3\% | 0.0\% | 3.1\% | 2.3\% | 2.1\% | 1.3\% | 15 | 20 | 75\% | 100\% |
| 0337 | Greige broadwoven fabrics | 9.2\% | 7.4\% | -0.8\% | 0.4\% | 3.0\% | 2.3\% | 0.3\% | 1.6\% | 12 | 20 | 60\% | 100\% | Foam components for furniture | 36.0\% | 19.6\% | ${ }^{-6.1 \%}$ | -8.7\% | 5.2\% | 5.7\% | 3.6\% | 4.2 | 12 | 20 | 60\% | 100\% |
| 034 | Finished fabrics | 11.8\% | 11.9\% | 1.8\% | 1.4\% | 4.9\% | 3.7\% | 2.0\% | 2.0\% | 14 | 20 | 70\% | 100\% | Plastic packaging products | 23.8\% | 22.7\% <br> 165\% <br>  | -1.7\% | -3.5\% | 5.4\% | 5.5\% | 2.1\% |  | 8 | 15 | 53\% | 100\% |
| 0342 | Finished broadwoven fabrics | 23.9\% | 23.9\% | 11.2\% | -0.8\% | 11.0\% | 6.9\% | 3.2\% | 3.0\% | 13 | 20 | 65\% | 100\% | Lumber \& wood products | 8.4\% | 3.3\% | -0.2\% | -1.2\% | 4.9\% | 4.6\% | 2.7\% |  | 10 | 20 | 67 | $100 \%$ $100 \%$ |
| 0344 | Woven \& braided narrow fabrics | 12.2\% | 13.7\% | 0.6\% | 0.8\% | 4.5\% | 3.9\% | 3.7\% | 2.8\% | 19 | 20 | 95\% | 100\% | Hardwood lumber | 34.6\% | 43.6\% | 10.7\% | -11.9\% | 9.8\% | 6.3\% | 5.1\% | 2.6\% | 12 | 20 | 60\% | 100\% |
| 0345 | Nonwoven fabrics \& felts | 11.8\% | 12.9 | -2.3\% | 1.3\% | 2.9\% | 2.8\% | 1.5\% | 1.7\% | 11 | 20 | 55\% | 100\% | Millwork | 14.7\% | 14.1\% | 7.9\% | 1.0\% | 7.7\% | 6.2\% | 4.6\% | 3.1 | 19 | 20 | 95\% | 100\% |
| 0347 | Screen printed textile materials \& embroid. | 6.4\% | 5.9\% | 1.8\% | 3.5\% | 4.3\% | 2.9\% | 1.6\% | 1.2\% | 17 | 20 | 85\% | 100\% | General millwork | 12.4\% | 11.8\% | 2.8\% | 1.7\% | 5.5\% | 4.2\% | 3.4\% | 2.5\% | 19 | 20 | 95\% | 100\% |
| 0348 | Knit fabrics, finished in knitting mills | 11.1\% | 6.9\% | 1.5\% | 2.2\% | 5.0\% | 3.5\% | 2.4\% |  | 14 | 18 | 78\% | 100\% | Wood window \& door frames | 44.1\% | 45.9\% | 10.1\% | -8.6\% | 12.9\% | 10.1\% | 6.1\% | 3.7\% | 13 | 19 | 68\% | 100\% |
| 038 | Apparel \& other fabricated textile prods | 4.9\% | 4.2\% | -0.1\% | 1.3\% | 2.0\% | 1.7\% | 1.7\% | 1.3\% | 16 | 20 | 80\% | 100\% | Prefabricated structural members | 22.9\% | 22.4\% | 30.7\% | -2.0\% | 16.0\% | 14.7\% | 9.8\% | 5.1\% | 14 | 20 | 70\% | 100\% |
| 0381 | Apparel | 2.9\% | 2.6\% | -1.8\% | 0.8\% | 0.7\% | 0.9\% | 0.9\% | 0.8\% | 14 | 20 | 70\% | 100\% | Hardwood veneer \& plywood | 20.7\% | 18.1\% | 0.6\% | -1.4\% | 6.4\% | 5.8\% | 3.7\% |  | 12 | 15 | 80\% | 100\% |
| 0383032: | :Rope, cordage \& twine | 18.5\% | 22.3\% | 5.6\% | -2.8\% | 6.9\% | 4.1\% |  |  | 6 | 9 | 67\% | 100\% | Wood pallets \& pallet containers | 35.2\% | 36.9\% | 2.6\% | 4.0\% | 12.8\% | 10.3\% | 6.4\% | 3.9\% | 15 | 20 | 75\% | 100\% |
| 043 | Footwear | 3.0\% | 2.8\% | -0.2\% | 3.3\% | 2.0\% | 1.8\% | 2.4\% | 2.0\% | 18 | 20 | 90\% | 100\% | Logs, bolts, timber, pulpwood \& wood chips | 7.7\% | 13.2\% | 3.2\% | -4.3\% | 1.5\% | 1.7\% | 1.2\% | 1.8\% | 15 | 20 | 75\% | 100\% |

## Top LIFO Candidates by Good/Product Type

| BLS PPI Category Description | $\begin{gathered} \text { YTD } \\ \text { 10/21 } \end{gathered}$ | $\begin{gathered} 1 \mathrm{y} \text { Oct. } \\ \text { '21 } \end{gathered}$ | $\begin{aligned} & \text { 1Y Dec. } \\ & \text { '20 } \end{aligned}$ | 1 YDec. 19 <br> '19 | $\begin{gathered} \text { 3y } \\ \text { Avg. } \end{gathered}$ | $\begin{gathered} \text { 5y } \\ \text { Avg. } \end{gathered}$ | $\begin{aligned} & \text { 10y } \\ & \text { Avg. } \end{aligned}$ | 2vy. | \# Yrsw Infl. | $\begin{aligned} & \text { \# Yrs } \\ & \text { Index } \\ & \text { Publ. } \end{aligned}$ | \# Yrs. w/ Infl. Freq. | $\begin{aligned} & \text { Hist. } \\ & \text { Avg. } \\ & \text { Inf. } \\ & \text { Freq. } \end{aligned}$ | BLS PPI Category Description | $\begin{gathered} \text { YTD } \\ \text { 10/21 } \end{gathered}$ | $\begin{gathered} 1 \mathrm{Y} \text { Oct. } \\ \text { '21 } \end{gathered}$ | $\begin{gathered} \text { 1Y Dec. } \\ \text { '20 } \end{gathered}$ | $\begin{gathered} \text { 1Y Dec. } \\ \hline \end{gathered}$ | $\begin{gathered} \text { 3Y } \\ \text { Avg. } \end{gathered}$ | $\begin{gathered} 5 \mathrm{YY} \\ \text { Avg. } \end{gathered}$ | $\begin{aligned} & \text { Avy. } \\ & \text { Avg. } \end{aligned}$ | $\begin{aligned} & \text { 20y } \\ & \text { Avg. } \end{aligned}$ | \# Yrsw Infl. | $\begin{aligned} & \text { \# Yrs } \\ & \text { Index } \\ & \text { Publ. } \end{aligned}$ | \# Yrs. $w / \operatorname{lnfl}$. Freq. | $\begin{aligned} & \text { Hist. } \\ & \text { Avg. } \\ & \text { Anf. } \\ & \text { Freq. } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Prefabricated wood buildings \& components | 19.4\% | 19 | 6.2\% | 1.4\% | 8.8\% | 7.1\% | 4.7\% | 3.4\% | 17 | 20 | 85\% | \% | Fabricated steel plate | 25.9\% | 38.2\% | 7.1\% | -0.5\% | 9.6\% | 6.9\% | 3.5\% | 3.6\% | 14 | 20 | 70\% | 100\% |
| Paper | 15. | 14.8\% | -1.9\% | -1.5\% | 3.7\% | 3.9\% | 1.6\% | 2.0\% | 11 | 20 | 55\% | 100\% | Prefabricated metal buildings | 0.4\% | 48.9\% | 12.2\% | -5.4\% | 13.5\% | 11.3\% | 6.4 | 6.7\% | 15 | 20 | 75\% | 100\% |
| Converted paper \& paperboard products | 10.3\% | 9.0\% | . 5 | 0.8\% | 3.8\% | 3.2\% | 2.1\% | 2.5\% | 16 | 20 | 80\% | 100\% | Miscellaneous metal products | .4\% | 9.9 | 0.7 | 1.1\% | 4.3\% | 3.8\% | 1.8\% | 2.2\% | 17 | 20 | 85\% | 100\% |
| Paper boxes \& containers | 3.8\% | 10.8\% | 0.0\% | 3\% | 4.6\% | 4.3\% | 3.1\% | 2.8\% | 15 | 20 | 75\% | 100\% | Bolts, nuts, screws, rivets \& washers | 14.1\% | 8.2\% | 4.4\% | 4.9\% | 8.4\% | 5.5\% | 3.1\% | 3.4\% | 17 | 20 | 85\% | 100\% |
| Other corrugated \& solid fiber products | 19.0\% | 13.8\% | 1.2\% | 0.3\% | 6\% | 6.8\% | 4.1\% | 4.4\% | 18 | 20 | 90\% | 100\% | Lighting fixtures | 6.3\% | 6.0\% | 1.7\% | 2.8\% | 3.7\% | 3.5\% | 2.2\% | 1.9 | 19 | 20 | 95\% | 100\% |
| Pressure-sensitive products | 9.5\% | 9.9\% | 0.7\% | 0.4\% | 3.8\% | 3.3\% | 1.2\% | 2.0\% | 11 | 19 | 58\% | 100\% | Fabricated ferrous wire products | 23.4\% | 21.3\% | 1.2\% | -2.3\% | 7.0\% | 7.5\% | 3.7\% | 4.5\% | 15 | 20 | 75\% | 100\% |
| Building paper \& building board mill prods. | 8.9\% | 26.0\% | 60.7\% | 0.6\% | 16.1\% | 11.5\% | 8.1\% | 5.0\% | 12 | 20 | 60\% | 100\% | Ferrous wire rope, cable, forms \& strand | 19.3\% | 20.1\% | 1.5\% | -3.3\% | 5.5\% | 8.9\% | 4.1\% | 4.2\% | 15 | 20 | 75\% | 100\% |
| Publications, printed matter \& material | 5.1\% | 6.1\% | 1.5\% | 2.6\% | 3.3\% | 2.4\% | 1.3\% |  | 11 | 12 | 92\% | 100\% | Ferrous wire cloth, other woven wire prods. | 13.0\% | 12.1\% | 1.7\% | -1.1\% | 4.3\% | 3.4\% | 1.1\% | 2.1\% | 13 | 20 | 65\% | 100\% |
| Metals \& metal products | 39.9\% | 42.5\% | 6.7\% | -4.2\% | 12.9\% | 10.6\% | 3.7\% | 4.9\% | 14 | 20 | 70\% | 100\% | Other fabricated ferrous wire products | 26.3\% | 22.9\% | 1.1\% | -2.0\% | 8.0\% | 7.3\% | 3.5\% | 4.3 | 13 | 20 | 65\% | 100\% |
| Iron \& steel scrap | 28.7\% | 61.5\% | 44.0\% | -27.8\% | 13.3\% | 18.5\% | 0.7\% | 9.0\% | 14 | 20 | 70\% | 100\% | Agricultural machinery \& equipment | 10.2 | 9.2\% | 1.0 | 2.4\% | 4.9\% | 3.6\% | 2.4\% |  | 19 | 19 | 100\% | 100 |
| Foundry \& forge shop products | 10.2\% | 10.4\% | 3.0\% | -0.8\% | 3.9\% | 2.8\% | 1.5\% | 2.8\% | 15 | 20 | 75\% | 100\% | Construction machinery \& equipment | 7.0\% | 5.4\% | 1.2 | 2.2\% | 4.5\% | 2.9 | 2.4\% | 2.7\% | 20 | 20 | 100 | 100 |
| Pressure \& soil pipe \& fittings, cast iron | 14.5\% | 15.2\% | 7.3\% | -1.7\% | 6.4\% | 3.7\% | 2.6\% | 4.9 | 15 | 20 | 75\% | 100\% | Parts for construction machinery \& equip | 6.0\% | 5\% | 0.7\% | 1.1\% | 2.8\% | 2.8\% |  |  | 8 | 8 | 00 | 100\% |
| Other gray \& ductile iron castings | 10.4\% | 12. | 1.6\% | 0.5\% | 4.3\% | 3.3\% | 1.6\% | 3.0\% | 17 | 20 | 85\% | 100\% | Metalworking machinery \& equipment | 5.4\% | 4.8\% | 0.7\% | 1.4\% | 2.7\% | 2.3\% | 1.7\% | 1.7\% | 18 | 20 | 90\% | 100\% |
| Steel mill products | 128.2\% | 135 | 2.1\% | -15.5\% | 25.3 | 20.2\% | 7.2\% | 7.6\% | 14 | 20 | 70\% | 100\% | Power-driven handtools, incl. parts | 7.6\% | 5.8\% | 2.4\% | 1.7\% | 3.8\% | 2.8\% | 2.4\% | 1.5\% | 17 | 20 | 85\% | 100\% |
| Steel wire | 30.7\% | 34.0\% | -0.6\% | -5.0\% | 7.5\% | 8.7\% | 2.4\% | 6.5\% | 11 | 20 | 55\% | 100\% | Welding machines \& equipment | 10.4\% | 10.4\% | 1.2\% | 1.6\% | 4.4\% | 4.4\% | 3.0\% | 3.6\% | 19 | 20 | 95\% | 100\% |
| Cold finished steel bars \& bar shapes | 24.8\% | 34.4\% | 8.9\% | -5.0\% | 8.7\% |  |  |  | 3 | 4 | 75\% | 100\% | Abrasive products | 5.3\% | 6.6\% | 2.4\% | 2.8\% | 3.6\% | 3.0\% | 2.3\% | 2.4 | 19 | 20 | 95\% | 100\% |
| Nonferrous scrap | 19.1\% | 23.6\% | 23.1\% | 3.4\% | 16.4\% | 12.5\% | 3.0\% | 6.8\% | 15 | 20 | 75\% | 100\% | General purpose machinery \& equipment | 8.4\% | 7.7\% | 1.8\% | 2.3\% | 4.2\% | 3.7\% | 2.7\% | 3.0 | 20 | 20 | 100\% | 100\% |
| Nonferrous mill shapes | 27.9\% | 30.3\% | 3.3\% | -2.0\% | 8.4\% | 8.9\% | 2.5\% | 3.4\% | 12 | 20 | 60\% | 100\% | Pumps, compressors \& equipment | 6.6\% | 6.5\% | 0.7\% | 1.0\% | 2.9\% | 3.1\% | 2.5\% | 3.1\% | 20 | 20 | 100\% | 100\% |
| Extruded aluminum rod, bar \& other shapes | 38.8\% | 40.3\% | 2.0\% | -1.2\% | 11.0\% | 10.7\% | 3.9\% |  | 9 | 17 | 53\% | 100\% | Fluid power equipment | 8.1\% | 1\% | 1.1\% | 2.3 | 3.8\% | 3.3\% | 2.3\% | 3.0\% | 20 | 20 | 100\% | 100\% |
| Copper \& brass mill shapes | 28.9\% | 39.4\% | 19.4\% | -0.2\% | 15.0\% | 12.6\% | 3.1\% | 7.0\% | 11 | 20 | 55\% | 100\% | Industrial material handling equipm | 10.8\% | \% | 1.7\% | 1.3\% | 4.6 | 4.0 | 3.0\% | 3.2\% | 19 | 20 | \% | 100\% |
| Copper \& copper alloy rod, bar \& shapes | 21.7\% | 32.7\% | 21.5\% | 0.9\% | 14.4\% | 12.0\% | 3.7\% |  | 11 | 18 | 61\% | 100\% | Hoists, overhead cranes \& monorail systems | \% | 11.1\% | 0.7\% | 3. | 5.9\% | 4.78 | 3.3\% | 3.4\% | 19 | 20 | 95\% | 100\% |
| Nonferrous wire \& cable | 26.0\% | 30.2\% | 8.0\% | -1.8\% | 10.1\% | 8.0\% | 2.3\% | 4.4\% | 11 | 20 | 55\% | 100\% | Mechanical power transmission equipment | 8\% | 7.3\% | 1.7\% | 1.7 | 3.70 | 3.2 | 2.3\% | 3.1\% | 18 | 20 | 90\% | 100\% |
| Copper wire \& cable | 20.1\% | 26.8\% | 11.6\% | -2.1\% | 9.1\% | 8.9\% | 1.1\% | 5.7\% | 11 | 20 | 55\% | 100\% | Air purification equipment | 8.6\% | 9.6\% | 1.8\% | 3.4 | 4.78 | 3.9 | $2.7 \%$ | 2.8\% | 19 | 20 | 95 | 100\% |
| Castings, nonferrous (except aluminum) | 11.8\% | 13.6\% | 2.1\% | 0.3\% | 4.4\% | 3.7\% |  |  | 8 | 10 | 80\% | 100\% | Air conditioning \& refrigeration equis | 11.8\% | 9.5\% | 2.6\% | 3.1 | 5.78 | 4.9 | 3.2\% | 2.7 | 19 | 20 | 95 | 100\% |
| Metal containers | 16.6\% | 15.1\% | 0.7\% | -0.4\% | 5.5\% | 5.5\% | 2.3\% | 2.9\% | 14 | 20 | 70\% | 100\% | Metal pipe fittings, flanges $\&$ unions | 12.3\% | 23.4\% | 3.6\% | 0.9\% | 8.8\% | 7.1\% | 3.1\% | 3.2\% | 15 | 20 | 75 | 100\% |
| Hardware | 12.1\% | 10.2 | 1.8\% | 1.3\% | 5.1 | 4.0\% | 2.4\% | 2.6\% | 17 | 20 | 85\% | 100 | Special industry machinery \& equipment | .8\% | 1.1\% | 2.1\% | 2.0\% | 4.7\% | 3.4\% | 2.2\% | 1.9\% | 19 | 20 | 95\% | 100\% |
| Hand \& edge tools | 3.6\% | 3.4\% | 2.5\% | 2.5\% | 3.0\% | 2.5\% | 1.8\% | 2.1\% | 18 | 20 | 90\% | 100 | Other special industry machinery | 16.1\% | 19.4\% | 4.0\% | 2.9\% | 7.6\% | 4.9\% | 2.4\% | 1.5\% | 15 | 20 | 75\% | 100\% |
| Plumbing fixtures \& fittings | 3.3\% | 3.1\% | 1.9\% | 3.2\% | 3.4\% | 3.0\% | 2.3\% | 2.6\% | 20 | 20 | 100\% | 100\% | Wiring devices | 19.8\% | 24.0\% | 6.0\% | 1.9\% | 9.2\% | 5.9\% | 3.3\% | 3.4 | 17 | 20 | 85\% | 100\% |
| Heating equipment | 15.0\% | 14.1\% | 0.4\% | 4.4\% | 6.5\% | 5.1\% | 3.6\% | 3.8\% | 20 | 20 | 100\% | 100\% | Motors, generators, motor generator sets | 7.8\% | 5.8\% | 0.1\% | 1.4\% | 3.1\% | 2.8\% | 1.6\% | 2.5\% | 17 | 20 | 85\% | 100\% |
| Steam \& hot water equipm | 7.5\% | 7.0\% | 1.2\% | 2.2\% | 3.6\% | 3.3\% | 2.5\% | 3.7\% | 19 | 20 | 95\% | 100\% | Transformers \& power regulators | 25.9\% | 24.0\% | 0.8\% | 2.6\% | 9.3\% | 7.6\% | 2.7\% | 4.1\% | 14 | 20 | 70\% | 100\% |
| Furnaces \& heaters, including parts | 10.3\% | 8.0\% | 1.6\% | 7.6\% | 6.5\% | 4.9\% | 3.1\% | 2.7\% | 17 | 20 | 85\% | 100 | Switchgear, switchboard, ind. controls equip. | 7.6\% | 8.6\% | 1.8\% | 2.4\% | 4.0\% | 3.0\% | 1.9\% | 2.4\% | 18 | 20 | 90\% | 100\% |
| Domestic water heaters | 33.8\% | 33.8\% | -2.4\% | 2.4\% | 10.3\% | 8.1\% | 5.4\% | 6.6\% | 17 | 20 | 5\% | 100\% | Mining machinery \& equipment | 7.7\% | 9.9\% | 2.3\% | 4.4\% | 6.9\% | 4.8\% | 3.5\% | 4.1\% | 20 | 20 | 100\% | 100\% |
| Fabricated structural metal products | 35 | 36.2\% | 2.2\% | -0.2\% | 11.3\% | 8.8\% | 4.5\% | 4.2\% | 17 | 20 | 85\% | 100\% | Household furniture | 11.0\% | 10.8\% | 0.9\% | 2.3\% | 4.7\% | 3.9\% | 2.6\% | 2.4 | 19 | 20 | 95\% | 100\% |
| Metal doors, sash \& trim | 21.9\% | 21.2\% | 2.9\% | 1.7\% | 8.5\% | 7.5\% | 4.3\% | 3.6\% | 18 | 20 | 90\% | 100\% | Metal household furniture | 20.3\% | 20.2\% | -7.5\% | 18.2\% | 9.3\% | 5.8\% | 3.9\% | 2.6\% | 14 | 20 | 70\% | 100\% |
| Metal tanks | 32.0\% | 33.4\% | 4.5\% | 3.5\% | 12.7\% | 7.6\% | 3.9\% | 4.0\% | 14 | 20 | 70\% | 100\% | Wood household furniture | 10.4\% | 8.9\% | 1.5\% | 1.8\% | 4.2\% | 3.1\% | 2.4\% | 2.4\% | 20 | 20 | 100\% | 100\% |
| Sheet metal products | 32.1\% | 30.7\% | -0.3\% | -0.5\% | 9.3\% | 7.4\% | 3.3\% | 3.5\% | 14 | 20 | 70\% | 100\% | Upholstered household furniture | 10.9\% | 10.3\% | 1.1\% | 1.0\% | 4.5\% | 3.4\% | 2.2\% | 2.1\% | 19 | 20 | 95\% | 100\% |
| Structural, architec. \& pre-eng. metal prods. | 45.0\% | 43.8\% | 0.9\% | -0.8\% | 13.1\% | 10.2\% | 5.0\% | 4.6\% | 15 | 20 | 75\% | 100\% | Metal porch, lawn, outdoor \& casual furnitur | 7.7\% | 10.4\% | 2.6\% | 3.4\% | 4.5\% | 3.4\% | 3.3\% | 3.7\% | 16 | 20 | 80\% | 100\% |
| Fabricated structural metal | 38.9\% | 40.7\% | -0.9\% | 0.3\% | 11.2\% | 9.6\% | 4.9\% | 4.2\% | 15 | 20 | 75\% | 100\% | Commercial furniture | 11.2\% | 10.7\% | 1.9\% | 2.5\% | 5.6\% | 4.7\% | 2.9\% | 2.6\% | 18 | 20 | 90\% | 100\% |
| Ornamental \& architectural metal work | 58.2\% | 31.8\% | 5.0\% | -1.0\% | 19.3\% | 14.1\% | 7.5\% | 6.5\% | 16 | 20 | 80\% | 100\% | Wood office furniture \& store fixtures | 9.2\% | 8.2\% | 0.6\% | 2.7\% | 4.3\% | 3.6\% | 2.4\% | 2.0 | 20 | 20 | 100\% | 100\% |
| Fabricated metal pipe, tube \& fittings | 23.4\% | 28.7\% | 5.3\% | -1.9\% | 8.8\% | 6.5\% |  |  | 16 | 10 | 60\% | 100\% | Nonwood furniture \& store fixtures | 12.9\% | 12.9\% | 3.0\% | 1.6\% | 6.4 | 5.8 | 3.2\% | 2.9\% | 17 | 20 | 85\% | 100 |
|  |  |  | YTD |  |  |  | rates <br> infla <br> inflatio | shown on rat | above es use | $\begin{aligned} & \text { use } \\ & 12 \mathrm{~m} \end{aligned}$ | month <br> onths PP <br> ound in | $\begin{aligned} & s \mathrm{PPI} \\ & \mathrm{Pl} \mathrm{infl} \end{aligned}$ | 9 Producer Price Indexes <br> ion ended September '21 (September '21 <br> (i.e. 1 Y Sep. '21 = Sep. ' $21 \div$ Sep. '20 PP |  | mber | $20 \text { PP }$ |  |  |  |  |  |  | 0 |  |  |

## Top LIFO Candidates by Good/Product Type

| BLS PPI Category Description | $\begin{gathered} \text { YTD } \\ \text { 10/21 } \end{gathered}$ | $\begin{aligned} & \text { 1Y Oct. } \\ & \text { '21. } \end{aligned}$ | $\begin{gathered} 1 \text { Y Dec. } \\ \text { '20 } \end{gathered}$ | $\begin{gathered} \text { 1Y Dec. } \\ \text { '19 } \end{gathered}$ | $\begin{gathered} \text { Avg. } \\ \text { Avg } \end{gathered}$ | $\begin{gathered} \text { 5y } \\ \text { Avg. } \end{gathered}$ | $\begin{aligned} & \text { 10Y } \\ & \text { Avg. } \end{aligned}$ | $\begin{aligned} & \text { 20y } \\ & \text { Avg. } \end{aligned}$ | $\begin{aligned} & \text { \# Yrs w } \\ & \text { Infl. } \end{aligned}$ | $\begin{aligned} & \text { \# Yrs } \\ & \text { Index } \\ & \text { Publ. } \end{aligned}$ | \# Yrs. <br> w/ Infl. <br> Freq. | Hist. Avg. Inf. Freq. |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Commercial furniture \& fixtures, n.e.c. | 11.9\% | 10.9\% | 2.4\% | 5.3\% | 6.4\% | 4.0\% | 3.1\% | 2.6\% | 18 | 20 | 90\% | 100\% |
| Floor coverings | 6.1\% | 5.3\% | 0.3\% | -0.1\% | 2.1\% | 2.5\% | 1.5\% | 2.4\% | 17 | 20 | 85\% | 100\% |
| Household appliances | 6.9\% | 5.6\% | 1.9\% | 2.9\% | 4.0\% | 3.1\% | 1.8\% | 1.3\% | 12 | 20 | 60\% | 100\% |
| Other household durable goods | 8.6\% | 9.8\% | 2.6\% | 1.3\% | 4.2\% | 3.0\% | 2.0\% | 1.7\% | 20 | 20 | 100\% | 100\% |
| Vitreous china, fine earthenware \& pottery | 5.7\% | 6.3\% | 3.8\% | 1.8\% | 3.7\% | 3.5\% | 2.9\% | 2.3\% | 20 | 20 | 100\% | 100\% |
| Lawn/garden equipment | 4.0\% | 3.5\% | 0.7\% | 1.6\% | 2.3\% | 1.8\% | 1.1\% | 0.9\% | 15 | 20 | 75\% | 100\% |
| Cutlery, flatware, razors \& razor blades | 2.6\% | 3.0\% | 2.0\% | 0.3\% | 1.3\% | 0.6\% | 1.1\% | 1.7\% | 18 | 20 | 90\% | 100\% |
| Glass | 6.3\% | 6.6\% | 3.3\% | 1.4\% | 3.6\% | 3.0\% | 2.7\% | 1.5\% | 15 | 20 | 75\% | 100\% |
| Concrete ingredients \& related products | 4.4\% | 4.1\% | 3.8\% | 3.3\% | 3.9\% | 3.7\% | 3.8\% | 3.8\% | 19 | 20 | 95\% | 100\% |
| Construction sand, gravel \& crushed stone | 4.2\% | 4.0\% | 4.4\% | 3.8\% | 4.3\% | 3.9\% | 3.7\% | 4.1\% | 20 | 20 | 100\% | 100\% |
| Concrete products | 6.5\% | 5.3\% | 2.7\% | 2.7\% | 4.1\% | 3.8\% | 3.5\% | 3.4\% | 17 | 20 | 85\% | 100\% |
| Precast concrete products | 9.4\% | 10.9\% | 4.7\% | 2.6\% | 6.2\% | 5.2\% | 3.9\% | 3.6\% | 19 | 20 | 95\% | 100\% |
| Prestressed concrete products | 12.5\% | 11.9\% | -0.6\% | 2.3\% | 4.5\% | 3.9\% | 3.6\% | 3.1\% | 13 | 19 | 68\% | 100\% |
| Clay construction products ex. refractories | 5.2\% | 4.6\% | 2.0\% | 1.3\% | 2.8\% | 2.0\% | 1.5\% | 1.3\% | 15 | 20 | 75\% | 100\% |
| Refractories | 6.5\% | 5.8\% | 0.5\% | 5.3\% | 3.6\% | 3.8\% | 2.7\% | 3.5\% | 18 | 20 | 90\% | 100\% |
| Gypsum products | 20.2\% | 22.2\% | 3.7\% | -4.2\% | 5.3\% | 6.0\% | 7.0\% | 5.2\% | 15 | 20 | 75\% | 100\% |
| Glass containers | 5.4\% | 5.2\% | 1.7\% | 2.7\% | 3.3\% | 2.5\% | 2.0\% | 2.6\% | 20 | 20 | 100\% | 100\% |
| Insulation materials | 15.4\% | 18.8\% | 1.5\% | -2.9\% | 4.1\% | 4.0\% | 3.7\% | 3.0\% | 16 | 20 | 80\% | 100\% |
| Paving mixtures \& blocks | 7.7\% | 5.7\% | -3.7\% | -1.0\% | 0.3\% | 2.4\% | 0.7\% | 4.5\% | 14 | 20 | 70\% | 100\% |
| Gaskets, packing \& sealing devices | 4.6\% | 5.3\% | 1.7\% | 0.8\% | 2.3\% | 2.0\% | 1.7\% | 2.0\% | 19 | 20 | 95\% | 100\% |
| Nonmetallic minerals \& products, n.e.c. | 2.8\% | 2.1\% | -0.7\% | 1.9\% | 1.2\% | 0.9\% | 2.0\% | 3.0\% | 18 | 20 | 90\% | 100\% |
| Motor vehicles \& equipment | 3.8\% | 4.3\% | 0.7\% | -0.1\% | 1.5\% | 1.3\% | 1.2\% | 1.0\% | 16 | 20 | 80\% | 100\% |
| Motor vehicles parts | 4.5\% | 4.1\% | 0.8\% | -0.9\% | 1.6\% | 1.3\% | 0.7\% | 0.8\% | 14 | 20 | 70\% | 100\% |
| Truck trailers | 19.8\% | 12.7\% | 0.0\% | 2.9\% | 7.5\% | 6.2\% | 3.6\% | 3.4\% | 17 | 20 | 85\% | 100\% |
| Travel trailers \& campers | 18.0\% | 17.5\% | 3.9\% | 2.6\% | 8.0\% | 6.3\% | 4.4\% | 3.5\% | 19 | 20 | 95\% | 100\% |
| Transportation equipment, n.e.c. | 6.8\% | 6.3\% | 0.5\% | 0.6\% | 2.9\% | 2.6\% | 1.7\% | 1.5\% | 16 | 20 | 80\% | 100\% |
| Automobile \& light truck trailers | 21.4\% | 20.2\% | 1.2\% | 1.3\% | 8.4\% | 6.9\% | 3.8\% | 3.4\% | 19 | 20 | 95\% | 100\% |
| Toys, sporting goods, small arms, etc. | 8.3\% | 7.9\% | 0.3\% | 4.6\% | 4.1\% | 2.6\% | 1.8\% | 1.6\% | 16 | 20 | 80\% | 100\% |
| Toys, games \& children's vehicles | 5.7\% | 5.8\% | 1.7\% | 0.4\% | 2.6\% | 2.0\% | 1.6\% | 1.6\% | 17 | 20 | 85\% | 100\% |
| Sporting \& athletic goods | 12.6\% | 11.8\% | -0.7\% | 8.3\% | 6.0\% | 3.4\% | 2.1\% | 1.3\% | 14 | 20 | 70\% | 100\% |
| Playground equipment | 22.6\% | 23.5\% | 4.3\% | 4.6\% | 10.2\% | 7.8\% | 5.6\% | 5.8\% | 12 | 14 | 86\% | 100\% |
| Small arms \& ammunition | 3.0\% | 3.1\% | 1.4\% | 0.7\% | 1.9\% | 1.7\% | 1.5\% | 2.7\% | 18 | 20 | 90\% | 100\% |
| Tobacco products, incl. stemmed \& redried | 7.0\% | 8.7\% | 6.4\% | 6.2\% | 6.6\% | 6.5\% | 5.6\% | 4.4\% | 18 | 20 | 90\% | 100\% |
| Photographic equipment \& supplies | 7.4\% | 4.9\% | -0.1\% | 7.1\% | 4.7\% | 3.4\% | 3.0\% | 1.5\% | 12 | 20 | 60\% | 100\% |
| Manufactured homes (mobile homes) | 25.0\% | 20.1\% | 8.6\% | 8.7\% | 13.5\% | 10.1\% | 6.3\% | 5.0\% | 20 | 20 | 100\% | 100\% |
| Medical, surgical \& personal aid devices | 1.2\% | 0.5\% | 1.1\% | 1.4\% | 1.3\% | 1.1\% | 0.9\% | 1.2\% | 20 | 20 | 100\% | 100\% |
| Medical \& surgical appliances \& supplies | 2.9\% | 2.9\% | 0.4\% | 1.7\% | 1.7\% | 1.4\% | 0.9\% | 1.2\% | 18 | 20 | 90\% | 100\% |
| Ophthalmic goods | 2.6\% | 2.3\% | 1.5\% | 1.4\% | 2.1\% | 1.8\% | 1.3\% | 1.4\% | 17 | 20 | 85\% | 100\% |
| Other industrial safety equipment | 5.3\% | 5.6\% | 2.9\% | -0.9\% | 3.6\% | 1.7\% | 1.9\% | 1.8\% | 18 | 20 | 90\% | 100\% |
| Brooms, brushes \& mops | 4.2\% | 3.4\% | 0.2\% | 2.9\% | 2.5\% | 1.9\% | 1.4\% | 1.7\% | 19 | 20 | 95\% | 100\% |

## LIFO Election Benefit Analysis Report

- How it Works \& What's Included
- Companies \& CPA firms can get a complimentary PDF report detailing LIFOPro's election benefit analysis results, which includes the following:
- Projected after-tax cash savings that would occur if LIFO were elected this year
- Pro forma calculation results showing the after-tax cash savings that would have accrued if LIFO were to have been elected 20 years ago
- Historical inflation trends
- LIFOPro's recommendations regarding the following:
- If LIFO should or shouldn't be elected
- The most optimal \& compliant submethods to use
- How LIFO works Appendix detailing the mechanics of LIFO, steps for first-time LIFO users \& detailed examples of how to record GL journal entries to adjust inventories from cost to LIFO
- Turnkey outsourcing solutions and software license quotes


## Benefit Analysis Documentation Requirements

- You choose what level of analysis that you'd like us to perform \& we'll do the rest. Many companies will initially request a high-level analysis to determine whether the potential after-tax cash savings is worth the time \& effort required to prior to getting a low-level or detailed benefit analysis. The documentation required for each level of analysis is as follows:
- High-level analysis:
- Industry type, for example steel wholesaler or furniture manufacturer
- Company name and/or URL (optional)
- Mid-level analysis:
- Same information required for high-level analysis, plus:
- Current \& prior year end inventory balances at cost (FIFO, average cost etc.)
- Tax rate
- Low-level analysis:
- Same information required for mid-level analysis, plus:
- Current \& prior year end inventory item detail report(s): Raw item cost data containing applicable fields such as:
- Unique identifier such as a SKU/UPC/part number/code etc.
- Item description
- Current period quantity on hand
- Unit of measure (if applicable)
- Current period item/unit cost
- Provides more accurate after-tax cash savings estimate \& turnkey outsourcing solution \& software license price quote


## LIFO Election Requirements

|  | Financial <br> Reporting |
| :--- | :---: |
| Tax |  |

## Turnkey Outsourcing Solutions

- Maintain the benefits of LIFO while avoiding all the hassle
- Reduce LIFO-related tasks to the following:
- Sending inventory documentation to LIFO-PRO
- Review LIFOPro reports PDF/Excel file delivered to client
- Using LIFOPro report amounts to record financial reporting adjusting journal entries \& enter appropriate tax return entries (all amounts provided in LIFOPro reports)
- Includes all work required to adopt LIFO
- Comes with assurance of a Service Organization Control Report (SOC 1 Type II Report)
- Lower control risk, minimize substantive procedures \& simplify auditing your LIFO calculation
- Avoid big surprises at year end by receiving up to three interim estimates using most recently released BLS inflation indexes (no inventory documentation required)
- Eliminate complicated LIFO layer history Excel schedules
- Free up time to focus on forecasting \& planning
- Increase reporting transparency \& eliminate confusion
- Also includes unlimited training \& 40 hours of IRS audit support


## Software

- Guarantee LIFO calculation accuracy \& eliminate IRS audit risk
- Minimize time spent performing LIFO calculations in-house
- Automates the following aspects of IPIC CPI/PPI inflation calculations:
- Download of LIFOPro software data files containing BLS price indexes for all periods
- BLS price index lookup for all published CPI/PPI categories
- Category inflation indexes by BLS category
- Application of the BLS weights of relative importance (for $10 \%$ method users)
- Substitute indexes for current BLS categories with unpublished price indexes
- Replacement BLS categories for discontinued \& deleted categories
- IPIC pooling method pool number assignment
- IPIC pooling method $5 \%$ test
- Automates the following aspects of internal index inflation calculations:
- Calculating current year index by item
- Identifying \& applying appropriate treatment to new items
- Identifying \& applying appropriate treatment to exceptions/outlier items
- Completely automates LIFO layer, inventory \& reserve calculation
- Provides comprehensive calculation documentation \& reporting features
- Quickly performs interim estimates, ad-hoc projections \& sensitivity analysis


## Pricing \& Terms: Turnkey Outsourcing Solutions

- Pricing is based on company size \& engagement scope; recurring annual fees start as low as $\$ 500 /$ year
- Terms are for a one-year period \& are free of multi-year commitments
- Fixed annual cost that's guaranteed to remain the same amount for at least 4 years
- LIFO-PRO reports delivered electronically including comprehensive documentation of all LIFO amounts required to record adjusting general ledger \& tax return entries
- All reports can be delivered as either Excel/PDF files
- Also includes:
- Up to three interim LIFO estimates using most recently published BLS inflation indexes \& prior year end product mix \& inventory balances
- Unlimited report revisions
- Up to 40 hours of GAAP \& IRS audit support

Turnkey Outsourcing Solutions Recurring Annual Fee Range

| Inventory Balance at Cost on LIFO | Internal Indexes |  | External Indexes (IPIC CPI/PPI) |  |
| :---: | :---: | :---: | :---: | :---: |
|  | Annual <br> Calculation Only | Including Quarterly Estimates | Annual Calculation Only | Including Quarterly Estimates |
| < \$1 million | \$500 | \$1,000 | \$500 | \$1,000 |
| \$1M-\$19M | \$500-\$1,500 | \$1,000-\$2,500 | \$1,000-\$5,000 | \$1,500-\$7,500 |
| \$20M-\$99M | \$1,500-\$3,500 | \$2,500-\$4,500 | \$2,500-\$7,500 | \$3,500-\$10,000 |
| \$100M - \$499M | \$3,500-\$5,000 | \$4,500-\$6,000 | \$4,000-\$10,000 | \$5,000-\$12,500 |
| \$500M - \$999M | \$5,000-\$7,500 | \$6,000-\$10,000 | \$5,000-\$20,000 | \$7,500-\$15,000 |
| \$1B or more | \$7,500-\$15,000 | \$10,000-\$20,000 | \$10,000-\$50,000 | \$12,500-\$75,000 |

## Pricing \& Terms: Software

- Software license leased for a one year period with optional annual renewal
- Price based on value in-use, calculation modules enabled (internal index, external index or both) \& annual license costs starts at $\$ 250 /$ year
- Includes LIFOPro building your company's software database file containing historical LIFO calculation documentation
- Includes the option to outsource your next LIFO calculation to LIFOPro at no additional cost in the first year of your software license to provide users extra time to do any the following:
- Complete current period calculations ahead of reporting/filing deadline without having to rely on manual procedures presently employed in-house
- Make parallel calculations to compare your company's in-house vs. LIFOPro software's results
- Allow IT department time to test and/or approve software usage
- Become familiarized with LIFOPro software's reports
- Implement new procedures related to using the software to complete LIFO calculations
- Install the software on user's PCs
- Learn usage steps \& receive any training needed from LIFOPro
- Comes with the assurance of a Service Organization Control Report (SOC) issued to LIFOPro by independent CPA firm
- Includes unlimited phone, email or in-person support \& training
- Includes LIFOPro reviewing calculations for reasonableness
- Can be installed on-premise or accessed on LIFOPro's private cloud
- Operating System Requirements:
- Both on-premise \& cloud versions work on all PCs with Windows 7/10/11
- Minimal operating system requirements for both versions \& minimal storage space requirements for on-premise (no storage requirements for private cloud)

LIFOPro Software License Annual Fee Range

| Inventory Balance <br> at Cost on LIFO | Internal Indexes |  |  |
| :---: | :---: | :---: | :---: |
|  | Excluding Internal Index Module | Including Internal Index Module | External Indexes <br> (IPIC Method <br> Using CPI/PPI) |
| < \$1 million | \$250 | \$500 | \$500 |
| \$1M - \$19M | \$250-\$1,500 | \$500-\$2,500 | \$500-\$3,000 |
| \$20M - \$99M | \$500-\$2,000 | \$1,500-\$4,000 | \$1,500-\$5,000 |
| \$100M - \$499M | \$1,500-\$3,000 | \$2,500-\$5,000 | \$2,500-\$5,000 |
| \$500M - \$999M | \$2,500-\$4,000 | \$3,000-\$6,500 | \$3,000-\$7,500 |
| \$1B or more | \$3,000-\$7,500 | \$4,000-\$15,000 | \$4,000-\$15,000 |

## LIFO Resources

- Top LIFO Candidate List Excel File: https://www.lifopro.com/publicdownloads/LIFOPros-Top-LIFO-Candidates-List-for-CPA-Firms.xlsx
- Sample LIFO Election Benefit Analysis Report: https://www.lifopro.com/publicdownloads/Sample-LIFO-Election-Benefit-Analysis-Report.pdf
- Sample LIFO Review Report: https://www.lifopro.com/publicdownloads/Sample-LIFO-Review-Report.pdf
- LIFOPro's Resources Pages:
- How LIFO Works: https://www.lifopro.com/resources/how-lifo-works/
- LIFO Rules \& Regulations: https://www.lifopro.com/resources/lifo-methods/
- Good LIFO Candidates: https://www.lifopro.com/resources/good-lifo-candidates/
- LIFO Glossary: https://www.lifopro.com/resources/lifo-glossary/
- FAQ's: https://www.lifopro.com/resources/faqs/
- Success Stories: https://www.lifopro.com/resources/lifo-success-stories/

