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The Magazine for Tax and Accounting Professionals

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WHAT'S YOUR EARLY WARNING SYSTEM?

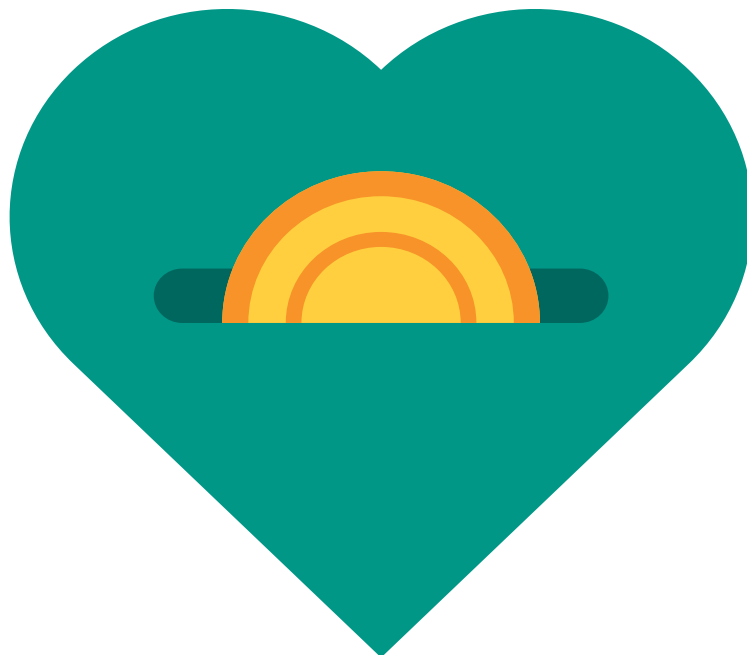
Anticipating Opportunities
and Threats

10 Strategies to Improve Client Accounting Services

A Talent Shortage Looms as the Industry Booms

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PAGE 6
**WHAT'S YOUR EARLY
WARNING SYSTEM?**



PAGE 10
**10 STRATEGIES TO
IMPROVE CLIENT
ACCOUNTING SERVICES**



PAGE 20
**HIGHLIGHTS FROM
THE NSA 67TH
ANNUAL MEETING**



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Publisher

National Society of Accountants

Executive Vice President

John G. Ams

**Vice President and Director,
Marketing and Member Services**

Jodi L. Goldberg

Editor

Julene Joy

Tax Manager

Deborah Aiken

Ad Sales Manager

Al Rickard, Association Vision
arickard@associationvision.com

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Harlan Rose, EA, ABA
Marshfield, WI

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FEATURES

6
**WHAT'S YOUR EARLY
WARNING SYSTEM?**
**Anticipating Opportunities and
Threats**

By Mark H. Fowler

10
**10 STRATEGIES TO IMPROVE
CLIENT ACCOUNTING SERVICES**

By L. Gary Boomer

12
**A TALENT SHORTAGE LOOMS AS
THE INDUSTRY BOOMS**

By Mark Schoeff, Jr.

14
**HARLAN ROSE TAKES NSA'S
REINS FOR 2012-2013**

By Julia Wilkinson

20
**NSA ANNUAL MEETING
HIGHLIGHTS**

24
**RESULTS OF PROPOSED
AMENDMENTS TO NSA BYLAWS**

DEPARTMENTS

2
PRESIDENT'S MESSAGE

By Harlan Rose, EA, ABA

3
LEGISLATIVE LINK

By John G. Ams, CAE

4
NSA CONNECTED WEBINARS

17
TIDBITS FROM THE TAX DESK

By Deborah Aiken, CPA, JD

18
ALL AROUND NSA

Enroll in the new NSA
mentoring program
Mentor Match



Page 5

By Harlan Rose



“You never know where life’s journey will take you.” You will hear me use this phrase many times.

Back in 2000 I became involved in NSA by being asked to serve on a State Regulation and Oversight Committee followed by being elected Wisconsin State Director. I had no intentions of becoming NSA President. I grew in NSA by getting more involved and getting to know other NSA members and programs, by getting gentle persuasions and encouragement to keep on growing as a board member and later as an officer. And now, here I am now ready to give back to NSA and it’s members. Thus my phrase, “You never know where life’s journey will take you.” Always seize your opportunity in life and NSA when you are asked!

During my upcoming 2012-13 term I want to emphasize the following areas:

- Develop more relationships between NSA and the Affiliated State Organizations (ASO). To start, we must have better communication through training and coordination of the State Directors.
- Continue to develop the NSA mentoring program started this past year. Take time to seek information if this is an area you, as a NSA member, can do.
- Gain knowledge by attending the NSA Leadership Networking Conference in St. Louis – October 26-28. Prior to this event the ASO Executive Directors are invited to attend a conference preceding on October 24-26 designed for them to continue developing ASO/NSA relations.
- Continue to monitor and protect the practice rights of NSA members whether on a state or national level. The California and Alabama situations that arose in the past years are prime examples of how NSA is there for its members.

I look forward to this upcoming year as well as future years to do what is best for NSA members. Thank you for putting your confidence in me.

Truly yours in NSA,

A handwritten signature in cursive script that reads "Harlan Rose". The ink is dark and the signature is fluid.

Harlan Rose, EA, ABA
NSA President 2012-2013

LEGISLATIVE LINK

IRS ATTENDANCE AT YEAR END LIAISON MEETINGS

NSA recently received an email from a state organization that is trying to educate its members about new IRS rules and regulations, primarily to make sure they do a good job for their clients, but also to make sure they do not subject themselves to ever-increasing IRS penalties. The education takes the form of five events at different locations throughout the state, and is jointly sponsored by the state organization and its state Department of Revenue. The IRS speakers have traditionally spoken at the events, which also serve as a key means for tax professionals to express their views or ask questions about IRS practices or procedures.

The state organization has just been informed that the IRS National Office is not allowing its stakeholder liaisons to attend more than one such year-end liaison event in any state. In other words, according to the email, “The IRS is holding practitioners to a much higher standard but is significantly reducing the ability of practitioners to ask questions and reducing the opportunity for the IRS to directly hear the concerns of those under the gun.” The email then asks, “What is wrong with this new Commissioner Schulman customer service approach?”

What is wrong is that the whole “leveraging the IRS relationship with the tax preparer community” scheme relies on two things: communication and a relationship. If there is no communication with the folks the IRS is trying to leverage, it is difficult to see how this can be a successful relationship.

Since the IRS has decided to use budgetary resources elsewhere, our advice to anyone attending or organizing a session where an IRS stakeholder liaison or representative is speaking—one in which you will obtain CPE credit—is to confirm that they will, in fact, be there.

If you have any other examples of IRS outreach or communication not meeting your expectations, please let us know by email at members@nsacct.org and we will pass them on to the IRS.



*John G. Ams, CAE
Executive Vice President
National Society of Accountants
Alexandria, VA*



Advanced Examination Techniques and the Practitioner's Role in Protecting Taxpayer's Rights

October 23 2:00 PM EDT (11:00 PDT)

Although the IRS audits about 1.4 million taxpayers each year the vast majority are correspondence audits. This class will cover the minority of audits where the IRS personally contacts the taxpayer and ask to conduct an exam at her home or business.

CPE: 2 Hours/Taxes

Presented by Robert E. McKenzie, EA, Attorney

IRS Correspondence Audits

November 27 2:00 PM EST (11:00 PST)

The IRS has more than doubled its level of examinations over the last several years. More taxpayers are becoming subject to correspondence audits. Learn how to assist the client and the Service in reaching a proper determination by knowing the best ways to respond to Correspondence exams. Also, learn the best ways to support your client's tax returns and appeal rights when the exam can not be resolved with the Compliance Center.

CPE: 2 Hours/Taxes

Presented by Robert E. McKenzie, EA, Attorney

Audit Reconsideration

November 6 2:00 PM EST (11:00 PST)

Sometimes our clients fail to timely respond to IRS examination notices. As a result the IRS makes an assessment and issues collection notices. This class will cover the option to seek audit reconsideration, as well as the taxpayer's options when the IRS denies their request for one. Learn: audit reconsideration rules, reopening substitute for return assessments, documentation pointers, taxpayer advocate assistance, and litigation rights post assessment.

CPE: 2 Hours/Taxes

Presented by Robert E. McKenzie, EA, Attorney

Successfully Negotiating Offers in Compromise

December 11, 2:00 PM EST (11:00 PST)

Over the past several years, the Internal Revenue Service has totally revised its system of offers in compromise. Practitioners must comply with increasingly complex rules for settlement of outstanding tax obligations.

CPE: 2 Hours/Taxes

Presented by Robert E. McKenzie, EA, Attorney

Non-Filer Representation

November 13 2:00 PM EST (11:00 PST)

This presentation will cover the best methods to represent your non-filing clients. We will discuss IRS investigation techniques, IRC Sec. 6020B returns and substitutes for returns (SFRs). You will learn: who might be prosecuted for non-filing and when, IRS priorities, IRS notice procedure, campus procedures for ASFRs, how many years to file, and case resolution techniques.

CPE: 2 Hours/Taxes

Presented by Robert E. McKenzie, EA, Attorney

AUTHOR SPOTLIGHT



Robert McKenzie

Robert E. McKenzie is a Partner of the law firm of Arnstein & Lehr LLP of Chicago, Illinois, concentrating his practice in representation before the Internal Revenue Service and state tax agencies. He has lectured extensively on the subject of tax representation. He has presented courses before thousands of CPAs, attorneys and Enrolled Agents nationwide. He has made numerous media appearances including Dateline NBC and The ABC Nightly News.

REGISTER NOW

NSA ConnectED webinars provide a cost-effective way for you to get CPE at your convenience. NSA is approved by NASBA, the IRS Director of Practice, ACAT, and CTEC as a provider of continuing professional education.

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www.connect.nsacct.org/mentoring

NSA's Mentor Match is a convenient online mentoring program that has been put together as part of our commitment to the professional development needs of our members. Mentor Match is a unique online networking tool designed to help you find and connect with one another to establish mutually beneficial mentoring relationships.

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3. Fill out each of the information fields on this page by clicking on the small icon to the right of each category. Each field must be filled out.
4. Be sure to click 'Save' when you are finished.
5. Click on the link at the bottom, 'Click here to view your mentor(mentee) profile'. Check to make sure you have included everything in your profile that you want to include. Ensure that your status is set to 'Participating' at the top of the profile page. Now you are ready to be matched with a mentor/mentee.

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<http://connect.nsacct.org/NSACCT/MemberBenefits/NSAMentorMatch/AboutNSAMentorMatch/>

An online professional mentoring program





What's Your Early Warning System?

Anticipating Opportunities and Threats

By Mark H. Fowler

Whether your business is in crisis, growing rapidly, or just muddling along at an average growth percentage, understanding what is happening from many dimensions is essential for success. Traditionally, many of us have relied first and foremost on outside financial statement presentations and in-house management reporting to help guide us. Over the last decade or so, management has also begun to look at key indicators and dashboard presentations for added operational perspectives into a company's situation.

These resources all have their place, but the tendency when using them is to focus purely on fact-based information and on historical events—even if it's yesterday's orders, product deliveries, product production, or overtime. Although valuable, such information often doesn't give management a clear idea of what the future may bring.

There's a third resource that can substantially help management anticipate, benchmark and course-correct its business and operational plan. It focuses less on hard numbers and more on important intangibles. With this information added to the data-driven and historical resources they already gather, management, with the help of their advisors, would have the beginnings of a real early warning system.

The immediate question might be: Why is this type of information so important? We've gotten along without it, so why do we need it now?

One reason is that in today's tough competitive climate, business needs to anticipate problems as early as possible and financial statements and key indicators expose symptoms of current challenges more than warning signs of future ones. Warning signs or signals are indicators of future situations and events—they surface *before* symptoms arise. For example, it's common in management to say that being short of cash is a signal that a company is in trouble. In fact, companies that are regularly short of cash could easily have been in trouble for some time before a cash shortage happens. Cash shortage is thus a symptom of an existing problem, not a signal of a potential challenge.

These warning signs are not unlike the results of tests doctors might administer or questions they might ask to establish whether a patient has a risk of or tendency toward developing a certain condition. These inquiries might reveal a slightly higher-than-normal blood pressure, a less-than-ideal diet, a job with more than normal stress, or a family history of certain conditions. Nothing is seriously wrong (yet), but if the doctor had not decided to drill down and explore other information beyond the usual, he or she might not have become more sensitive to this patient's possible future challenges.

Now think for a moment about the countless hours of time and energy that go into creating a company's strategic plan and its corresponding operational plan for the next 1 to 3 or 1 to 5 years. At the time the plan is crafted, management attempts to anticipate and develop assumptions along factual and logical baselines. But in some cases, as we all know, the bottom line of all that analysis comes down to a good guess. So, wouldn't it be prudent and wise to establish a methodology that catches the earliest signs of movement forward, backward, or no movement at all—and to do so from a day-to-day business/operational perspective?

Well, you might say, we're not a human patient, we're a business. There are no tests like that for us. In some cases that might be true, but often there's a world of information about what's happening on a more subtle level than we realize.

IN OUR CORPORATE REENGINEERING WORLD, WE DEFINE A “CRISIS” OR “TURNAROUND” SITUATION AS AN ENVIRONMENT THAT, PERHAPS VERY SUBTLY OVER TIME, HAS LOST GROUND IN CREATING VALUE FOR THE BUSINESS AS A WHOLE.



Let's look at an example. In our corporate reengineering world, we define a "crisis" or "turnaround" situation as an environment that, perhaps very subtly over time, has lost ground in creating value for the business as a whole. We believe that it's always important to be adding value all the time—such as in continually empowering and mentoring team members so they're involved and ready to handle whatever happens.

That's one example of an intangible. Also, if we become careless about enhancing and protecting our intangible property, such as trademarks, copyrights, patents, market penetration, niches, and new product development, we are losing ground. It may not be perceptible at first, however. Even though there are no discernible problems with cash flow or profits, the company is still on its way to, if not already in, a "crisis"—because it is not constantly moving forward.

With this new information, we can revisit our assumptions, verify whether we're on the right track, add new ideas and plans of action, realize that there may be a whole

Another example of the intangible is something we call philosophical discontinuity. This occurs when owner and/or managers are not on the same page from a conceptual or strategic perspective. In a startup business, this issue may not surface at first, because the clear focus is on survival and on growing the business in any way possible. But as the business grows and becomes more complex, strategic decisions become more complex as well, and the need for a more professional environment also emerges. This is when philosophical differences begin to show themselves. They commonly fall into these categories:

- Completing work—planning vs. waiting until the last minute
- Motivating team members—carrot vs. stick
- Communication style—dialoguing and listening vs. telling
- Management style—delegation vs. "I have all the answers"
- Future vision—growth vs. status quo
- Pricing—value vs. low-ball

PROBABLY THE WARNING SIGN WE SEE MOST FREQUENTLY, BEFORE ANY VISIBLE EROSION OCCURS, IS A SHIFT IN ATTITUDE: OWNER AND/OR MANAGER BELIEVE "WE HAVE ARRIVED" AND BEGIN TO COAST. THERE IS NO SUCH THING AS HAVING "ARRIVED," EVEN THOUGH YOU MIGHT WANT TO BASK IN YOUR SUCCESS FOR A BIT. ENJOYING YOUR ACHIEVEMENTS IS A GOOD THING.

new issue or opportunity to explore—and, last but not least, become aware of some inconsistencies that could, if left unchecked, pose some real challenges for the company down the line. We can make appropriate changes, which may include investigating other opportunities or developing other scenarios alongside the current plan to support and maybe augment it.

In no way are we suggesting the elimination of financial or operational data, or that it be diminished in value. Such data can help flesh out this intangible but highly valuable data by adding depth, clarity, and texture.

Probably the warning sign we see most frequently, before any visible erosion occurs, is a shift in attitude: owner and/or manager believe "we have arrived" and begin to coast. There is no such thing as having "arrived," even though you might want to bask in your success for a bit. Enjoying your achievements is a good thing. But success of any size or shape ultimately just means additional considerations and often more time and more work. It's as if you've moved into a bigger house: the bigger your house, the more there is to do, especially in the area of maintenance.

Philosophical discontinuity is a powerful early warning signal because the signs can be found in everyday interactions—if you're on the lookout for them. They let us know that some course correction and confrontation are needed if the company is going to be really successful. If no corrective action is taken, all the financial information and/or operational indicators in the world won't matter much, as the owners pull away from each other and the business. To be really successful, it is important for everyone in the business to be on the same page, especially in the areas of quality, advancement, growth, profitability, customer services, and team members.

Let's now apply this concept of intangibles to the more operational dynamic of cash flow. Here are a few examples of how paying attention to intangibles can warn us of potential cash flow trouble before it happens:

Evaluating which products or services customers find most valuable. The more appreciated the product or service, the more value it will be perceived to have, and the better the chances will be for collection.

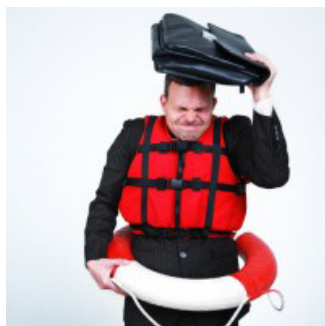
Constantly evaluating which customers or clients best

fit the organization. How do the customers treat the company? Customers who fit the company tend to like the company and will be more likely to pay their bill.

Having clear, well documented, and proper collection policies. For instance, an inconsistent approach to collections can create a laissez-faire attitude in customers about payment. If you don't display purpose and resolve in collecting your receivables, why should they, in remitting them?

Let's try another example. In this case, the symptom is that the company fails to meet its revenue goals. Here are five possible signals that could have alerted management to the fact that the goals were not going to be accomplished and given them a chance to turn things around:

- The general manager has had several important action points on his or her to-do list that never seem to get any traction or make progress.
- There is no to-do list or operational plan.
- Management has not developed or doesn't understand the key action points for accomplishing the company's goals.
- There is no plan for today and every day to grow the business.
- Operations management can't really tell you what they have done to advance the overall business.



**A RISK-AVERSE MANAGEMENT TEAM
THAT DOES NOT TAKE CHANCES
TO DEVELOP AND EXPAND ITS PRODUCTS AND SERVICES...
CAUSES CUSTOMER AND MARKET EROSION AND
SLOWS THE MOMENTUM OF THE BUSINESS,
MAKING IT HARDER TO TAKE CONSTRUCTIVE RISKS FOR SUCCESS.**

Now to complete the loop here, let's outline some warning signs that might become part of your early warning system:

An atmosphere of "blame" where it's more important to find out "who did it" than to find out what happened and do something about it. This intangible creates a constant level of stress and discord and tends to prompt good employees to leave.

Trying to achieve goals by hitting home runs instead of by a combination of home runs, singles, doubles, and "one base at a time." This intangible indicates an environment of unnecessary risk and blinds management to opportunities in plain sight.

Being married to the business, or adopting an attitude of "this is my baby, my life." This intangible creates a situation where it's hard for people to grow and develop, and it often causes unnecessary turnover.

Loosely managed policies and procedures, especially with the development and marketing of new projects and new products. This intangible creates confusion and wasted energy and limits success.

Not tracking processes and events (for example, not monitoring the pipeline, not capturing information about new sales). This limits the return on marketing and sales efforts, and opportunities tend to slip through your fingers.

Not following up on initiatives (for example, not understanding how a new program is doing). This almost immediately can lead to not making the course corrections needed to refine the process to be successful.

A risk-averse management team that does not take chances to develop and expand its products and services. This causes customer and market erosion and slows the momentum of the business, making it harder to take constructive risks for success.

Not eliminating the "1/20s." A 1/20 for us is an individual whose lack of discipline, disgruntled attitude, and limited effectiveness can negatively affect the other 19 around him or her. This intangible erodes others' attitudes, things don't get done, and the talented people disappear.

Maybe you can identify with some of these signals—or maybe they've given you insights into other signals to watch for. There are many different ways to evolve and develop your own early warning signals or signs. When you combine them with the more traditional financial and operational information sources you've probably been relying on up until now, you can build an assessment system that helps your company better anticipate challenges and opportunities—and most importantly, allows you the luxury of time to do something about them before it's too late. Building your early warning system takes time, but it is well worth the effort if you really want to be successful. Good luck!

Mark H. Fowler, CPA (inactive), CMC, is the president of Stowe Management Corporation, a corporate reengineering firm based in Santa Monica, California. He has worked with bankers, and CPAs, and their clients for over twenty-five years, specializing in turnarounds, succession planning, mergers, acquisitions and corporate growth.

Stowe Management Corporation
P.O. Box 2028
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10 Strategies to Improve Client Accounting Services

By L. Gary Boomer

Clint Eastwood in *The Rookie* said, “If you want a guarantee, buy a toaster.” There is no question that many accounting firms are conservative, but are they so conservative they are missing value added opportunities? It is my opinion that firms need to be thinking differently about client services and the entire menu of services they offer. Technology is rapidly changing client requirements and the way business is done. The following ten strategies are listed to make you think and communicate with your partners, managers, staff and clients. By doing so, your firm can develop strategies that address key firm dangers: lack of growth, lack of succession and lack of talent development. The list is not ranked by level of importance, but rather a list to help you think and develop beneficial strategies.

#1 - INDEPENDENCE OR ADVOCACY

The rules of independence have long driven the profession in the core services of tax and accounting, however, this is also a limiting factor when it comes to the breadth and depth of services a firm can offer its clients. We refer to these services as adjacent (new to the firm or expanding existing business) and transformational (new services and breakthroughs). Knowing where to play in the market and how to win are extremely important. Would your firm be better off to choose advocacy and increase the number of services offered? What percent of your current revenues are from core services? What services do your existing clients need?

#2 - MENU AND SERVICE LEVELS

Develop a list of services that small business and not for profit organizations need. Yes, accounting and tax compliance are included in this offering. But there are many services that may be valued higher and are more important to the leadership of the company or organization. Some of the high-level services such as strategic planning, accountability, talent development, team building, technology, web strategy, cash flow projections, and budgeting are often overlooked due to the focus on L-1 services. The attached service level graphic demonstrates how to offer both core and higher value added services. Is your firm capable of offering these services? Do you ask for L-2 and L-3 business and referrals?

#3 - SERVICE DELIVERY TEAM

In order to expand client accounting services, firms should use the delivery team approach rather than the “rugged individual” approach. This provides better services to the client, allows for the utilization of unique abilities and assists in succession planning. Not all of these services require a CPA

license, so it is possible for firms to build broader skill based teams. Does your firm use client service delivery teams? Have you utilized testing like the Kolbe Index to determine each team members’ unique abilities and team synergy?

#4 - CHAMPIONS/LEADERS

Each team needs a champion in order to insure success. The characteristics of a champion are; they have a purpose greater than themselves, team builder, access to resources, politically connected, proven track record and passion. By knowing peoples’ unique abilities it is much easier to identify champions. In too many firms, client accounting services have been assigned to people without these characteristics and they have been left without resources to meet the challenges. Who are the champions in your firm? Do you have champions who are passionate about client accounting services?

#5 - UNIQUE PROCESSES

Every firm has or should have unique processes. These processes should be documented in order to maintain consistency and train others. By naming the process, you own the process and can differentiate. Start by listing the processes your firm currently utilizes in client accounting services. Define the processes you need to meet client requirements. Think like a lean startup company in order to reduce the risks associated with leadership, staffing, platform, service, pricing, capabilities, technology, opportunities, complexity and regulations. What unique processes do you currently have? What unique processes do you need to develop? Who will be responsible for the development of those processes and by what date?

#6 - PLATFORM & BUSINESS MODEL

Trying to utilize old platforms and the effort based economy

tactics (hours times dollars) will not work. Firms need a platform that fosters collaboration among the client, members of the client accounting services team and other advisors (internal and external). Cloud-based solutions meet this requirement and are rapidly being deployed by the leading firms. Transferring of files, reconciliations and data entry are tasks that can be eliminated with the new cloud-based platforms. Value is determined by the client, not by the hours invested in the project! What will it cost the client to provide these services internally? What value will the client receive from utilizing the firm's platform and processes? Do we utilize a value creation agreement that protects the client and the firm? Does the value creation agreement allow for change orders? Is the value creation agreement reviewed and discussed with the client at least annually?

#7 - ENTREPRENEURSHIP AND MANAGEMENT

Firms need both entrepreneurship and management to be successful. With both entrepreneurship and management firms reduce risk and waste, increase innovation and learning, and provide clients with a new kind of accounting services. Management is often viewed as serious, dull and bland while entrepreneurship is cool, innovative and exciting. Success requires both. Who are the entrepreneurs in your firm? Who are the managers? Can they work together? Who else will be on the team?

#8 - PRICING

Pricing is extremely important and requires thought, upfront communication with the client and sales skills. Frankly, many accountants are not good at pricing and should only be focused on the delivery processes. People with value creation skills should be responsible for pricing and placed in conversations with clients prior to the delivery of services that carefully define scope and terms of the engagement. Change orders should also be part of the pricing strategy. Spending the time

to define scope and ask clients questions related to their dangers, opportunities and strengths will provide increased opportunities and improve margins. Packaging multiple services together results in happy clients and increased margins. Who is responsible for pricing in your firm? Do you use value creation agreements? What percent of your revenues would you like to come from value creation agreements within 1 year, 2 years and 3 years? Who is going to be your pricing leader? Who are the top 10 clients in your firm to discuss value creation agreements with?

#9 - TRUSTED BUSINESS ADVISOR

CPAs have earned the reputation as most trusted business advisor but most do not take the role seriously enough and provide clients with as many services as their client's desire. CPAs too often focus on Level 1 services, while clients value Level 2 and Level 3 services (See diagram above). Why aren't you offering clients Level 2 and Level 3 services? If you are, why aren't you offering those services to more clients? Who are your top 10 prospects?

#10 - RESOURCES TO INSURE SUCCESS

As stated in the introduction, most firms are risk adverse, yet with the following resources the rewards are high and the risk is extremely low. In fact the risk is probably much lower under the client accounting services model than many existing models of only providing tax and accounting and auditing services. The required resources are:

- Champion(s)
- Platform
- Existing client base
- Unique ability team

Leadership and a shared vision are keys to successful firms. Do you have a collaborative platform? Do you utilize unique ability teams? Do you have a client base that can utilize Level 2 and Level 3 services?

Change is constant. Results are determined by experiences that drive beliefs, beliefs that drive actions, and actions that drive results. The fastest way to improve results is through goal setting and accountability. To improve results you must focus on the belief systems of your partners and staff. This requires leadership, vision and a written plan. Even more important is the business model and platform firms utilize. New technology and innovative solutions are changing the way clients do business? Is your firm changing and are you prepared to continue as The Trusted Business Advisor?



*L. Gary Boomer
CEO, Boomer Consulting, Inc.
Manhattan, KS
www.boomer.com*

News & Opinions

A talent shortage looms as the industry booms

By Mark Schoeff Jr.

THE PROFOUND DEMOGRAPHIC trend that is boosting demand for investment advice — the millions of baby boomers retiring or planning their retirement — also is threatening the financial advisory sector with a talent shortage.

Even as more and more older Americans seek advice on bolstering their nest eggs, advisers themselves are looking to head off into the sunset. Too few younger advisers are in the pipeline to replace them.

“It is alarming — and on the verge of being a crisis,” said Robert Patrick, director of private-client-group education and development at Raymond James & Associates Inc. “We’re going to have people retiring in droves out of our industry.”

The result could hurt advisers as they try to meet growth targets for their firms, as well as make succession plans.

A 2011 survey by Cerulli Associates Inc. showed that 22% of advisers were below 40 and only 5% were younger than 30. The average age of advisers was 49.6, up one year from 2010. The average age for wirehouse advisers was 50.6.

GOING GRAYER

The total number of advisers fell to 320,378 in 2010, from 334,919 in 2004 — a 4.3% decline, according to Cerulli.

“You see the continuing graying of the industry,” said Tyler Cloherty, a Cerulli senior analyst. “There’s not a whole lot of new talent coming in on the low end. You’re going to see a shrinking of the advice industry.”

A report by the Bureau of Labor Statistics shows that the number of jobs for personal financial advisers is projected to grow by 66,400 by 2020, a 32% increase that is far larger than the 14% average growth rate for all occupations.

But filling those positions could be a challenge.

“There aren’t any people coming into the industry,” said Danny Sarch, president of Leitner Sarch Consultants Ltd.

A perception problem is dampening enthusiasm for financial management. Despite an increasing emphasis on fiduciary duty and holistic planning, jobs in the sector are perceived to be all about pushing financial products on clients.

“There’s an incredible stigma on sales from the younger generation,” said Michael Kitces, partner and director of research at Pinnacle Advisory Group LLC. “They don’t want to be a salesperson.”

According to industry observers, the financial management business hasn’t done a good job of explaining that it now is primarily about helping people meet their long-term financial goals.

“The knowledge of the industry from a [job] candidate standpoint is lagging behind what the industry actually is,” Mr. Patrick said.

The growing complexity of financial management also is contributing to the difficulty that firms — large and small — have in recruiting.

“There’s not a new generation of people coming up, because it’s much harder to make a living doing this,” said Randy Warren, chief investment officer at Warren Financial Service & Associates Inc.

GENERATION GAP

Firms may be reluctant to hire college graduates with no experience because of the age difference between them and the clientele with which they will be dealing, he said.

“They have to realize that the bulk of the clientele is between 60 and 70,” Mr. Warren said. “They’re not going to trust a 22-, 24-, 28-year-old kid to manage their portfolio.”

Tom Sagissor, a regional director at RBC Wealth Management, concurs.

“While [he] may be incredibly capable, unless he’s joining a

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team, it is very difficult for a candidate right out of college to convince clients that they will be able to handle all of their finances,” Mr. Sagissor wrote in an e-mail.

The average age of RBC’s hires in fiscal year 2012 has been 38, he said.

The hollowing-out of training programs is another factor contributing to the lean talent pipeline, according to experts.

“When business is volatile, the first thing you cut is advertising,” said Craig Pfeiffer, president of Hohting Group LLC. “The second thing you cut is training.”

The wirehouses gutted their training programs following the financial crises in 2001 and 2008, according to Mr. Sarch.

“The industry has stopped training twice in the last 10 years,” he said. “They’re struggling to come up with the right formula, and I don’t think they have yet.”

‘EXTENDED THE RUNWAY’

Training is undergoing a fundamental transformation throughout the industry, according to Mr. Patrick.

Training periods are longer and expectations have been lowered so that recruits are given more time to build their own books of business.

The change at Raymond James was “revolutionary as opposed to evolutionary,” Mr. Patrick said.

The company, which trains classes of 70 to 100 recruits at a time, lengthened the program from four weeks to two years, established formal mentoring and now allows new hires to stay on salary for five years instead of three.

“We’ve extended the runway,” Mr. Patrick said. “It takes longer to establish relationships and open accounts than it did in the 1980s and 1990s.”

Bank of America Merrill Lynch has expanded its training pro-

gram to 43 months, from 24 months, to allow trainees more time to earn a salary before they are expected to generate revenue on their own.

The move has helped increase retention for trainees who are licensed during the program to 42%, from between 28% and 36% in the period of 2000-2007.

About 24% of Merrill Lynch’s 16,000 advisers are over 55. At any given time, there are about 4,000 people in its training program.

During training, associates sit for the Series 7 and Series 66 licensing exams, take courses in the Certified Financial Planner Board of Standards Inc. curriculum and are paired with mentors in the field as they learn to work with clients and develop new business.

“By the time they get to graduation, they’re soaring,” said Dwight Mathis, head of Merrill Lynch’s new financial adviser strategy.

Morgan Stanley Smith Barney LLC has a 41-month training program and wants to hire 1,000 adviser associates this year, according to Christine Pollak, executive director of corporate communications.

UBS Wealth Management Americas has a four-year program that includes classroom and online instruction, as well as mentorships and branch work, according to spokeswoman Marina Aung.

Wells Fargo Advisors LLC declined to comment.

Like baby boomers’ retirement in general, the true impact of advisers’ retirement hasn’t yet hit. But when it does, it could reverberate.

“It’s going to be a very expensive problem to fix once it’s here,” Mr. Kitces said.

mschoeff@investmentnews.com

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Harlan Rose Takes NSA's Reins for 2013

The Challenges of Snowy Wisconsin Winters, and Tax Preparing in Times of Congressional Gridlock

By Julia Wilkinson

If he hadn't flipped his bulk milk hauler truck into a ditch one cold snowy day in Wisconsin, Harlan Rose may not have made the decision to become an accountant. Fortunately, he left the accident unharmed, changed careers, and went on to eventually be elected NSA president for the 2012-13 year.

We spoke with Harlan, who works for Data Flow Corporation, about this and other topics, including what's on the docket for the coming year, how accountants and tax professionals are dealing with the tough economy, and the unique challenges of an election year.



Harlan Rose
NSA President 2012-2013

NSA WHAT IS YOUR POSITION AT DATA FLOW? IS IT A LARGE COMPANY, AND HOW LONG HAVE YOU WORKED THERE?

Rose: I am vice president/secretary of our corporations. I do hold the Enrolled Agent certification. I have worked at Data Flow for almost 30 years. Our firm staffs about 18 year-round employees and up to 35 during tax season. We prepare about 4000 tax returns per year, with related accounting/payroll functions. Marshfield, WI is a rural community which has a population of about 19,000.

NSA WHAT OTHER PLACES HAVE YOU WORKED AS AN ACCOUNTANT?

Rose: Prior to Data Flow, I worked as office manager/accountant of an area electrical contracting firm. When I accepted the job to come to Data Flow Corporation, I was offered future ownership which now has since come to fruition.

NSA HOW DID YOU GET INTO THE PROFESSION OF ACCOUNTING? IS IT SOMETHING YOU WANTED TO DO FROM A YOUNG AGE?

Rose: I attended one year of college, then took a summer job as a dairy bulk milk hauler, which lasted five years. During a Wisconsin snowy/icy winter day I flipped the truck in a ditch. I then decided to find another occupation, so I attended technical college in the accounting field.

The truck was flipped on its top. I turned the engine off and opened the passenger door to exit. I then walked to a neighboring house to contact the employer. He brought another truck out and we finished the route. I had no scratches. The truck was later repaired with a new tank,

[and] I drove until the following fall when I attended the technical college. Some of the route farmers actually are my tax return clients today.

NSA WHERE DID YOU GO TO COLLEGE, AND WHAT DID YOU STUDY THERE?

I attended North Central Technical College, where I got my associates degree in accounting.

NSA WHY DID YOU WANT TO RUN FOR PRESIDENT? DO YOU HAVE SPECIFIC GOALS IN MIND?

Rose: My involvement started at a Wisconsin state level, then later at the national level, becoming knowledgeable about NSA and networking with other members. I feel I have always been a leader. I did receive encouragement from fellow NSA members and officers making my decision to seek the NSA President role.

The areas I want to focus on during my president's year are to improve the development and communications between the NSA organization and the NSA State Director position. Hopefully NSA can also build stronger relationships and leadership of functioning and nonfunctioning states for the benefit of NSA members nationwide. I want to put emphasis on the NSA leadership area.

NSA WHAT DO YOU SEE AS THE BIGGEST ISSUES FACING ACCOUNTANTS AND OTHER TAX PROFESSIONALS IN THE COMING YEAR?

Rose: The continually changing tax laws and client responsibilities developed. My clients and referrals go back years and have put much trust in me.

NSA ALONG SIMILAR LINES, WHAT DO YOU THINK THE MOST SIGNIFICANT CHANGES OR ISSUES HAVE BEEN IN THE WORLD OF ACCOUNTING AND TAX PREPARATION IN THE PAST YEAR?

Rose: The continued last-minute law changes by congress and thus the inability to do much client planning. Also, the effects of the economy on my clients.

NSA CAN YOU GET ANY MORE SPECIFIC ABOUT THOSE LAST-MINUTE CHANGES; AN EXAMPLE OR TWO?

Rose: During the end of year from mid-November to December 31 I do my income tax planning for clients. It is expected so many business accounts can anticipate what April 15 balance will be due or [what the] refunds can be. A couple of years ago, Congress did not pass tax laws retroactive until December 26, so I had five days to confirm my client tax planning.

NSA WHAT OTHER KINDS OF THINGS ARE YOU HEARING SPECIFICALLY ABOUT THE ECONOMY AND HOW IT'S AFFECTING YOUR CLIENTS IN GENERAL?

Rose: New businesses are not starting up. Clients are selling or closing existing businesses as they come of retirement age or revenue has been decreased. Much unemployment has hit hard as someone in their fifties cannot find work but is too young for retirement.

NSA DO YOU SEE ANY CLIENTS WORRIED ABOUT OR HOLDING BACK ON THINGS BECAUSE OF THE IMPENDING HEALTH CARE LEGISLATION AND WHETHER IT WILL BE REPEALED OR NOT?

Rose: I do not hear many comments about it yet, because no one understands them. "Wait and see" is the current attitude.

NSA WE ARE HEADING INTO A PRESIDENTIAL ELECTION YEAR. DOES THAT BRING ANY EXTRA CHALLENGES WITH IT FOR YOU AS THE NEW PRESIDENT OF NSA?

Rose: Again, the inability of Congress to act and constantly fighting with the other party. The Registered Tax Return Preparer (RTRP) certification



Harlan speaking at the NSA 67th Annual Meeting in Maui

deadlines and rules with the IRS affect many NSA members. Being NSA President brings my networking with other higher government officials.

NSA WHERE ARE YOU FROM ORIGINALLY?

Rose: The same central Wisconsin area.

NSA WHAT KINDS OF THINGS DID YOU DO AS A BOY GROWING UP IN WISCONSIN; A LOT OF WINTER SPORTS —ICE FISHING OR SKATING, E.G.?

Rose: I grew up on a 40-head dairy farm owned by my parents for my first 18 years, until high school graduation. It was great to develop a work ethic, but I knew after high school “I was not a farmer.” I did get involved in school associations, where I usually sought leadership roles. Basketball and track were my sports at a small high school of 250. I did receive leadership and athletic award recognitions. Growing up on a dairy farm, very little travel took place, so with my leadership roles through NSA I do see the USA.

NSA WHAT DO YOU LIKE TO DO IN YOUR SPARE TIME?

Rose: As my children were growing up, attending their sporting and school events (even coaching). They are now 33 and 27 with children. Family has always been important to me. Travels still involve them attending NSA events.

NSA TELL US ABOUT YOUR FAMILY.

Rose: My wife is Judy, we have been married for 39 years. My daughter is Maren Stoflet (husband Trevor), grandchildren Landon, age 7; and Lauren, age 2 ½. They live in the Bettendorf, Iowa area. She works as a hydrologist for the National Weather Service. My son is Evan Rose (wife Lindsay), grandchildren Coena, age 9; and Natalie, age 3 live in Mosinee, WI area. He is a paramedic for an area hospital.

NSA WHAT SORT OF ENTERTAINMENT DO YOU ENJOY?

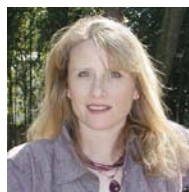
Rose: I [prefer to] watch sporting events, such as the Green Bay Packers, Wisconsin Badgers, and Milwaukee Brewers. The Packers are a public-owned stock company of which I do own stock (only a small one share, but I do own part of the Green Bay Packers).

NSA ANYTHING ELSE YOU WANT TO ADD?

Rose: I have served as Wisconsin Association of Accountants secretary and president, our local rotary president, and was prime organizer to build a local skate park for area youth, for which I was awarded the Marshfield Area 2002 Volunteer of Year. You can go to Marshfield Skate park website, <http://www.marshfieldskatepark.com/>, for further details.



Harlan and Judy Rose in Maui



*Julia L. Wilkinson
Freelance Writer and Author
Alexandria, VA*



HOT TOPICS AND TIPS FROM OUR TAX DESK

By Deborah Aiken, CPA, JD

1031 EXCHANGE AND NAME ON TITLE

Although in the tax code, the taxpayer who sells the relinquished property must be the same as the taxpayer acquiring the replacement property. This comes from the Starker court case and is because “continuity of title” is required to receive nonrecognition treatment. A taxpayer who acquires a portion of the replacement property in the name of others will be treated as if he had given the proceeds used to acquire the interest taken by the others, and that portion of the proceeds will be treated as boot because the funds were not used to acquire replacement property by the taxpayer.

CONTRACT RESCISSION WITHIN ONE YEAR

No gain is recognized on the sale of land by a taxpayer who accepts reconveyance of the land and returns the buyer’s funds in the taxable year of the sale. If the reconveyance occurs after the taxable year of sale, the seller reports the sale in the taxable year of sale and acquires a new basis in the property when it is reconveyed equal to the amount paid for the reconveyance.

SECTION 1031 VS 1033 REPLACEMENT PROPERTY

The definition of replacement real estate for section 1031 like-kind exchanges is very broad. The definition for replacement property for a 1033 involuntary conversion is a functional use test. The tax code says that the replacement property must be similar or related in service or use to the property so converted to have nonrecognition.

USING STANDARD MILEAGE DEDUCTION

The standard mileage deduction includes items such as depreciation or lease payments, maintenance and repairs, tires, gas (including all gasoline taxes), oil, insurance, and license and registration fees. For states that have a vehicle registration system that includes a yearly portion based on the value of the car, the ad valorem tax may be deducted as personal property tax, in addition to the standard mileage deduction.

ELECTING AND RESCINDING S CORPORATION IN SAME YEAR

Generally there is a five-year waiting period for re-electing S corporation status after terminating an S corporation election. This five-year rule does not apply to a corporation that elects S status and then revokes its election in the same year retroactively to the election’s effective date or that has its election terminated due to failure to meet required tests.

SELF-CREATED ART WORK OR LITERATURE BASIS

The basis of self-created art work or literature is the out-of-pocket cost of the work, such as the cost of the paint and the canvas. This makes charitable deductions for the donation of self-created art to charity limited to the cost basis in the creation. However, for decedents dying after 2010, and estates of decedents dying during 2010 that do not elect the modified carryover basis, self-created art, literature, music and other similar property are subject to the stepped-up basis regime. This means that the heir’s basis in the property is determined by the fair market value of the asset and not the decedent’s property basis.

NSA 2012-2013 Executive Board



President
Harlan D. Rose, EA, ABA
Marshfield, WI



First Vice President
Steven J. Hanson, CPA
Cokato, MN



Second Vice President
Marilyn M. Niwao, CPA, ATA, JD
Wailuku, HI



Secretary/Treasurer
Brian Thompson, CPA
Little Rock, AR



Past President
Sharon E. Cook, EA, ABA, ATA, ATP, ARA
St. Louis, MO



Second Vice President
John G. Ams, CAE
Alexandria, VA

NSA ELECTS 2012-2013 OFFICERS AND DIRECTORS

www.nsacct.org

NSA officers, District Governors, and State Directors were elected and installed at the 67th Annual Meeting in Maui, Hawaii.

The officers for 2012-2013 are:

- President – Harlan Rose, EA, ABA, Marshfield, WI
- First Vice President – Steven J. Hanson, CPA, Cokato, MS
- Second Vice President – Marilyn Niwao, CPA, ATA, JD
- Brian L. Thompson, CPA, Little Rock, AR is continuing his 2-year term as Secretary-Treasurer.

NSA Board of Governors for NSA Districts II, IV, VI, VIII, and X were elected for two-year terms ending in 2014.

- Ralph Walters, EA, ABA, ATA (District II)
- Cynthia Hunt, EA, ATA (District VI)
- Bradley Crain, CPA (District VIII)
- Christine Freeland, CPA, ABA, ARA, CFP (District X).

Re-elected to second terms as governors were:

- Harold Stamey, CPA, CP (District II).

All these governors sit on the NSA Board of Governors.

State Directors stood for election and re-election in Districts I, III, V, VII, IX, and XI.

Elected to first terms as State Directors were:

- Marcus E. Allister, EA (ME – District I)
- Ronald Grafman, EA (OH – District III)
- Frankie Cummings, EA (IN – District V)
- Ellen E. Stebbins, EA, ABA, ATA, ATP, ARA (MN – District VII)

- Jeanie Grady, EA, ABA (MO – District VII)
- Albert Krueger, EA (ND – District VII)
- Wilma Christensen (ID – District IX)
- Robert D. Kuziak, ATP, ARA (CO – District IX)
- Mary A. Lemons, EA, ABA (MT – District IX)
- Astrid Arola, CPA (WA – District IX)
- Isoo (Dick) Oshima, CPA (HI – District XI)

Re-elected for second terms as State Directors were:

- David J. Carelton, CPA, EA (MA – District I)
- Milton Trussell (Sandy) Martin, JR., ATP, ARA (NH - District I)
- Thomas J. Fuoco, EA, ATA (RI – District I)
- Kathleen Rogers Lovett, CPA (IL – District III)
- Joseph Skoda, CPA, ATA (OH – District V)
- Robert Thoma, EA, ABA, ATA, ATP, ARA (IL – District V)
- James Weickgenant, EA, ATA (WI – District V)
- Velma Bjorgum, EA, ATA, ATP (ND - District VII)
- Paula Laurion, EA (AK – District IX)

Re-elected for third terms as State Directors were:

- Susan G. Robertson, EA, ABA, ATA (OR – District IX)

Re-elected for fourth terms as State Directors were:

- Joel Grandon, LPA, EA (IA – District VII)

Re-elected for fifth terms as State Directors were:

- Julane M. Wood, EA, ABA, ATA, ATP, ARA (WY – District IX)



NSA PRESENTS A 5-PART ON-DEMAND WEBINAR PROGRAM FOR THE RTRP EXAM REVIEW



This new webinar series is designed to help practitioners study for the IRS RTRP exam. Each webinar has comprehensive PowerPoint slides available for download with the presentation. They focus on the basic rules and offer numerous review questions on each topic, with answers.

A set of learning handouts, diagrams, and case studies will be included with each webinar, which prove the old adage that a picture is worth a thousand words.

The authors will provide their email addresses and will be happy to answer any questions that participants may have after completing each of the webinars.

1. Planning for, Studying for, Taking, and Surviving the RTRP Exam

This webinar covers all aspects of getting ready for the RTRP Exam and actually taking the exam. Topics covered include adopting the right attitude, budgeting study time, "how to study" tips for each of the seven domains tested on the exam, strategies for final reviews right before the exam, and tips for surviving and thriving in the actual exam.

CPE: 2 Hours

2. RTRP Exam Review: Filing Basics, Gross Income and Exclusions

This webinar reviews the basics of filing the individual return, including an intensive review of the individual tax format, determining filing status and exemption deductions, working with the standard deduction, computing the tax, and requirements to file. The emphasis then shifts to gross income as defined by the Code and concepts that are central to understanding the definition of gross income, such as the wherewithal-to-pay and claim of right doctrines. The major types of income are covered in detail, including wages, interest, dividends, social security, and other topics. The webinar includes an intensive review of Code exclusions to income (statutorily exempt income), special computations for certain exclusions, and exceptions to the various exclusion rules.

CPE: 2 Hours

3. RTRP Exam Review: Deductions

This webinar offers an intensive review of the myriad rules for deductions under the Code. Deductions for adjusted gross income are examined in detail; these include such items as rent-related expenses, IRAs, moving expenses, and other items. Then the emphasis shifts to an intensive examination of deductions from adjusted gross income, the itemized deductions. Detailed rules for determining deductible medical expenses, taxes, interest, contributions, casualty and theft losses, and various miscellaneous deductions are covered, including study tips and memory devices for many of these items.

CPE: 2 Hours

4. RTRP Exam Review: Property Transactions and Tax Credits

This webinar is divided evenly on two major topics tested on the exam; sales or exchanges of property and tax credits. Property transactions are reviewed in detail, including the concepts of amount realized, adjusted basis (including the various methods of acquiring property, such as purchase, gift, or inheritance), and recognized gain or loss. The concept of capital gains and losses is covered in detail, with several helpful examples and case studies that serve to simplify the otherwise complicated rules. The specific rules for reporting gain on the sale of a personal residence are also covered. The second half of the webinar includes a comprehensive review of tax credits, examining the Code requirements, computations, and reporting of all major credits. These include, among others, the child credit, the child and dependent care credit, the earned income credit, and the various education credits.

CPE: 2 Hours

5. RTRP Exam Review: Filing Issues, Special Taxes, Electronic Filing, and Circular 230 Requirements

This webinar covers basic filing issues, such as self-employment taxes, the "kiddie tax," the alternative minimum tax, estimated tax requirements, and refund claims and extensions. Electronic filing requirements are also covered in detail, including related ethical obligations. Finally, a comprehensive review of the recently-revised Circular 230 ethical and practice requirements is covered, with a focus on issues most likely to be included on the exam.

CPE: 2 Hours

[Click here to visit the RTRP Webinar webpage for more details.](#)

HIGHLIGHTS FROM THE NSA 67TH ANNUAL MEETING & EXPO

NSA held its 67th Annual Meeting at the Hyatt Regency in beautiful Maui on August 22 - 25. Some of the activities in this year's annual meeting included continuing education sessions, a hallway of exhibitors showcasing their latest products and services, open discussions in the district caucuses, business sessions to discuss important decisions affecting the future of NSA, speeches from the candidates involved in a hour-way contest for 2nd Vice President, electronic on-site voting for the 2nd VP election, a luau, special video presentation from David Williams from the IRS Return Preparer Office, an awards breakfast and auction benefiting the PAC (Political Action Committee) and an evening of dining and dancing at the installation banquet to welcome in the 2012-2013 Board members.



NSA members take a sunset cruise on the Alii Nui

It was an action packed three-day event surrounded by the beauty of Maui and hospitality of the Hyatt Regency. NSA members took advantage of the sights and sounds of the island by balancing business with some fun. Some of favorite activities were snorkeling; taking water cruises to view sea turtles, dolphins, and amazing sunsets; fine dining; helicopter rides over the Haleakala crater; and unparalleled vistas along the road to Hana.

Visit the NSA Tumblr website to view the many photos taken by NSA's photographer extraordinaire, Nancy Ams. To view the photos, go to: <http://nsa1010.tumblr.com/>.



Wanda Samek and Bob Cross at the Business Session



Bobby and Shirley Buchanan

The Old Lahaina Luau



Andy and Katherine Morehead



Brian and Anita Thompson

Electronic Voting

For the first time at an NSA Annual Meeting, members in attendance were able to vote electronically. The voting was specific to the candidates running for the 2nd Vice President position. This year there were four candidates in that race. Members placed their votes on computers or iPads via a web-based online voting system that helps to manage elections easily and securely.



NSA HONORS AWARD WINNERS AT 67TH ANNUAL MEETING

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The best and brightest in the accounting profession were honored at the recent NSA 67th Annual Meeting in Maui, Hawaii. A range of individuals and NSA Affiliated State Organizations (ASOs) were presented with major awards.

ACCOUNTANT OF THE YEAR



Christine Z. Freeland, CPA, ABA, ARA is awarded Accountant of the Year

The Accountant of the Year is given to an individual member, in recognition of outstanding achievement and service to the accounting profession, the state society, and the community. This award was presented to Christine Z. Freeland, CPA, ABA, ARA, of Chandler, AZ.

Christine exemplifies leadership. She has been a state director, served as president of her state society, and has also served on

NSA Committees, as well as serving for two years as Administrative Chair of Leadership Development. She serves with a smile and a purpose and is always ready to do more.

AFFILIATED STATE ORGANIZATION (ASO) OF THE YEAR

The Alaska Association of Independent Accountants won this award. This special award was created in 2000 to honor the overall achievements of an ASO and its work in promoting and implementing NSA programs, including membership recruitment, member services, seminar and education sponsorship, legislative activity, and financial stability.



Kathy Hammer receives award for ASO of the Year on behalf of Alaska Assn. of Independent Accountants

STATE DIRECTOR OF THE YEAR

This award went to Raymond V. Scholl, ATP, of Hastings, NE. It recognizes an outstanding state director for excellence in carrying out the many duties of a state director, including leading their state society, recruiting members, promoting seminars, and serving as a liaison between NSA and their state society.

KEITH BILLINGS MEMORIAL AWARD

This award was presented to two outstanding ASO publications, including The Mapan, published by the Minnesota Society of Public Accountants (greater than 300 members), and The Louisiana Independent Accountant, published by the Louisiana Society of Independent Accountants (fewer than 300 members). They are judged according to the importance of topics, coverage of activities, timeliness of articles, format, and overall appearance.

DISTINGUISHED SERVICE AWARD

This award was presented to Gene R. Bell, EA, ATP, CFP, RTRP of Bellingham, WA, in recognition of his significant and exemplary contributions for the betterment of NSA and its membership as well as the accounting profession. The award recognizes continuous service, loyalty, and dedication to NSA.



Gene Bell, EA, ATP, CFP, RTRP receives Distinguished Service Award

NATIONAL EDITORIAL AWARD

Recognition for this award included two articles honored in separate categories. Best Original Article was awarded for "Why we shoot Deer in the Wild," which appeared in the December 2011 Wyoming Association of Public Accountants newsletter. Sanford D. Warren, Jackson, Mississippi, received the award for Best Series of Articles for his series, "From the Desk of the Executive Director" which appeared in the Mississippi Association of Public Accountants' Register.

CHARLES W. McALLISTER AWARD

This award was presented to ASOs in three categories honoring them for the highest net increase in NSA membership during the past year. For Division I (fewer than 100 members), the award went to the Idaho; for Division II (101-500 members), it went to Georgia; and the award went to Florida for Division III (501-1000 members).

BEST ASO WEBSITE

This award was presented to ASOs in two categories. For Division I (300 members or more), the award went to the Public Accountants of Colorado, and for Division II (less than 300 members), the award went to the Alabama Association of Accountants.

TAX TALKER OF THE YEAR AWARD

The NSA "Tax Talker" discussion forum is a tremendous resource for tax professionals and has attracted more than 1,000 participants. This award went to Mark S. Nelson, Sr., EA, ABA of Milwaukee, Wisconsin.

Congratulations to all of the 2011-2012 NSA award winners.

NSA Staff



Claire Berlin, Michelle Panek, and Allison Ingram



John Ams and President Rose at the luau



Kathy Hettick visits with NSA staff member Julene Joy



John Ams speaking at the Business Session



Julene Joy and Sally Brasse hold up one of the PAC auction items up for bid

ACAT NEW 2012-2013 OFFICERS AND DIRECTORS

www.acatcredentials.org

The Accreditation Council for Accountancy and Taxation (ACAT) elected several new officers and directors in August 2012.

Christine C. Giovetti, CPA, ABA, ATA, ARA of Giovetti and Giovetti CPAs in Catonsville, MD was elected as the Educator Member of the Accreditation Council for Accountancy and Taxation (ACAT) Board of Directors in August 2012.

Other members of the board, including the ACAT officers, are continuing their terms for the coming year.

Officers include:

- President – Wanda Goodson, CPA, ABA, ATA of Goodson Accounting & Tax Services in Dawsonville, GA
- Vice President – Roy Frick, EA, ABA, ATA, ARA, LPA of Frick Accountants Ltd. in Ocean City, MD
- Secretary/Treasurer – Donald G. Yoder, LPA, EA, ABA, ATA of Bontrager Tax, Accounting & Consulting in Kalona, IA

Other board members include:

- Peter M. Berkery Jr., CFP of Oxford University Press (Public Member)
- Sharron M. Cirillo, LPA, ABA, ATP of SC Associates in Middletown, DE
- Michael D. Kinkade of Cossatot Community College of the University of Arkansas in Nashville, AR.
- Harlan D. Rose, EA, ABA of Data Flow Corp. in Marshfield, WI
- Daniel E. Setters, EA, ABA, ATA, ATP, ARA of Accounting plus Tax Solutions, Inc. in Champaign, IL (Past President)

ACAT is an independent accrediting and monitoring organization affiliated with the National Society of Accountants. ACAT accredits professionals in independent practice who have demonstrated measurable knowledge of the principles, practices, and ethical standards of accounting, taxation, information technology and related financial services.

WHAT IS HAPPENING ON MEMBERCONNECT THIS MONTH?

CONNECT, COLLABORATE, COMMUNICATE

<http://connect.nsacct.org>

Discussions

Tax Talk continues to be used heavily by NSA members. The discussion archives offer a wealth of information you can search through. Here are a few of the most recent topics:

- Filing gift tax return (709)
- 1099 questions on Sch. C,E,F
- Foreclosures
- Comparative financial statements
- Foreign taxes
- Good reason to fire a client
- Deduction of payment to private doctors

NSA Blog

The NSA Blog page is filled with great insight, shared by fellow members. Consider sharing your knowledge on a particular topic. Or stop in to read the posts. Some recent posts include:

- Recaps from each of the 6 IRS Tax Forums submitted by NSA speakers
- Proposed bylaw changes

[Click here to go to the NSA Blog](#)

Resource Library

There are over 190 client letters in the Resource Library. Topics range from 2012 planning to new health care tax implications.

Separate libraries house sample tools and forms, such as engagement letters, and articles on practice management, tax, and accounting topics, as well as new technology information. Visit the Resource Library often to enhance your practice management needs.

TAX TIME DISCOUNTS ON THE RESOURCES YOU USE MOST

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PROPOSED AMENDMENT TO THE NSA BYLAWS - RESULTS

The four proposed Bylaw amendments below were considered at the NSA Annual Convention in Maui, Hawaii on August 23-24, 2012. The members in attendance voted on each amendment. The results of the voting are that each amendment did not pass.

1. Proposed Bylaw Amendment to Modify the Definition of “Student Associate Member” of NSA

The current NSA Bylaws provide that a Student Associate Member is an individual who is pursuing a full-time course of study in particular subjects in a school of higher learning. The NSA Membership Committee recommended to the Board of Governors that the Bylaws be amended to eliminate the full-time attendance requirement because research has shown that NSA has potential student members who are not “full-time” but are working in another industry while attaining an accounting or tax education. The NSA Board unanimously endorsed the proposal.

Accordingly, all individual members of the NSA Board of Governors recommend that Article III of the Bylaws be amended as set forth below (deletions are struck through; additions in bold):

ARTICLE III Classes of Membership

Section 6. Student Associate Members shall include persons pursuing a course of study in accounting, business administration, or related subjects in a college, university or business school ~~on a full-time basis and not currently working in the industry.~~ Membership procedures and dues for Student Associate Members shall be determined by the Board of Governors.

2. Proposed Bylaw Amendment to Clarify the Powers and Duties of a State Director

The current NSA Bylaws provide for the election and, if necessary, the removal of a state director. However, the Membership Committee noted that the Bylaws provide no guidance on the responsibilities of an elected state director, any reporting function, or any role for the President or Board of Governors vis-a-vis a state director. It is therefore unclear what a State Director has been elected to do and to whom he or she is to report. Accordingly, the Membership Committee recommended the proposed Bylaw amendment below and the NSA Board unanimously endorsed the proposal.

Accordingly, all individual members of the NSA Board of Governors recommend that Article XIV, Section 8 of the Bylaws be amended as set forth below (deletions are struck through; additions in bold):

ARTICLE XIV National Council of Delegates

Section 8. The State Directors shall be the National Society of Accountants’ grassroots Liaison Officer in their state. **They shall have such powers and shall perform such duties as are or shall be prescribed by the By-Laws, Board of Governors, or the President.** In the event of resignation, death or incapacity in the office of State Director in any State or Territory, it shall be the duty of the President to appoint a member from such State or Territory to serve the unexpired term. Incapacity shall be determined by the Board of Governors.

3. Proposed Bylaw Amendment to Modify the Definition of NSA “Retired Member”

The current NSA Bylaws provide that a Retired Member is an individual who has been a member of NSA for a continuous ten year period, who is at least 65 years of age, and who has retired from public practice. The NSA Membership Committee recommended to the Board of Governors that the Bylaws be amended to eliminate both the ten year membership requirement and the age requirement. The Committee believed this change would allow NSA to better keep in contact with all retired members, even those who have recently joined. The NSA Board unanimously endorsed the proposal.

Accordingly, all individual members of the NSA Board of Governors recommend that Article III, Section 9 of the Bylaws be amended as set out below (deletions are struck through; additions in bold):

ARTICLE III Classes of Membership

Section 9. ~~Retired Members shall include persons who have been members of the National Society for ten continuous years, who have attained the age of 65 or over, and who have retired from public practice. Retired status may be granted upon application to the Executive Office of the National Society. Such application shall be subject to review and approval by the President of the Society. Membership procedures and dues for Retired Members shall be determined by the Board of Governors.~~

4. **Proposed Bylaw Amendment To Allow Voting By All Active and Life Members for NSA Officers, District Governors, State Directors and Bylaw Amendments Prior to the Annual Convention**

Many members have commented that the Annual Convention election procedures, which require nominations, speeches and voting by the National Council of Delegates as mandated by the Bylaws, take up time that could perhaps be better used for more education, networking or leadership training.

The Board of Governors is aware of these member comments and has approved a resolution endorsing the development of a conceptual framework whereby all Active and Life members could vote at times other than at the Convention. The sponsoring members believe the proposal below implements this concept and believe it should be adopted. The sponsoring members of this proposal are Robert Cross, NSA President 2010-2011; Eric Hansen, NSA Governor District VII; Durette Houser, NSA Governor District V; Peggy Johnson, NSA Governor District VIII; and Brian Thompson, NSA Secretary-Treasurer.

The sponsoring members note that a survey of 100 non-profit associations using online voting found that:

- The primary use of online voting is for board elections, but many organizations use it for bylaw approvals and to solicit member feedback
- A desire to modernize the election process was the most popular reason associations switched to online voting
- Almost half of the respondents saw voter turnout increase by at least 10%
- About 40% said switching to online voting saved their association money
- Nearly three-quarters said switching to online voting saved time

Accordingly, the sponsoring members recommend a change in the Bylaws to allow all Active and Life Members to vote for officers, District Governors, State Directors and Bylaw amendments prior to the Annual Meeting. Nominations and elections would be held at a time and in a manner recommended by the Governance Committee and approved by the Board. Candidates would continue, as now, to self-nominate or be nominated pursuant to such announced procedures and the Bylaw amendment sponsors anticipate that all candidates would have the opportunity to post campaign videos or messages on an “elections page” on the NSA website similar to current practices. The Board, acting through the Governance Committee, would have the authority to develop procedures for nominations, campaigning and vote tabulation to ensure fair and impartial elections. The installation of those individuals elected would still occur at the Annual Meeting.

Bylaw amendments under the proposal could be presented at any time during the year under existing procedures. That is, any Bylaw amendment would continue to be proposed under Article XIX, Section 2 of the Bylaws. However, this Section 2 would be amended to allow voting by Active and Live Members to vote on any such proposals at times other than at the Annual convention pursuant to voting procedures developed by the Governance Committee and approved by the Board.

Accordingly, the sponsoring members recommend that the Bylaws be amended to effect this change as follows (deletions are struck through; additions in bold):

ARTICLE VIII Officers of the Society

Section 1. The Officers of the Society shall be a President, a First Vice President, a Second Vice President, and a Secretary-Treasurer. The Officers shall be elected by a majority vote of ~~the accredited delegates present and voting at each annual convention of the National Society;~~ **all Active and Life members pursuant to the procedures specified in Article XVI of these Bylaws.** Such Officers shall serve for one year or until their successors are duly elected and qualified, except that the Secretary-Treasurer shall serve for a two-year term.

Section 3. The First Vice President shall have such powers and shall perform such duties as are or shall be prescribed by the Bylaws, the Board of Governors, or the President. In case of the disability of the President to perform his duties, or his absence from any meeting where his presence would be required, the First Vice President shall perform the duties of the President during the continuance of such disability or absence. If the office of the President shall become vacant, the First Vice President shall thereupon become President of the Society for the unexpired term. Such service shall not affect the First Vice President's being nominated for the office of President of the Society ~~at the next Annual Convention~~ in accordance with the provisions of Article XVI, Section 2 ~~1~~, of these Bylaws.

It shall also be his duty as the First Vice President to prepare his program for his probable term as President. The First Vice President shall appoint immediately following his election, a Budget Committee comprised of the First Vice President, Second Vice President, Secretary Treasurer, Executive Vice President, one District Governor, and other persons as may be designated by the First Vice President to prepare the budget for the next fiscal year. It shall be the responsibility of this Committee to submit a tentative budget at the spring meeting of the Board of Governors. The final balanced budget for the next fiscal year will be submitted to and approved by the Board of Governors at their meeting immediately prior to the annual convention.

The Second Vice President shall have such powers and shall perform such duties as are or shall be prescribed by the Bylaws, the Board of Governors, or the President. In case of the disability of the First Vice President to perform his duties, or his absence from any meeting where his presence would be required, the Second Vice President shall perform the duties of the First Vice President during the continuance of such disability or absence. If the office of the First Vice President shall become vacant, the Second Vice President shall thereupon become First Vice President of the Society for the unexpired term. Such service shall not affect the Second Vice President's being nominated for the office of First Vice President of the Society ~~at the next Annual Convention~~ in accordance with the provisions of Article XVI, Section 2 1, of these Bylaws.

ARTICLE XV National Council of Delegates

Section 3. Fifty percent of the delegates present at a National Council of Delegates meeting at the Annual Convention shall constitute a quorum. All matters before the National Council of Delegates shall be decided by a majority vote of accredited delegates present and voting ~~except amendments to the Bylaws. The National Council of Delegates may consider all matters except amendments to the Bylaws and the election of Officers, District Governors and State Directors, which shall only be considered and determined in the manner specified in Article XVI of these Bylaws.~~

Section 5. ~~It shall be the duty of the National Council of Delegates at each Annual Convention to elect the following Officers to serve for one term or until their successors are duly elected and qualified: President, First Vice President, Second Vice President, and Secretary-Treasurer.~~

Section 6. ~~It shall be the duty of the National Council of Delegates to elect District Governors for a term of two years according to the following schedule: the Governors from even numbered districts are to be elected in the even numbered years, and the Governors from the odd numbered districts are to be elected in the odd numbered years.~~

Section 7. ~~It shall be the duty of the National Council of Delegates, at each Annual Convention, to elect one Director from each State or Territory for a term of two (2) years according to the following schedule: the Directors from States or Territories in even numbered districts are to be elected in the odd numbered years, and Directors from States or Territories in odd numbered districts are to be elected in the even numbered years. State Directors may be eligible for only one additional two (2) year term except in situations where no other candidate is available.~~

Section 8. ~~All candidates for the office of District Governor or Director shall first be certified by the Leadership Development Committee appointed by the President, and then nominated from the floor by Delegates from their respective districts or areas. Delegates from all districts or areas shall be entitled to vote on all candidates for the office of Governor or Director.~~

Section 9 5. In the event of resignation, death or incapacity in the office of State Director in any State or Territory, it shall be the duty of the President to appoint a member from such State or Territory to serve the unexpired term. Incapacity shall be determined by the Board of Governors.

Section 10 6. The Board of Governors shall have the authority to suspend or temporarily remove by a two-thirds (2/3) majority vote any State Director for inefficiency, bad conduct or disloyalty to the Society.

ARTICLE XVI Election of Officers, Governors and State Directors

Section 1. It shall be the duty of the Leadership Development Committee ~~to meet during the annual convention~~ to certify the eligibility of declared or **nominated** candidates in accordance with the election schedule published by the Governance Committee, provided however, that the Committee shall recommend only the First Vice President for the Office of President and the Second Vice President for the Office of First Vice President. ~~All candidates may, upon written request, have their photograph and curriculum vitae published and sent to NSA members in July.~~

Section 2. It shall be the duty of the Governance Committee to conduct elections for NSA officers, Governors and State

Directors in a manner authorized by the Board of Governors. All candidates may, upon written request, have their photograph, and curriculum vitae, and sent to NSA members in July. and other material published in a manner and in a format determined by the Committee and made available to NSA members no later than 15 days prior to the day when ballots may first be cast.

Section 2 3. ~~Nominations for Office~~ Nominations may be made from the floor for any elective office only by a Delegate or Alternate, provided that a Delegate or Alternate, but not both, may so nominate. Any Active or Life Member may be nominated or may nominate himself or herself for any office for which they are eligible for election pursuant to Section 1.

Section 3 4. Eligibility for Election

(a) No person shall be eligible for election to hold the Office of Secretary-Treasurer, Second Vice President, First Vice President or President unless that person has been an active member in good standing of the National Society for a period of at least five (5) years.

(b) No person shall be eligible for election to hold the Office of Governor unless that person has been an active member in good standing of the National Society for a period of at least five (5) years and (i) is domiciled in, or (ii) has a public practice in, the District for which the person is seeking election as Governor.

(c) No person shall be eligible for election to hold the Office of State Director unless that person has been an active member in good standing of the National Society for a period of at least four (4) years or two (2) years as an active member in good standing of the National Society and two (2) years as a voting member of the governing body of an NSA affiliated state organization, which term of years may be concurrent.

Section 4 5. ~~Clerk, Tellers and Ballots~~ Terms of Office; Election Schedule

(a) ~~It shall be the duty of the President to appoint three delegates who are not Officers or nominees for office, to act as Clerk and Tellers of the election. After all nominations for specific Officers have been made and closed, it shall be the duty of the Secretary-Treasurer to ensure that all delegates have the opportunity to vote, whether by printed, electronic or other means. District Governors shall be elected for a term of two years according to the following schedule: the Governors from even numbered districts are to be elected in the even numbered years, and the Governors from the odd numbered districts are to be elected in the odd numbered years. Members elected to serve as a District Governor may serve a maximum of two consecutive terms.~~

(b) ~~Each District Governor, or a designee, shall certify in writing the number of ballots cast by the District to the Clerk. The Clerk shall ensure that the total number of ballots certified by the District Governors equals the total number of ballots cast. Directors from each State or Territory shall be elected for a term of two (2) years according to the following schedule: the Directors from States or Territories in even numbered districts are to be elected in the odd numbered years, and Directors from States or Territories in odd numbered districts are to be elected in the even numbered years. State Directors may be eligible for only one additional two (2) year term except in situations where no other candidate is available.~~

(c) ~~After conclusion of all voting, the Clerk and Tellers of the election shall report the results of the election to the President, who shall immediately announce numeric results of the vote to the National Council of Delegates. If no candidate for any Office receives a majority of the votes cast, an immediate run-off election shall be held between the two (2) candidates receiving the highest number of votes cast on the first ballot.~~

(d) ~~In the event there is only one nominee for a specific Office, a motion shall be in order for the Secretary-Treasurer to cast a unanimous ballot for that nominee.~~

(e) ~~Directors from each State or Territory shall be elected for a term of two (2) years according to the following schedule: the Directors from States or Territories in even numbered districts are to be elected in the odd numbered years, and Directors from States or Territories in odd numbered districts are to be elected in the even numbered years. State Directors may be eligible for only one additional two (2) year term except in situations where no other candidate is available.~~

Section 5 6. No person currently serving in an elected or appointed post may seek the office of Second Vice President, First Vice President, Secretary-Treasurer or President unless the current term of such person will expire at the electing convention, or unless such person resigns his or her elected or appointed post no later than at the election. in a communication received by the chair of the Governance Committee no later than 6 P.M. Eastern Time on the day immediately prior to the day when ballots may first be cast as authorized by the Governance Committee. A candidate who resigns his elected or appointed post to seek another office shall not be eligible for concurrent reappointment to complete his term.

ARTICLE XIX
Amendments to Bylaws

Section 1. ~~The National Council of Delegates alone may amend these Bylaws by a two-thirds (2/3) vote of the Delegates present and voting at the Annual Convention.~~ The Bylaws may be amended by a two-thirds (2/3) affirmative vote of the Active and Life members voting during a time and in a manner recommended by the Governance Committee and approved by the Board of Governors.

Section 2. No amendment to the Bylaws shall be considered ~~by the National Council of Delegates~~ unless submitted in advance to the Chairman of the Governance Committee or to the Executive Office for transmittal to the Chairman of the Governance Committee. All proposed amendments to the Bylaws, except for proposed amendments recommended for approval by the Board of Governors, shall be signed by at least five members in good standing.

Section 3. A notice of proposed amendments to the Bylaws, together with a request for member comment within fifteen (15) days, shall be sent to all members ~~by the Chairman of the Governance Committee~~ at least thirty (30) days ~~prior to the day when ballots may first be cast opening of the Annual Convention by the Chairman of the Governance Committee; provided, however, that in the event an official bulletin or periodical is issued by the Society and a copy is mailed to members only in accordance with the above time limit, then the notice of proposed amendments may be published in such official bulletin or periodical in lieu of notice from the Chairman of the Governance Committee.~~ The publication of proposed Bylaw amendments shall indicate the names of the sponsoring members.

Section 4. Proposed amendments to the Bylaws may not be considered or voted upon by Active or Life members more often than once during any three month period.

Section 5. The Governance Committee shall review all proposed amendments and shall report its recommendation to members the National Council of Delegates ~~assembled at the Annual Convention. following the expiration of the 15 day comment period specified in Section 3, provided, however, that such report shall be sent to members no later than fifteen (15) days prior to the day when ballots may first be cast.~~

Section 6. Unless otherwise stated, all amendments to the Bylaws shall be effective immediately upon their adoption.



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