

# Client Tell

Blackburn, Childers, and Steagall, PLC  
Certified Public Accountants and Consultants

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Blackburn, Childers & Steagall, PLC Quarterly Newsletter

## Never Too Early to Plan for 2013

by Sarah Presnell



Occasionally we are asked how someone can save taxes for a year that just ended. After December 31st, there are only limited options to save tax on the prior year. The best strategy to minimize your tax burden is to plan ahead!!! Following are some highlights of changes for 2013.

**Income tax rate increase beginning January 1, 2013.** A top rate of 39.6% (up from 35%) will be imposed on individuals making more than \$400,000 a year, \$425,000 for head of household, and \$450,000 for married filing joint. Individual marginal tax rates of 10, 15, 25, 28, 33, and 35% at the end of 2012, therefore, are now set going forward at the same 10, 15, 25, 28, 33, and 35% rates, but with an additional 39.6% rate carved out from the old 35% bracket range.

**Capital Gains and Dividends.** The maximum capital gains tax will rise from 15% to 20% for individuals taxed at the 39.6%

rates. All other taxpayers will continue to enjoy a capital gains and dividends tax at a maximum rate of 15%. A zero percent rate will also continue to apply to capital gains and dividends to the extent income falls below the top of the 15% income tax bracket—projected for 2013 to be \$72,500 for joint filers and \$36,250 for singles. Qualified dividends for all taxpayers continue to be taxed at capital gains rates rather than ordinary income tax rates as prior to 2003.

**Alternative minimum tax patched.** A permanent AMT patch, adjusted for inflation, will be made retroactive to 2012, promising to protect an additional 30 million taxpayers for AMT liability. This will be done by increasing the exemption amounts and allowing nonrefundable personal credits to the full amount of the individual's regular tax and AMT.

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## BCS in the Community



BCS attained the next level of of the Distinguished President's Trust of ETSU for 2013. BCS is now in the Bronze Society charitable giving level.



Ryan Bowman of BCS was featured by the Tennessee Society of CPAs as a young CPA to watch in 2013. Ryan is the current secretary/treasurer and the vice-president elect of the Appalachian Chapter of the TSCPA.



Gina Lemons and Sherri Dugger were panelists for Northeast State's Accounting Occupational Analysis to help improve curriculum at NSCC.



Employees of BCS provided Christmas presents to five children through the Johnson City Schools Homeless liaison.



# The 20 Mile March

Viewpoint by Tommy Greer

The “20 Mile March” is one of the key concepts in Jim Collins’ book *Great By Choice*, in which he and his team studied common attributes of companies that excelled exponentially better than other companies through both good and bad times.

Explained simply, the 20 Mile March cites the example of the divergence in strategy between the explorers Roald Amundsen and Robert Falcon Scott, in their efforts to lead their teams to be the first to the South Pole in October 1911.

Throughout the journey, Amundsen adhered to a regimen of consistent progress, never going too far in good weather, careful to stay away from the red line of exhaustion that could leave his team exposed, yet pressing ahead in nasty weather to stay on pace. In contrast, Scott would sometimes drive his team to exhaustion on good days and then sit in his tent and complain about the weather on bad days.

Amundsen and his team reached home base the precise day he had planned. Scott and his team ran out of supplies, stalled in mid-March and froze to death just ten miles short of their supply depot.

The 20 Mile March requires rigorously hitting specific measurable goals with great consistency over a long period of time. To do this, you need the commitment to perform and meet goals in difficult conditions and hold back and not over-extend in good conditions.

Twenty Mile Marching helps turn the odds in your favor for four reasons.

1. Builds confidence by actual consistent achievement.
2. Reduces the likelihood of catastrophe, due to over-extending when you are hit by unexpected tough times.
3. Keeps you moving forward, despite confusion, uncertainty, and even chaos in an out-of-control environment.
4. Consistent achievement builds significant results over time.



Among many different applications, this concept can apply to a company’s growth, an employee’s production or individual’s exercise plan. We often say for something to really work it must become part of the culture or a “lifestyle.” I believe the discipline of the 20 Mile March theory is a successful way to make lasting changes in your culture or life.

Did you know the 20 Mile March principle has been around for thousands of years and is biblically tested and proven!

***“Steady plodding brings prosperity; hasty speculation brings poverty.” - Proverbs 21:5 TLB***

What is your 20 Mile March, something you can commit to achieving for years with as much consistency? Do it today so you can achieve great things tomorrow!

# Happy Birthday BCS Wealth Management!

by Mike Alread



On May 1, 2013, BCS Wealth Management will celebrate its 15th birthday. It seems like just yesterday when we hung out our shingle and opened for business. We have been blessed beyond measure and feel very fortunate to have the opportunity to serve a wonderful client base. Here is some data that highlight our firm's success from 1998 to 2013.

	1998	2013
Assets Under Management	\$7,000,000	\$110,000,000+
Clients	21	155
Full Time Employees	1	6
CFP®, CPA, MBA, AAMS®, JD	1	5

Other items of interest include a move into a new office building in 2011. We have continuously updated and improved our website: [www.bcswealth.com](http://www.bcswealth.com) which now features a blog that you can subscribe to. We have also partnered with Mackie Financial Group and Jones Insur-

ance Group to further meet the needs of our clients in the insurance arena. This includes all types of life/health and property/casualty insurances as well as Medicare supplement insurances. We can now help clients obtain the necessary insurance products through professional agents that help meet their goals and objectives.

We have been fortunate to be able to align ourselves with the BCS family of companies. The work of helping clients reaching their goals and objectives has been amazing. To see parents save for their children's educational needs over the years and then use the monies to fund the expenses is rewarding. To see clients reach their retirement goals through our counsel and advice has been a tremendous experience.

Again, BCS Wealth Management thanks all of you who have been clients and are current clients. We anticipate the next 15 years will be as fruitful as the last 15 years!

## Personal Lines



**Nathan Goodwin** BCS Wealth Management is pleased to announce the newest financial advisor, Nathan Goodwin, JD. He holds a degree in Corporate Finance and Investment from ETSU and a Law degree from Samford University. Nathan comes to BCS Wealth with many years of business management and legal practice experience. Nathan is very involved in the Elizabethton community, serving on boards of numerous associations, including the Rotary Club, the Boys & Girls Club, the Animal Shelter Building Committee, and Sycamore Shoals Hospital Foundation Board. Nathan and his wife Keely are actively involved in First Baptist Church of Elizabethton.



**Chrissy Pierce** Chrissy Pierce is the new Administrative Assistant in the Kingsport office. She has a Bachelor's degree from ETSU and an Associate's degree from Walters State. Chrissy comes to BCS with over 7 years of administrative experience. She is very involved with the PTA at Indian Springs Elementary School. Chrissy and her two children, Alex and Emmy, attend Indian Springs Baptist Church.



**Jordan Ottinger** Jordan is the new Tax Intern in the Greeneville office. He plans to graduate in May 2014 from Tusculum with a degree in Accounting. He is active in volunteer work and Crossroads Church.



# Windows 8: To Wait or Not to Wait?

by Ryan Owens

The long awaited Windows 8 is finally here. Microsoft's newest operating system will offer an assortment of new enhancements, features, and behaviors. However, Windows 8's biggest changes offer a new look and feel that Microsoft hopes to unify the user experience across all platforms: PC's, tablets, and smart phones. The new Live Tiles (formerly known as Metro) interface is designed for both touch-enabled devices and keyboards/mice.

Many of us will eventually be on Windows 8, so should you take the plunge now?

You do not have to rush into Windows 8 at the moment but if you are feeling curious, then here are several tips and tricks to help you get started with using Windows 8.

## 1. Logging In

The lock screen you see when your computer starts up does not offer directions or tell you what to do next. To get past the lock screen, tap any key, spin the mouse wheel, click the mouse, or swipe upwards on a touch screen. Enter your password to begin.

## 2. The New Start Screen

The first screen you will be presented with is the new Live Tiles interface. You can think of it as a replacement for the traditional start menu in previous versions of Windows.

If you are using a tablet then simply swipe left or right to scroll the screen and tap tiles to open.

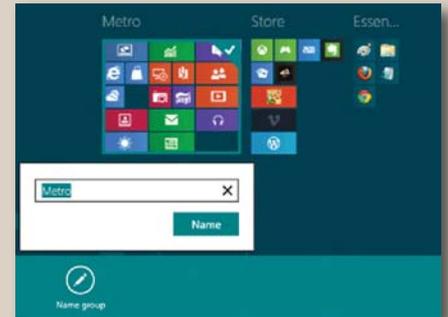
If you are using a PC, you can spin the mouse wheel to scroll the screen or click and drag with the mouse.



## 3. Tiles

You can organize the Start Screen into custom groups. For example, you could drag Mail, People, and Messaging to the left-hand side and form a "Contacts" group. The 'minus' icon in the bottom right corner of the screen will zoom out and give you the ability to drag and drop the group as a whole.

You can also right-click the block (while zoomed out) and you will be able to give the group a different name.



## 4. The Charms Bar

The Charms Bar will give you quick access to searching, sharing, and settings. You can access the Charms Bar by swiping from the right edge to the left on a touch screen, or positioning your mouse at the top right or bottom right corner of the screen.

An even easier way to open the Charms Bar is Win+C.



## 5. Easy Access

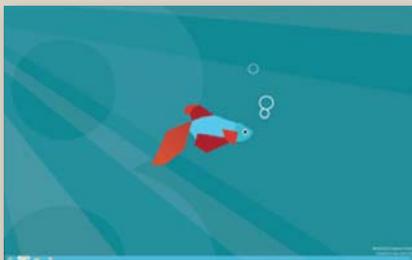
If you have an application that you use all the time, you can pin it to the Start screen.

Find your application using the search feature within the Charms Bar. For example, to pin Microsoft Word, type "Microsoft." Right-click the "Microsoft Word" tile in the search results, and click 'Pin to Start'. If you are using a touchscreen, press and hold the icon, then flick down and select 'Pin to Start'.

## 6. Desktop

The Windows 7 desktop that you are familiar with is still present in Windows 8. To get to it, you can press Win+D or click/tap the Desktop tile on the start screen.

Notice the traditional Window logo “Start Menu” key is no longer present. This is because it has been replaced with the new Start Screen.



## 7. Shutting Down

To shut Windows 8 down, position the cursor to the bottom right corner of the screen (or press Win+I) and click the Settings icon. Then choose ‘Shut Down’ or ‘Restart’.

Alternatively, you can press Ctrl+Alt+Delete and you will see a power button.

## 8. Hotkeys

Here are several hotkeys you can utilize:

1. Press the Windows key to enter the tiled Start screen.
2. The Windows key + M minimizes everything that’s showing on the desktop.
3. The Windows key + E opens Explorer for quick access to folders.
4. The Windows key + Q opens a global search menu. Type what you’re looking for and where you would like to look.
5. The Windows key + F opens a file and folder search.
6. The Windows key + I opens the settings menu, giving you quick access to the Control Panel, Personalization, and your Power button, among other features.

## *Never Too Early to Plan for 2013*

*Continued from Page 1*

**Pease Limitation.** The Act officially revives the “Pease” limitation on itemized deductions. The Pease limitation reduces the total amount of a higher-income taxpayer’s otherwise allowable itemized deductions by 3% of the amount by which the taxpayer’s adjusted gross income exceeds an applicable threshold. Certain items, such as medical expenses, investment interest, and casualty, theft or wagering losses, are excluded.

**Personal Exemption Phaseout.** Under the phaseout, the total amount of exemptions that may be claimed is reduced by 2% for each \$2,500, or portion thereof, by which the taxpayer’s adjusted gross income exceeds the applicable threshold.

### **Personal Tax Credits.**

**Child Tax Credit.** The Act extends permanently the \$1,000 child tax credit.

**Earned Income Credit.** The Act makes permanent or extends through 2017 enhancements to the earned income credit (EIC).

**Child and Dependent Care Credit.** The Act permanently extends the credit with the \$3,000 cap on expenses for one qualifying individual and the \$6,000 cap on expenses for two or more qualifying individuals.

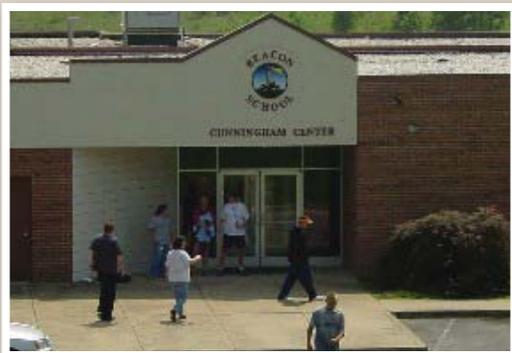
**American Opportunity Credit.** The Act extends through 2017 the American Opportunity Tax Credit. The AOTC rewards qualified taxpayers with a tax credit of 100% of the first \$2,000 of qualified tuition and related expenses and 25% of the next \$2,000, for a total maximum credit of \$2,500 per eligible student.

For more information about the changes in effect for 2013, please visit the blog on our website at [BCScpa.com](http://BCScpa.com).

**For more updates, subscribe to our Blog at [BCScpa.com](http://BCScpa.com)! Find more info about the American Taxpayer Relief Act, new 2013 rates, how to calculate self-employment taxes, Where’s My Refund and much more!**

## Client Feature

# Holston UM Home for Children



and Southwest Virginia. Through preschool children in the childcare program, teenagers living on campus, and kids in foster care, Holston Home serves 350-400 children on any given day. The main site in Greeneville cares for approximately 55 teenagers who also attend Holston Home's Beacon School.

"Our goal for children in our care is to provide them a safe and secure place to live," says Art Masker, Holston Home's President and CEO, "to help them learn and to become productive, contributing members of their communities."

About 20% of the support for Holston Home comes from private donations, estate gifts, and giving from the 900+ churches in the Holston United Methodist Conference.

One of the famous former residents of Holston Home is country music's Rodney Adkins. He was adopted at the age of two, but is a big supporter and promoter of Holston Home. He has played concerts for the kids on a few occasions. "The band set up and brought all of their instruments out except for the drums. The drummer played on plastic trash cans, and the kids went crazy for it!" says Art. "He doesn't want any publicity for it and tells us not to have the media there when he shows up."

Since its inception in 1895, Holston UM Home for Children has helped over 10,000 children from East Tennessee

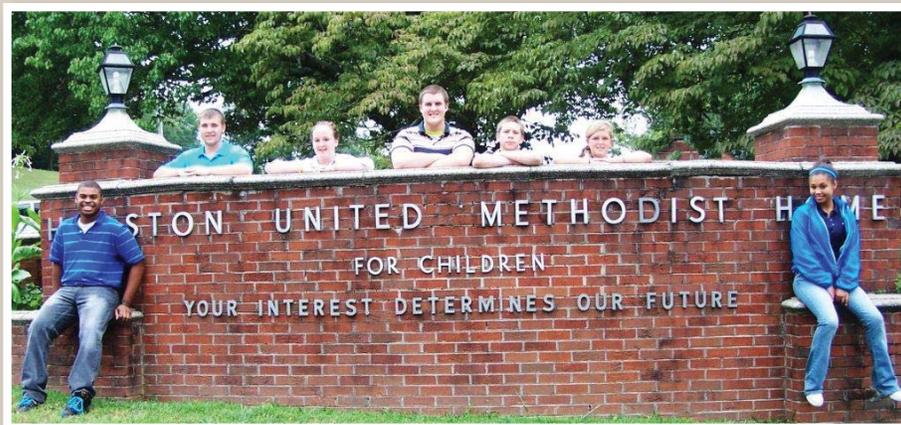
Holston Home graduated twelve seniors from high school in December and expects to graduate 8-10 more in June, some of them first generation high school graduates.

Another service of Holston Home is to provide transitional assistance to teenagers aging out

of the foster care program. Holston Home's staff works with these teenagers to prepare them for living on their own and encourages them to pursue more education and a career.

Holston Home has a spiritual life ministry that helps the children realize there is a God who loves them. An adventure based counseling program provides gardening, horseback riding on campus, and off campus excursions such as camping, hiking and canoeing.

To learn more about Holston Home's services or to see donation information, visit their website at [holstonhome.org](http://holstonhome.org).



# Affordable Care Act: Be Proactive!

by Gina Lemons



The Affordable Care Act has been in the news since the day Congress passed it in 2010. Parts of the law have already been phased in.

For instance, the Affordable Care Act stated that employers were required to report the Employer-Provided Health Coverage on Form W-2 for tax year 2012. The government has since issued transition relief, which means that forms were issued without this information for tax year 2012. Although the IRS has not issued additional guidance for 2013 and subsequent years, employers should be prepared. Make sure that your payroll software (or third-party payroll provider) has the ability to track and report Employer-Provided Health Coverage for Form W-2 reporting.

The latest and most talked about part of the Affordable Care Act will come into effect January 1, 2014. Certain employers will be required to offer health coverage (“competitive” is debatable for some employers), while other employers will potentially lose access to their current plans. Blackburn, Childers & Steagall is encouraging all employers to be proactive, to know where they stand, and to be ready before January 2014. We want you to know the facts. We have listed several of them below. This is not an all-inclusive list.

- If vision and dental coverage are part of the health care plan, it is suggested that if possible, employers modify the plan to separate vision and dental coverage. Otherwise, it becomes mandatory health coverage.
- Employers with 50+ full-time employees (FTEs) or equivalents will be required to offer “minimal essential coverage” by January 1, 2014. However, early classification of employees (who is full time, who is not) should begin by June 30th at the latest with an

attorney due to the look-back period for full-time equivalents.

- An employee working 30 or more hours/week will be considered full-time for health coverage purposes. Large employers, if they offer a health plan, must ensure that this plan is competitive with the state exchange in terms of value provided and affordability.
- Without those features, the employer is subject to potential excise tax penalties.
- If an employer currently offers health coverage to managers but not to other employees as of January 2014, the employer faces adverse tax consequences unless the health plan is either terminated or all employees are included on the plan. Note that termination of the plan may have adverse tax consequences as well for employers with 50+ FTEs.
- **PENALTY FOR NOT OFFERING** health coverage is  $(\$2,000 \times [\text{total number of FTEs} - 30])$  divided by 12. The penalty is payable monthly and will be considered a Federal excise tax under IRC 4980H, but paid to the state exchange, which cannot be deducted.
- **PENALTY FOR NON-COMPLIANCE** (non-qualified or unaffordable coverage) is  $(\$3,000 \times \text{the number of FTEs who migrate to a state exchange and qualify for government aid})$  divided by 12. This penalty is also payable monthly.

This requirement will impact your daily business activities whether you have 50+ employees or not. Changes in health care plans, health care costs, and filing requirements are just a few examples of the possible impacts on small business owners. We cannot stress enough that you should talk to your insurance provider, your attorney, or BCS in the next few months.

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## BCS Accounting Update CPE - June 19

Presented by Blackburn, Childers & Steagall, CPAs, in partnership with East Tennessee State University.

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Learn valuable insights from professionals covering hot topics such as:

- Governmental/Nonprofits
- QuickBooks and Excel
- IT Best Practices and Security
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Plus a panel of regional experts covering debt management, board responsibility, the state of accounting, and current human resource issues!

Wednesday, June 19, 2013 at the Meadowview  
Convention Center in Kingsport, 8:30 am-4:45 pm.

### Easy Registration Options:

- Call Kendra at (423) 282-4511
- Click on the CPE link at [www.BCScpa.com](http://www.BCScpa.com)
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Meadowview Convention  
Center in Kingsport