ClientTell
Blackburn, Childers, and Steagall, PLC
Certified Public Accountants and Consultants
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BCS Announces Merger with Paul J. Rhoton, CPA

by Tommy Greer

Blackburn, Childers & Steagall and Paul J. Rhoton, CPA, the eighth largest firm in the region, announced our merger effective January 1, 2014.

We are excited to welcome Paul, the firm's employees and clients to BCS. With the additional expertise of Paul and his staff, we will be able to expand our services in the Kingsport area and the surrounding region. This merger will nearly double the size of our Kingsport office (Paul is pictured at left with Andy Hatfield, the partner in charge of the Kingsport office, and below with his staff.).

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"I believe BCS is a great fit for us and our clients. They have a reputation for quality and timely client service and for placing high emphasis on family, church and community involvement," said Paul J. Rhoton.

Paul and his team will be a great addition to the BCS family, since they mirror the BCS core values of being totally committed to the client, showing a team effort in providing a variety of services, and operating in a financially sound manner all while maintaining fairness and honesty to the client.

We are looking forward to our full integration by the end of the year. All clients served by the Rhoton firm will continue to be serviced at their current location on Bridgewater Lane. Following a renovation and expansion of the BCS Kingsport office, Rhoton employees are expected to be moved by late 2014 to 1361 South Wilcox Drive.

Until the move to South Wilcox, you can still reach the Rhoton firm employees at the same phone number of 423-246-5521. After the move, the phone number for the Kingsport office is 423-246-1725.

Email addresses will change. You can contact any Rhoton employee by using the formula of first initial, last name, @bcscpa.com. For example: prhoton@bcscpa.com.

We are confident our new affiliation will serve us all well. If you have any questions about this exciting news and what it will mean for you, please contact any of us. Paul and the BCS partners are grateful to our clients, for giving us the opportunity to serve your needs and build long-lasting professional relationships.

Tommy Greer is the managing partner of Blackburn, Childers & Steagall.

About Paul J. Rhoton, CPA: For 30 years, the Rhoton firm has provided the Kingsport area with tax, accounting and consulting services. Please see the biographies of Paul and the rest of the Rhoton staff at right and on page 6.

About Blackburn, Childers & Steagall: Serving the region since 1961, BCS has 10 partners and offices in Kingsport, Johnson City and Greeneville. BCS and its related entities (BCS Wealth Management, First Covenant Trust & Advisors, and Trinity Valuation Consulting) will employ over 100, post-merger. BCS provides tax, accounting and audit services locally as well as nationally. We invite all the Rhoton clients to visit our website at BCScpa.com to learn more about us.

Paul Rhoton, CPA Paul specializes in tax, small business services, estate, gift and trust planning, consulting and litigation support. He is a graduate of East Tennessee State University with more than 35 years experience in public accounting. Paul and his wife live in Piney Flats.

Cherry Kelso Prior to the merger, Cherry worked for the Rhoton firm for 10 years as a bookkeeper, and has worked in accounting since 1980. She has a degree from Steed College. Cherry and her family live in Kingsport and attend Colonial Heights Methodist Church.

BCS Welcomes...

Amanda Bowlin, CPA Amanda worked for the Rhoton firm for 16 years prior to the merger with BCS. She works with small business clients, assisting them with accounting, tax, and QuickBooks training. Amanda and her husband, Matt, have two daughters.

Erin Haynes, CPA Erin is a 2006 graduate of UVA-Wise with a Bachelor of Accounting and a 2008 graduate of ETSU with a Master's in Accounting. She joined the Rhoton firm in 2007 and is licensed as a CPA in Tennessee and Virginia. Erin and her husband and son live in Southwest Virginia.

Lois Shivers Prior to the merger with BCS, Lois worked for the Rhoton firm since its inception, where she started as a secretary. She was very interested in accounting and later became a full time bookkeeper. Lois and her husband have one daughter and two sons.

Renee Carmody Renee began working for the Rhoton firm in 1998 after graduating Northeast State Technical Community College with an Associates Degree. She has over 12 years of administrative and bookkeeping experience. Renee and her husband and son live in Bristol.

Loie Briggs Loie joins BCS as an administrative assistant after the merger with the Rhoton firm, where she was an adminstrative assistant since 2007. She has over 37 years of clerical and administrative experience. Loie and her husband moved to Kingsport in 2006 from Washington, DC.

Robin Thompson Robin has been with the Rhoton firm since 2001, and has over 27 years of bookkeeping and accounting experience. She is a graduate of ETSU with a Bachelor Degree in Accounting. Robin and her husband reside in Mount Carmel and attend Higher Ground Baptist Church.

By David Greene

Six Lessons on Estate

Unless you've been living under a rock for the past few years, you've undoubtedly had some exposure to the Robertson Family—the beard-sporting, camo-clad, wise-cracking millionaire-redneck stars of A&E's Duck Dynasty. Before appearing on television, the Robertson family amassed substantial wealth through their Duck Commander business, which manufactures and sells patented duck calls.

In an episode called *Jerky Boys*, which aired in October of 2013, family Patriarch Phil and his wife Kay decide to do some estate planning and share their wishes with their son and Duck Commander CEO, Willie. What follows are some real-life lessons to be learned from Phil and Miss Kay's venture into getting their "affairs in order." Their example proves at times to be good, bad and ugly.

LESSON 1:
Get a Sense of Urgency

Phil and Kay arrive in Willie's office and Phil introduces the subject when he announces that they have just come from the doctor's office and are going to die. Willie is naturally alarmed, but is quickly relieved to find out that both Phil and Kay are, at the moment, relatively healthy. Phil demonstrates lesson one: a healthy sense of urgency, when he continues, "If you've made it 65 years, you're way ahead of the game, but we will go. We're like everyone else. At some point, presto—they're gone. We want to make sure what we leave behind is in order."

"Today?" Willie asks.

"Today. Right now," Phil replies. "We ain't getting any younger Will."

Most people realize estate planning is important, and most people are realistic enough to know that at some point, "presto—they're gone." Not many people expect that presto moment to be today, or tomorrow, or next week, and so planning for death and disability is always something that can be done later. The truth that Phil and Kay realized is that at some point—no one knows when—it can't be done later, so it's best to get it done as soon as possible. "Today. Right now."

LESSON 2:
Make It Legal

At Phil's insistence, Willie accompanies him on a tour of the Robertson property. Phil's idea is to describe to Willie which portions of the property are to go to whom. Willie skeptically asks, "should we write this down?" Phil's response teaches (by way of a negative example), lesson 2: Make it Legal. Phil says, "Nothin' sticks in a man's ears like his father's voice. A man's word is better than putting anything on paper." Perhaps it should be expected from a man who's expertise is in duck calls, but this is terrible estate planning advice, and Willie knows it. "Ever wonder why families end up arguing over their inheritance?" he asks. "Because their parents asked their son, who isn't getting the house, to remember the will."

LESSON 3:
Plan for the Unexpected

Here, Kay sets a good example again. She explains, "If you wanna guarantee your passing is handled correctly, you've gotta make sure you've got a good backup plan. The more backups the better. Backups for backups for backups for backups. The more backups the better." Clients often have

Planning from Duck Dynasty

difficulty with this part. They haven't considered the unfortunate possibility that their children or grandchildren could die or become incapacitated before they do. But Kay's advice is sound—it's good to think about who will inherit (or serve as executor, or guardian or etc.) if your first (and second) choice isn't available. A solid backup plan includes naming a corporate fiduciary to serve in the event individuals are not willing or able. She then talks about her ultimate backup plan, if none of her descendants are available to inherit: "And then to [Phil's brother] Si if y'all die in a plane crash or somethin'." Planning for the plane crash is a good idea, although naming an individual (and one in her own generation) is not necessarily ideal (a larger class of people or charitable organizations would be better). Willie hints that he has a sense of this as well, and bluntly points out: "Si's old as crap--I don't think you need to be working him into the inheritance."

LESSON 4: Plan for Animals

After reciting the plan, including backups for backups, Kay adds, almost as an afterthought, "we probably should have left something to [the dogs] Bobo and JJ too…" The truth is, planning for animals isn't always necessary. But if there's doubt as to who will care for pets after you're disabled or deceased, or if there's likely to be disagreement over the animals (whether its because everyone wants them or no one does), it can be a good idea to put your wishes in your estate plan. Most states now have specific trust statutes allowing for a trust to be established for the benefit of pets.

LESSON 5: Revise When Necessary

As the show progresses, Phil and Willie tour the property. Several desirable portions Phil indicates should go to Willie's brothers. Toward the end of the show, Phil finally shows Willie the portion of the family land that Phil wants Willie to inherit—an unsightly tract with a gas-line easement running across it. Willie's hope, as he responds to this revelation from his father, is that "you can re-think this thing. It's not official yet." And that's true—as long as Phil remains mentally sharp, he can always change his mind—updating, revising and refining his estate plan so that at the time it's necessary to enact, it represents his wishes as closely as possible. It's a good practice to take a look at your estate plan every few years—or when there's a significant change in family circumstances or wealth—and make sure it still reflects your goals.

LESSON 6: Discuss Your Plan

Phil eventually explained that his reasoning for leaving the seemingly undesirable encumbered portion of land to Willie was due to Willie's business acumen and ability to negotiate with the utilities. Explaining these types of decisions to your family can be very helpful to them— especially if your loved ones are likely to be surprised by what's in your plan, or if the plan could be perceived as unfair in some way. If Phil hadn't communicated his rationale to Willie, it's possible that his dying bequest could have left Willie feeling slighted. Typically, the overarching goal for estate planning is to make things easier on your loved ones once you're gone, and sometimes, knowing why you made a choice can be the difference between confusion and resentment, and respect and admiration.

So while these may not be the typical lessons on "family togetherness" that Phil and Miss Kay are used to teaching, when you are planning your estate (or if you're helping clients plan for theirs), remember these lessons they unwittingly taught—they might just end up helping that family togetherness thing after all.

BCS Welcomes...

Jennifer Atkinson Jennifer has worked part time for the Rhoton firm during tax season for the last seven years doing administrative work. She has a degree in Computer Science from Mars Hill College. Jennifer and her husband have two sons and attend Munsey United Methodist Church.

Rachele Taylor Rachele joined the Rhoton firm in September 2012 as an intern and became full time in May 2013, prior to the merger with BCS. She graduated in August 2013 with a Bachelor Degree in Accounting from ETSU. Rachele and her husband live in Gray.

Lauren Blair Lauren is a 2008 graduate of ETSU with a Bachelor Degree in Accounting and has eight years of experience in public accounting prior to the Rhoton merger with BCS. Lauren and her husband and son reside in Mount Carmel where they attend Ridgeview Baptist Church.

New Interns

Shannon Jewett Shannon is a new Tax Department intern. She plans to graduate with degrees in Business Administration and Accounting in May 2015 from Milligan College. She is on the basketball team and involved in several clubs. Shannon attends North Ridge Community Church.

Jeremy Wright Jeremy is a new intern in the Johnson City Tax Department. He graduated in May 2013 with a Bachelor Degree in Accounting from ETSU and is planning to complete his Master's in December 2014. He is a student member of the TSCPA and attends Poplar Grove Baptist Church.

Sarah Clabo Sarah is the newest intern in the Tax Department in the Greeneville office. She plans to complete her Accounting Degree from Tusculum College in May 2014. She is involved in several academic and service clubs at Tusculum and attends Valley View Baptist Church.

Changes in Accounting for Goodwill

By Nick Crowe

In January 2014, the FASB approved amendments in goodwill that apply to private companies only. The accounting alternative applies to goodwill existing at the beginning of the annual period in which it is elected and to new goodwill recognized after the beginning of the annual period of adoption.

Previously, GAAP required that goodwill of a reporting unit be tested for impairment at least annually and adjust accordingly. Under the new amendments, an entity that elects the accounting alternative within U.S. GAAP should now amortize goodwill on a straight-line basis over 10 years, or less than 10 years if the entity demonstrates that another useful life is more appropriate. An entity that elects this accounting alternative is required to make an accounting policy decision to test goodwill for impairment at either the entity level or the reporting unit level. Goodwill must be tested for impairment only when a triggering event occurs that indicates that the fair value of an entity may be below its carrying amount. The Private Company Council (PCC) further simplified goodwill impairment by eliminating step two of the current impairment test, the qualitative assessment. The goodwill impairment amount, if any, represents the excess of the entity's carrying amount over its fair value.

In summary, the PCC concluded that the accounting alternative for goodwill is responsive to the needs of private companies, their stakeholders and provides decision-useful information to users of private company financial statements.

The accounting alternative, if elected, should be applied prospectively to goodwill existing as of the beginning of the period of adoption and new goodwill recognized in annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early application is permitted, including application to any period for which the entity's annual or interim financial statements have not yet been made available for issuance.

Not Too Late to Contribute to IRAs

By Myra O'Dell of BCS Wealth Management

It's not too late to contribute to your Individual Retirement Account (IRA) for 2013. The IRS allows you to make IRA contributions up to the due date for filing your return for that year, not including extensions. That means you still have until April 15th to make your IRA contribution for 2013.

For 2013, you can contribute up to $5,500 annually to your IRA ($6,500 if you are 50 or older by the end of the year), assuming you have at least $5,500 ($6,500) in earned income for the year. Amounts will be the same in 2014. However, you cannot make regular contributions to a traditional IRA in the year you reach 70½ and older.

If you or your spouse is covered by an employer-sponsored retirement plan, and your adjusted gross income (AGI) exceeds certain levels, you may not be able to deduct your entire contribution to a traditional IRA. See the table for the 2013 limits for Married Filing Jointly (please refer to our blog to see the limits for single, head of household, and married filing separately taxpayers). Additionally, regardless if you are covered by an employer-sponsored retirement plan or not, if your AGI exceeds $178,000 for married filing jointly taxpayers, the amount you can contribute to a Roth IRA for 2013 is reduced.

If you file a joint return, you and your spouse can each make IRA contributions even if only one of you has taxable compensation. The amount of your combined contributions cannot be more than the taxable compensation reported on your joint return. It does not matter which spouse earned the compensation.

If You Are Contributing To A...	And Your Modified AGI Is...	Then You Can...
Traditional IRA (Married Filing Jointly and Qualifying Widow(er))	$95,000 or less	take a full deduction up to the amount of your contribution limit
	$95,001-$114,999	take a partial deduction
	$115,000 or more	take no deduction
Roth IRA (Married Filing Jointly and Qualifying Widow(er))	$177,999 or less	contribute up to the limit
	$178,000-$187,999	contribute a reduced amount
	$188,000 or more	contribute zero

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BCS Merges with Paul J. Rhoton, CPA

Picture taken at the Firmwide December Breakfast at MeadowView Convention Center to welcome the Rhoton firm to the BCS family. See front page for more details.