

## >> IN THIS ISSUE

- ## KEY TAX DATES

## APRIL

17

30

## 2011 REPORT TO CONGRESS

The National Taxpayer Advocate recently submitted its 2011 Annual Report to Congress,, which identifies some of the most serious problems encountered by business taxpayers when dealing with the IRS and seeks to make administrative and legislative recommendations to mitigate the defined problems. Below is a summary of a few of the items on the list.

**Tax-related identity theft continues to impose significant burdens on taxpayers and the IRS.** Identity theft is at an all-time high. More refundable credits have caused the IRS to be a target for identity thieves, organized crime and others seeking improper payments. The IRS continues to fight this battle while trying to implement new automated programs designed to deter theft. New types of business structures, which have

Where do we go from here? The IRS must learn to work more efficiently, which is a demanding task. Only time will tell how effective the IRS will be. ■



# TOP STORY

## STAYING AHEAD OF SOCIAL MEDIA RISK

by Daniel J. Desko, Internal Audit and Risk Advisory Senior

Social media is proving to be a valuable tool in the business world, and the user base is growing exponentially by the day. The rate at which information can now be shared and disseminated is far greater than just years ago. To that end, sites like Facebook, Twitter, YouTube, Pinterest and LinkedIn have all proven to be valuable tools in the corporate arena. Campaigns on these sites have been known to be very successful in generating sales and increasing brand recognition. Because of this success, investments in online advertising are on pace to surpass traditional print advertising for the first time in history this year.

On the flip side of that, social media sites have also unfortunately proven to be a breeding ground for disasters that have tarnished the reputation of many well-known organizations and brands. For example, poor access controls allowed a major news outlet's Twitter page to be hijacked, and it falsely reported assassination attempts on the President of the United States. Also, a large, national humanitarian nonprofit organization employee who had his personal Twitter account linked to the official organization page drunkenly "tweeted" an inappropriate message to all the organization's followers, thinking it was his personal account. How do you think that affects the credibility of that news outlet, or how likely are you to trust your donations to that particular national nonprofit organization after experiencing something like that first-hand?

The rate at which social media is growing

makes it difficult to keep up with the benefits, let alone to consider and control all of the pitfalls. Despite the rate of growth, the threats and risks associated with a corporate social media presence should be assessed

on a continual basis; chief among them are:

- Mismanagement of content posted on official corporate social media outlets
- Fraudulent or hijacked corporate social media presence
- Trade secrets being inadvertently shared
- Increase in customer service expectations by adding another channel of customer feedback
- Employees posting information or content that is work-related on personal sites or vice versa

Organizations that have a corporate social media presence are automatically subject to these threats and risks, and there are certain steps they should consider to stay ahead of it all. Developing policies, procedures and user training surrounding corporate social media use is a critical first step. In addition, organizations should consider limiting access to official corporate social media pages and defining "rules of engagement" for broadcast communications to followers. Monitoring the social media pool for fake pages that attempt to speak for the organization is also a crucial exercise that

should be occurring on an on-going basis.

Organizations must be careful to not "over-control" the social media efforts of the company; otherwise, marketing and sales efforts could be stifled. Additionally, there are some legal risks associated with policy and procedures surrounding employees' use of their own social media sites. Organizations need to be careful not to overstep employees' rights based on federal laws such as the National Labor Relations Act. All in all, the maturity of social media and the control environment surrounding it is relatively in its infancy, which means the learning curve can be steep. Don't fall behind. ■



**DANIEL J. DESKO**  
INTERNAL AUDIT AND RISK ADVISORS  
Senior

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THIS NEWSLETTER.



# FEATURE ARTICLE

## CHANGE IS THE ONLY CONSTANT

by Raymond W. Buehler, Jr., President and CEO



Every year around this time, I'm asked to share ideas for an *On Point* article. And, it seems that every year I suggest "change" as the theme for my column.

It's not for a lack of new ideas, or for lack of other stories to tell. I'm just convinced that "change" represents a fundamental element of the Schneider Downs service delivery model. It is, perhaps, the most important story I have to share with you.

Schneider Downs continues to grow. We have high hopes for the future, and we recognize that the key to future success is to constantly evolve in our ability to meet our clients' needs. We strive to change because we recognize that our clients are not sitting still, either.

In our most recent client survey, we asked our clients to tell us if there are other ways we can help meet their needs. Simply by asking this question, we learned that many

of our clients have new plans, directions and objectives for the coming year.

Think about your organization: Has your company changed in the past year? Have you updated your business goals? Have your plans and strategies evolved?

Hopefully, your answer is yes. Our clients are in a constant state of change – growing or downsizing; planning new business ventures, or breaking ground on new facilities; expanding into new market areas, or launching new product introductions; changing executive leadership, or growing through strategic acquisition; making business adjustments to ever-changing state and federal legislative policies.

We realize that your business is changing, and we understand that your needs do, too. We're committed to changing right along with you, so we can confidently provide the services and expertise you will need in the future.

In the past year, we've expanded our state and local tax teams to meet the increasing demand for that expertise. SD Global, our International Accounting Services Group, has added new faces and capabilities, and identified even more connections throughout the world. We've reorganized our industry groups to help sharpen our focus on issues specific to their businesses and organizations. Our Technology Group has added new software programs to its arsenal, and continues to develop custom platforms when a market-ready solution doesn't already exist. Perhaps most vitally, we've added terrifically talented professionals in every department of our firm.

New services. New capabilities. New talent. It is through this formula that Schneider Downs continues to evolve – and grow. Each of these changes was made specifically with the needs of our clients in mind.

In the coming year, your engagement team will continue to ask you about your business. I encourage you to share your plans with your engagement team, or share them directly with me ([rbuehler@schneiderdowns.com](mailto:rbuehler@schneiderdowns.com)). We want to know what your goals are, and how your needs have changed. We want to know where you are going...because it's our business to help you get there. ■



**RAYMOND W. BUEHLER, JR.**  
SCHNEIDER DOWNS & CO., INC.  
*President and CEO*



# NEWS YOU NEED

## Schneider Downs Wealth Management Advisors, LP Quarterly Column

### It's About Time! New Rules are Positive Developments for ERISA-Governed Retirement Plans

The Department of Labor (DOL), Treasury Department and Internal Revenue Service (IRS) have all gotten in on the new regulation game in 2012 for those retirement plans covered by ERISA (Employee Retirement Income Security Act of 1974). The DOL's current focus is on more and better fee disclosure at both the plan sponsor and participant levels. In addition, these new DOL regulations mandate more detailed disclosure of conflicts of interest between service providers. Also, waiting in the wings for late 2012 is an expanded definition of which entities are considered to be fiduciaries governed by ERISA, complete with strengthened standards of conduct.

The Treasury and IRS's announced focus of late is on making it easier for qualified retirement plans to offer various annuity-type products with a special emphasis on "longevity insurance." The goal is to better enable participants to access products that help mitigate the possibility of outliving income sources due to living longer than expected, thereby exhausting their financial resources.

**From our perspective and that of many of like-minded professionals who embrace their fiduciary relationship with their retirement plan clients, these moves are all long overdue.** Many studies and statistics point to a growing retirement security crisis in this country that has not been adequately addressed for many reasons, not the least of which are the profit motives of many retirement plan service providers. The DOL's moves

should be applauded by the participants and beneficiaries for whom these new rules are meant to help and protect. It is unfortunate that intense lobbying by some self-serving industry players has caused the delays that we have already endured.

**Better fee and conflict-of-interest disclosure will finally put buried costs and hidden relationships on the table for all to see and compare.** Daylight will be a great antiseptic and help prevent egregious fees and undisclosed "cozy" relationships from inhibiting the realization of satisfactory compound rates of return within participants' accounts. Back in the era of seemingly automatic double-digit returns, fees that were higher than industry standards were not a focal point because they were considered inconsequential and offset by high rates of return. But now, when we are likely facing a period of time where investor account performance may very well be measured by single-digit results, the difference in fees will dramatically impact achieving satisfactory outcomes or potentially retiring with inadequate resources.

**High fees that are buried and undetected within complicated legal documents and products are a bit like undiagnosed high blood pressure: Initially you don't necessarily see or feel the affliction, but over time, if left untreated, it will kill you.** It is time for plan sponsors and participants to have full and standardized disclosures of all fees and

service provider relationships, so they can evaluate whether fees are fair and reasonable for the services provided when compared to marketplace alternatives.

As for the Treasury and IRS focus on allowing more flexibility for annuity products, it is a good news/bad news scenario. **Many retirees will tell you two of their greatest fears are outliving their resources and/or not being in a position to make prudent and sound decisions relative to their financial affairs as they grow older.** A properly selected and utilized annuity product at the inception of retirement may very well be the answer to both concerns. However, it remains to be seen whether plan sponsors or participants will follow a prudent planning and due diligence process that leads to a sound decision that will withstand the test of time, which for some may mean 40 years. At this point in time, there may be more questions than answers. However, conceptually better annuity exploration and integration within a well-thought-out and diversified retirement income plan certainly has its merits. Our firm is well prepared to help our clients achieve their retirement plan goals. ■



**JEFFERY A. ACHESON, QPFC, AIF®**  
SCHNEIDER DOWNS WEALTH  
MANAGEMENT ADVISORS, LP

Partner

**NEWS**

**February 2012**



The assets of  
**PONTOTOC SPRING**  
have been acquired by  
**MW INDUSTRIES, INC.**,  
a portfolio company of  
Genstar Capital

The undersigned served as advisor to the seller.  
Schneider Downs Corporate Finance, LP

**Around Schneider Downs**



Three teams of riders from the Pittsburgh office recently participated in the Race to Anyplace, the largest stationary bike race in Western Pennsylvania. The event raises funds for the Leukemia and Lymphoma Society. Thank you to our riders!



On February 3, the Pittsburgh and Columbus offices each participated in the annual Go Red for Women day, which benefits the American Heart Association.



A team of bowlers from the Columbus office raised \$2,135 during the Big Brothers Big Sisters 2012 Bowl for Kids' Sake campaign. Way to go!

Schneider Downs hosted a "World Class Welcome Reception" for Columbus Sister Cities International and a delegation of world leaders on February 9. We welcomed dignitaries from Sister Cities Ahmedabad, India; Dresden, Germany; and Odense, Denmark to Central Ohio. Artist Stuart Williams (creator of the light installation "Breath of Life," which was shown on COSI's façade) was in attendance and discussed his work.



**New Hires**

Our people are our greatest strength. We welcome our October, November and December new hires:

Stephen V. Bish  
Joyce T. Doyle  
Laura A. Fernan  
Troy J. Fine  
Zachary M. Hoke  
Zachary A. Kramer  
Amy R. Morgan  
Christopher Payne  
Ryan W. Scheutzow  
Mark J. Shumaker  
David C. Stephan  
Maureen L. Thomas  
Allen W. Wassel

**WELCOME**

**CALENDAR - BENEFIT PLAN DUE DATES**

**Forms 5500, Annual Return/Report of Employee Benefit Plan.**

Year-End	Due Date	With 5558 Extension
8/31	4/2/12	6/15/12
9/30	4/30/12	7/16/12
10/31	5/31/12	8/15/12

**Processing of corrective distributions relative to failed 401(k) ADP/401(m) ACP discrimination testing, so as to avoid a 10% employer-imposed excise tax.**

Year-End	Due Date
12/31	3/15/12
1/31	4/16/12
2/28	5/15/12

# ONPOINT

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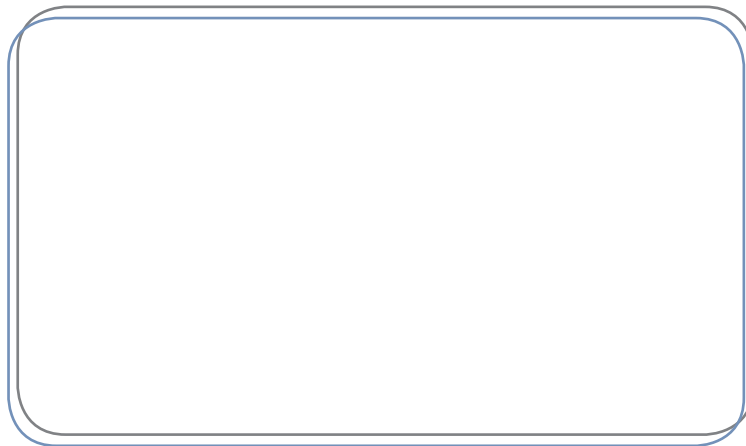


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Are you on our email list? Schneider Downs frequently issues email messages with news, information and updates on topics that are important to our clients' industries. If you would like to receive periodic updates via email, please visit [www.schneiderdowns.com](http://www.schneiderdowns.com) and click on Subscription. We'll be sure to keep in touch.



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## PROFESSIONAL NEWS

**Raymond W. Buchler, Jr.**, President and CEO, has joined the Board of the United Way of Allegheny County.

**Graig T. O'Shane**, Schneider Downs Corporate Finance, LP Vice President, presented to the Pittsburgh Chapter of the Women Presidents' Organization on the topic of "Exit Strategies: Preparing Your Business for Sale."

**Theodore M. Pettko**, Audit Shareholder, attended the AICPA Oil and Gas Conference in Denver, CO in November.

**Frank A. Wischart**, Business Advisors Director, was appointed to the Haven of Hope Cancer Foundation Board.

**Jeanne M. Barrett**, Audit Senior Manager, wrote "Give Your Retirement Plan an Annual Checkup" for the Society of Human Resource Management (SHRM).

**Mark E. Cobetto**, Tax Shareholder, spoke at the IGAF Annual Tax Conference in Orlando in January. Mark was also featured in a *Columbus Business First* article, "A Conversation with Mark Cobetto" in January.

**Ronald A. Kramer**, Director of Specialized Tax Services, presented at the PICPA Pittsburgh Chapter Annual Western Pennsylvania Tax Conference in January.

**Nicole P. Saldamarco**, Internal Audit and Risk Advisory Services Senior Manager, and **Rosemary N. Coombs**, Internal Audit and Risk Advisory Services Staff, presented the career path of Internal Audit to the Student Accounting Association and a Finance Management class at California University of Pennsylvania.

**James T. Gilboy, Jr.**, Tax Senior Manager, has volunteered to be Treasurer for the Plum Baseball and Softball Association.

**Jay R. Meglich**, Audit Shareholder, spoke at the Ohio Society of Certified Public Accountants' Oil and Gas Conference in Akron, OH in March. The conference focused on the Utica Shale impact in Ohio.

**Donald R. Owens**, Internal Audit and Risk Advisory Services Director, was awarded the designation of "Certified in Risk Management" from The Institute of Internal Auditors. Don is also being honored by Franklin University for his contributions to the profession, receiving the University's annual Credits to the Profession recognition award.

**Jeffrey A. Wlahofsky**, Tax Shareholder, and **George E. Adams**, Tax Shareholder, presented the business aspects of the Utica and Marcellus Shale formations to the University of Pittsburgh's Katz Business School and School of Law students in March.

**Natalie K. Donovan**, Human Resources Manager, was featured in a *Columbus Business First* article, "Starting Salaries on the Upswing" in February.

**Brian C. O'Brien**, Audit Shareholder, was quoted in *The Chronicle of Philanthropy* article, "Watchdogs Zero in on Charity Drug Valuations" in February.

**Theodore M. Pettko**, Audit Shareholder, and **Gennaro J. DiBello**, Tax Shareholder, attended the 2012 Pittsburgh Heart Ball in February. The event is the annual gala for the American Heart Association.