

ON POINT

SCHNEIDER DOWNS

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KEY TAX DATES

04.15.2013

INDIVIDUALS Income tax and self-employment tax returns for individuals. Last day for calendar-year individuals to file application (Form 4868) for automatic six-month extension to file 2012 income tax return.

PARTNERSHIPS Last day for filing income tax return (Form 1065) for calendar year 2012. Last day for calendar-year U.S. partnerships to file (Form 7004) for automatic five-month extension to file 2012 income tax return.

05.15.2013

EXEMPT ORGANIZATIONS Annual information return (Form 990) for 2012 by calendar-year organizations exempt or claiming exemption from tax under Code Sec. 501 or Code Sec. 4947(a)(1).

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THE IMPORTANCE OF TRAINING

*by Natalie Donovan,
Human Resources Manager*

Training doesn't end the day you graduate. Professionals in many fields spend large amounts of time learning about new processes, procedures, laws, etc. Think about this...would you want someone operating on you who hadn't cracked a book or reviewed a white paper since 1990? No thanks!

As the business world continually changes, organizations need to provide their employees with training throughout their careers. Did you hear that? This is occurring on the company's dime.

But it doesn't have to be costly. The most accessible training resource an employer has is its own workforce. Companies with limited budgets can conduct their own in-house training sessions led by employees with remarkable skills in specific areas. Employers can also provide access to books, videos and e-learning tools and encourage discussions among staff.

Along with salary and other benefits, organizations should place great emphasis on the development of their people. Training is an essential means by which employers can attract and retain high-quality employees, as well as increase the efficiency, output and production of a company.

Keep your workforce sharp. Watch *The Tale of the Woodcutters*. <http://bit.ly/WnPm7G>



SCHNEIDER DOWNS IS ON THE MOVE

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

We had a lot of excitement at Schneider Downs this winter, even more than usual during our traditional busy season.

In January, our firm made the official decision that we would move our Pittsburgh headquarters from our current location to One PPG Place in November of this year. It wasn't a decision we made lightly – after all, we've been very comfortable in our current location (1133 Penn Avenue) since 1985.

Twenty-eight years in one location is a long time.

Consider that, in 1985:

- We only used one floor of our current building (today, we use all six floors and access additional space down the street)
- Our firm had 61 employees in our Pittsburgh office (today we have 260)
- We hadn't yet introduced several of our most important practice units, including our Business Advisory, Technology, Wealth Management, Corporate Finance and Creative Financial Staffing divisions. Those services are now essential elements of our practice.

Times have changed, and so have we. Our firm has been blessed with steady growth over the years and – after nearly 30 years -- our firm simply ran out of room to sustain our future plans.

We have great plans for the future, and our move to One PPG Place will make it possible to realize those ambitions. We will continue to grow, and continue to add new services and capabilities to meet the ever-expanding needs of our clients. The fundamental foundation of our practice is to provide the services of greatest value to the companies with which we do business. This new building will permit us to meet that goal.

This location will offer capacity for more workspaces, access to larger meeting areas and updated amenities for both greater comfort and increased efficiencies. It also happens to be one of Pittsburgh's most readily identifiable buildings, located near the high-energy Market Square district.

Moving to One PPG Place will better equip our firm with the resources we need to best serve our clients. We are excited about the potential of this new facility, and eagerly look forward to sharing our new space with you.

We'll tell you more about our new space in future issues of OnPoint. In the meantime, I hope you'll make time to visit us at 1133 Penn Avenue in the coming months. There's still time for a visit. ■

TOP STORY

OWNERSHIP OF TECHNOLOGY RISKS

by Donald R. Owens



AT THEIR CORE, TECHNOLOGY RISKS ENCOMPASS DANGERS EMBEDDED WITHIN OPERATING SYSTEMS AND APPLICATIONS. IF THESE RISKS ARE NOT IDENTIFIED AND MANAGED, THEY CAN IMPAIR AN ORGANIZATION'S FINANCIAL AND OPERATIONAL PERFORMANCE AND RESULT IN LEGAL IMPLICATIONS.

Such risks can be mitigated, if not eliminated, but it takes more than a competent and proactive Information Technology (IT) department. It requires the direct involvement and acceptance of ownership by those tasked with managing the business.

To understand how certain technology risks reside with non-IT management and personnel, a breakdown of common components within IT operations is helpful. Structurally, IT consists of operating systems/platforms, applications/programs, and data (which is processed through the applications and stored for retrieval). IT departments are primarily responsible for managing and safeguarding the physical equipment that houses the operating systems and applications, in addition to maintaining and securing the networks and computers of the organization. Other responsibilities of IT departments include adding or removing users from systems and executing programming changes. With this being said, a false and problematic conclusion commonly held by line management is that the IT department is managing "all" technology-related risks.

The reality is that organizations are often victims of technology failures that have little, if anything, to do with the actions and activities of their IT department. A common failure is management within the lines of business not ensuring that the technologies align with the needs and objectives of the business. Management owns and is responsible for proper selections of the applications necessary to meet business

requirements. IT departments have a critical role in the selection process as it relates to assessing compatibility with the existing IT infrastructure and implementing and maintaining the applications. Related responsibilities that reside with management include: validating that the application logic produces accurate outcomes (e.g., financial statements, management reports and other system-dependent data are complete and accurate) and that programming changes requested for an application result in expected results.



Management also has the responsibility to ensure that users are given access to the applications that align with their job duties.

Another area in which ownership is misplaced with IT departments is with respect to the identification and selection of the automated controls and edit checks available within applications that complement business practices. Management, not IT, is best positioned to assess and determine which of the controls and edit checks should be activated to protect the integrity of information entered, processed and produced through the business applications. These particular controls and checks must function in unison with the expectations and requirements of the business, and management needs to conclude on their value to the business. Again, IT plays a critical role in activating and maintaining such controls and edit checks.

In conclusion, managing and mitigating technology risks is a partnership between IT and management; one that requires a clear understanding of where ownership resides between the two. ■

FEATURE



OHIO EFFORT TO STANDARDIZE MUNICIPAL TAXES

BY DENNIS R. MOWREY, TAX DIRECTOR

Legislation to streamline Ohio's municipal income tax system has been introduced in House Bill 601. The Bill is intended to provide more uniformity and simplicity in filing municipal tax returns.

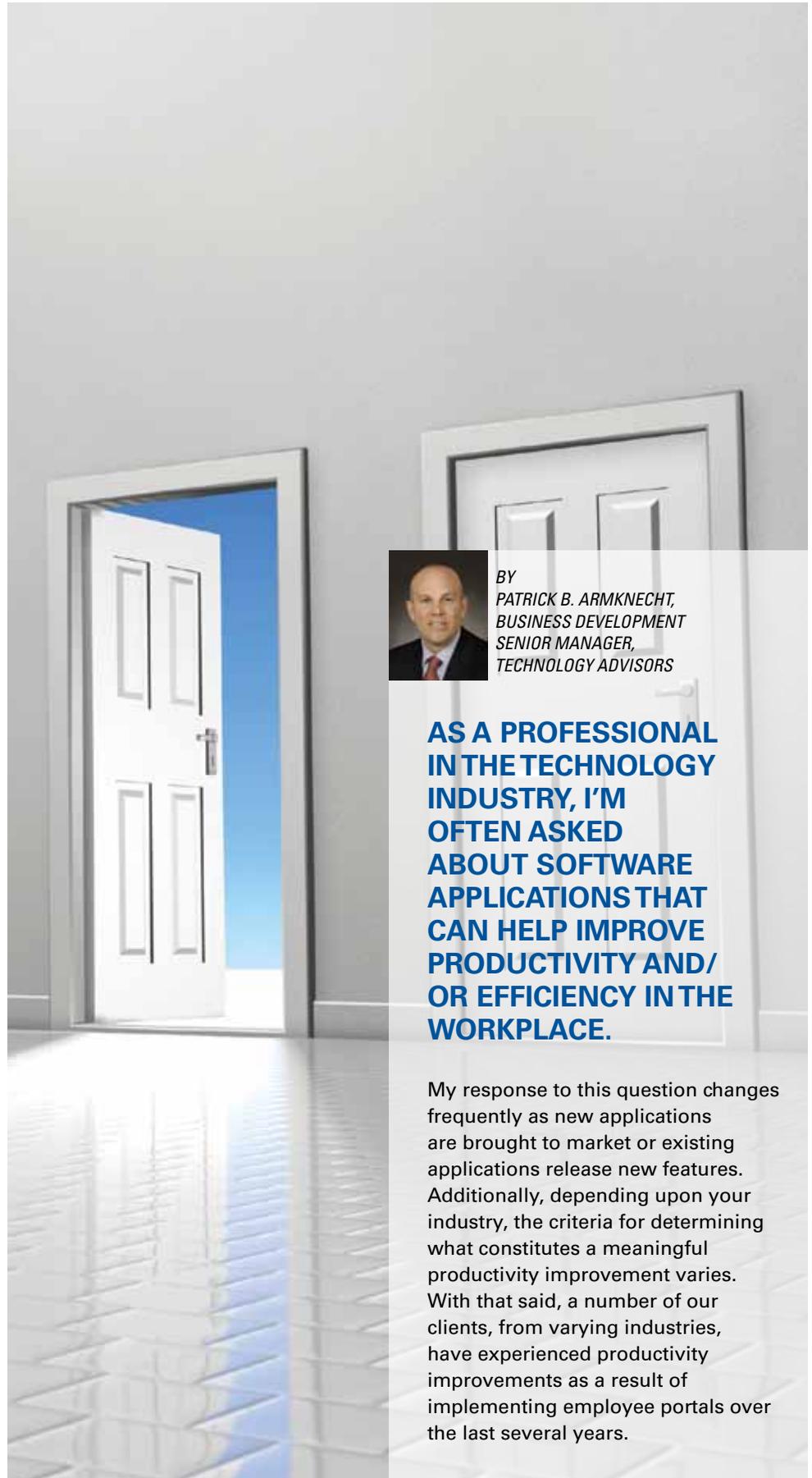
The Bill has been the work of the Municipal Tax Reform Coalition, the Ohio Society of CPAs, the Ohio Manufacturers Association, the Ohio Contractors Association, the Ohio Trucking Association, and another two dozen organizations.

Consider the following:

- Ohio has the most complicated local income tax system in the U.S.
- Ohio is the only state where each city/village can make its own rules and regulations
- Businesses in Ohio must keep track of and comply with as many as 600 different sets of tax ordinances
- Having employees working and/or traveling in multiple cities becomes a bookkeeping nightmare, where staying compliant can cost businesses more than what they owe in taxes
- S-Corporations and Partnerships are sometimes taxed at the owner level and sometimes taxed at the entity level—and in one municipality can be taxed at either level

Under House Bill 601, corporate taxpayers would be allowed to file a consolidated municipal tax return, which would ease the burden of the more than 300 different municipal forms currently

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BY
PATRICK B. ARMKNECHT,
BUSINESS DEVELOPMENT
SENIOR MANAGER,
TECHNOLOGY ADVISORS

AS A PROFESSIONAL IN THE TECHNOLOGY INDUSTRY, I'M OFTEN ASKED ABOUT SOFTWARE APPLICATIONS THAT CAN HELP IMPROVE PRODUCTIVITY AND/OR EFFICIENCY IN THE WORKPLACE.

My response to this question changes frequently as new applications are brought to market or existing applications release new features. Additionally, depending upon your industry, the criteria for determining what constitutes a meaningful productivity improvement varies. With that said, a number of our clients, from varying industries, have experienced productivity improvements as a result of implementing employee portals over the last several years.

USING EMPLOYEE PORTALS TO IMPROVE PRODUCTIVITY

by Patrick B. Armknecht

Whether it's referred to as an Employee Portal, Self-Service Portal or Employee Self-Service, the concept is the same. The technology allows for the web-based sharing of information between an employee and an employer in a timely and convenient manner. With a unique username-password combination, an employee can log into the portal and access their personal records. Information commonly shared through the use of an employee portal includes:

- Demographic information (name, address, marital status, etc.);
- Payroll information (paystubs, W-2s, W-4 elections, etc.);
- Human Resources information (benefit plans, dependents, beneficiaries, etc.);
- Time and attendance information (leave balances, history of hours worked, etc.);
- Certification and training information (professional certifications held, if applicable, certification renewal dates, training classes attended, etc.); and
- Organizational information (company policies, company events calendar, etc.)

Whether refinancing a home, completing a tax return or requesting a day off, employees like the convenience of being able to access their personal work-related information from wherever they can access the web.

The company benefits from an employee portal as well. Some of the benefits that companies using employee portals can expect include:

- More timely and accurate reporting capabilities;
- Ability to easily interface information with other applications;
- Web-based (remote) access to employee information;
- More accurate data as fields within forms on the portal can be required or restricted to specific values, and
- Reduction in the duplication of effort

Businesses with paper-driven processes or disparate applications that require the same information often see a reduction in the duplication of effort as a result of implementing an employee portal. To illustrate this point, let's assume that a company uses a paper form to track an employee's change in address. A typical process might look like the following:

1. The employee fills out the paper-based change of address form and routes it to a supervisor/manager for approval.



2. The manager reviews and approves the form and forwards it to Human Resources for processing.
3. The human resources representative enters the change into the company's HR application and notifies the payroll department of the change.
4. The payroll department changes the address and tax codes (if applicable) in the in-house or outsourced payroll application, and files the form.

As you can imagine, the process may take several days to complete due to multiple points of data entry and the manual process of routing a paper form. Applying the same scenario in conjunction with the use of an employee portal, the process might be as follows:

1. Employee fills out the web-based change of address form via the employee portal.
2. Upon submission, the supervisor/manager is notified of the request and electronically approves the request.
3. The portal generates files that can be interfaced to the payroll and HR applications and notifies the payroll and HR departments of the change.

Although there is not a significant difference in the number of steps involved in the processes, the one that incorporates the employee portal significantly reduces the time and effort involved.

Based upon my experience, employee portals are productivity-improving tools that benefit employees and employers. ▀

NEWS YOU NEED

SCHNEIDER DOWNS WEALTH MANAGEMENT ADVISORS, LP QUARTERLY COLUMN LET'S FOCUS ON FINANCIAL INDEPENDENCE, NOT RETIREMENT!

Financial security in retirement is one of our nation's cornerstone principles when it comes to how we envision a deserved quality of life after years of hard work, dedication and sacrifice. Unfortunately, for many Americans, the future of retirement planning stands at a crossroads, and without a wake-up call and a new direction, that vision may become an unfulfilled dream.

There are a multitude of reasons that can be cited for this lack of retirement readiness, but some are very basic, such as a lack of commitment to deferring current income to create future capital or simply starting too late to save to allow sufficient compounding time to create the desired outcomes. At the other end of the spectrum is underestimating both life expectancy and its corresponding income needs and the impact of rapidly rising health care costs on the budgets of those over age 65.

There is an old saying: "The truth will set you free but first it may scare you to death." Well, at times a good scare is worth its weight in gold if it brings one to action in addressing the issues. So, with that in mind, let's look at a few facts:

- The Average 401(k) Account Balance at the end of 2010 was just \$60,329¹
- The Median 401(k) Account Balance at the end of 2010 was just \$17,686¹
 - 17% of balances > \$100,000¹
 - 39.2% of balances < \$10,000¹
- 50% of all Americans have TOTAL SAVINGS of < \$10,000²
- Fidelity Investments estimates that a 65-year-old couple who retired in 2012 needs about \$240,000 to cover medical expenses throughout retirement, a 50% increase from the \$160,000 first estimated for those retiring at age 65 in 2002.³

At one point or another while traveling, most all of us have experienced that annoying GPS voice telling us we are off course and that it is "recalculating route" to assure us of successfully reaching our

desired destination. Based upon the few facts above, I would suggest that recalculating our financial planning route is necessary and needs to be done rather quickly.

However, as our first step, I would suggest we stop focusing on the ultimate reward: retirement at a particular age where an all or nothing event takes place (e.g., I will retire and stop working at age 65). We are all bombarded with commercials like the one from a major insurance company asking us, "What's your number? A million dollars, two million dollars, a Gazillion dollars?" These astronomical figures "required" for our all-or-nothing event can seem so overwhelming that the message causes many to lose hope and fail to properly plan, or in some cases, not plan at all.

Instead, let's focus our efforts on the accumulation of sufficient capital to create some degree of financial independence, defined as the "ability to support some or all of a desired lifestyle without a paycheck" regardless of age. Who says retirement has to be an "all or nothing" proposition at a designated point in time? Many predict the new definition of retirement will be an enjoyable transition to a less demanding and less time-consuming career to supplement other sources of non-working income. For example, income from retirement plans and investments and Social Security may support the majority of a desired lifestyle, but perhaps a person is still working for supplemental income to close the gap and to stay mentally engaged and challenged.

But, just like the GPS in our vehicles, we need benchmarks along the way to validate



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

that we are in fact on route to our desired destination. The chart below illustrates targeted investment assets to gross pay benchmarks calculated according to age and is generally reliable for a wide range of annual incomes (e.g., \$40,000 to \$400,000).

Benchmark by Age of Investment Assets to Gross Income ⁴	
Age	Investment Assets to Income
25	0.2 to 1
30	0.8 to 1
35	1.8 to 1
45	4 to 1
55	10 to 1
65	20 to 1

Achieving and maintaining your definition of financial independence is a journey that requires a trustworthy GPS to keep you on course. If we can help, please let us know. Safe travels! ▀

Sources:

- 1 Employee Benefit Research Institute No. 366 (see www.ebri.org Issue Brief) by the Employee Benefit Research Institute, December 2011
- 2 The Retirement Crisis and a Plan to Solve It, by Chairman Tom Harkin, The Retirement Crisis, see www.help.senate.gov, July 2012
- 3 2012 Retiree Health Care Costs Estimate, Fidelity Investments
- 4 Dalton, Gillice & Langdon, (2011). *Fundamentals of Financial Planning*, 2nd Edition.

Our people are our greatest strength. We welcome our new hires:

John W. Anke	Stephanie L. Hefferan	Amanda J. Nixon	William F. Vohsing
Samuel J. Becherer	Janet J. Kim	Kristen M. Popovich	William J. Winter
Daniel A. Braun	Ken Kobayashi	Michael J. Sedlock	Nancy B. Wolfram
Kristen M. Burton	Matthew R. Kraemer	Michael Spires	Frith E. Woolf
Casaundra A. Dady	Vanessa Lane	Michael A. Stetson	Lindsay R. Zur
Amanda N. Gaber	Kelsye A. Milliron	Daniel R. Struth	

ADDITIONAL TAX DATES

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BENEFIT PLAN DUE DATES

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

Year-End	Due Date	With 5558 Extension
8/31	4/1/13	6/17/13
9/30	4/30/13	7/15/13
10/31	5/31/13	8/15/13

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	3/15/13
1/31	4/15/13
2/28	5/15/13

OHIO MUNICIPAL TAXES

CONTINUED FROM PAGE 4

in existence. The bill would also impose uniform definitions on income and tax exemptions, provide for a five-year carry forward period for all net operating losses generated in tax years ending in 2014 and after, and municipal tax would be legally due at the owner level (but each pass-through entity would be required to withhold and remit tax on behalf of each owner). Throwback rules, which some municipalities currently use would be eliminated.

Each municipality would still be permitted to determine its own income tax rate, decide the amount of credit it will give to residents for taxes paid to other communities and still be able to administer, collect and enforce its own taxes.

As every business owner who does business in multiple cities in Ohio knows, House Bill 601 would be a major achievement for the business environment of Ohio. For every one of the 600 municipalities operating in Ohio, protecting their tax base and tax dollars is of equal importance, which is why change may or may not come to Ohio. ▀

AROUND SCHNEIDER DOWNS



The Schneider Downs ice hockey team laced up their skates for a tournament in February. Despite the fierce competition, these bruising accountants and consultants managed to place second in the tournament!

On February 1, all Schneider Downs Pittsburgh employees wearing red for the annual Go Red for Women day gathered in the lobby for a group photo. Go Red for Women day benefits the American Heart Association.



Back in December, a group of volunteers in our Columbus office braved the cold and spent time ringing bells outside Kroger's grocery store to help raise money for the Salvation Army. Pictured l-r are Dennis Mowrey, Erin Abbot, Jay Meglich, Jenn Closser, Tom Bohman, Amanda Smith, Bill Vohsing and Sarah Murton.



On Saturday, March 9, Schneider Downs held our annual pancake breakfast for everyone working in the office. This year the Pittsburgh office went through 360 eggs, 744 sausage links, 195 pieces of fruit, 200 pancakes, 150 pieces of French toast, nine different toppings, three bottles of hot sauce, nine gallons of juice and 4 1/2 pounds of chocolate chips (for the pancakes). Luckily our staff was hungry - especially Stephen!



Is your workout routine getting stale? Check out Schneider Downs' Facebook page for some new music options to pump up your workouts: www.facebook.com/SchneiderDowns.



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PROFESSIONAL NEWS

DENNIS R. MOWREY, Tax Director, was recently appointed to the Board of Directors for Homeport, a not-for-profit entity that builds homes and communities for less-fortunate people.

GENNARO J. DIBELLO, Tax Shareholder, was appointed to the Board of Directors for the Education Partnership.

NICOLE P. SALDAMARCO, Internal Audit and Risk Advisory Senior Manager, spoke at The Institute of Internal Auditors' March meeting on "Upholding the Standards with 10 Keys to Successful Implementation."

TIMOTHY D. ADAMS, State and Local Tax Shareholder, and **EMERY "JACK" STEWART**, State and Local Tax Senior Manager, presented a state and local tax update to CAWP. Tim also moderated a state and local tax roundtable discussion with tax administrators from Ohio, Pennsylvania and West Virginia at the Western Pennsylvania Tax Conference.

MARK E. COBETTO, Tax Shareholder, presented the Federal Tax Update at the Western Pennsylvania Tax Conference. Mark also presented this topic at the PrimeGlobal Tax Conference in January.

DANIEL P. PHILLIPS, Tax Shareholder, and **PAUL M. MATVEY**, Tax Shareholder, were featured in the February 15 *Pittsburgh Business Times* article "IRS Delay Creates Bigger Crunch for Accountants."

ANGELA M. GILLIS, Internal Audit and Risk Advisory Services Manager, was elected as Treasurer of the Central Ohio Council of CampFire USA.

STEVEN D. THOMPSON, Audit Shareholder, and **GENNARO J. DIBELLO**, Tax Shareholder, attended the AICPA Major Firms Group meeting in Naples, FL in January.

MAUREEN L. THOMAS, Tax Senior Manager, presented on Form 990 Basics to a group of not-for-profit professionals in conjunction with Hands On Central Ohio in February.

KATHY D. PETRUCCI, Tax Shareholder, and **JOSEPH J. PATRICK, JR.**, Audit Shareholder, presented to the Ohio Independent Auto Dealers Association on the topics of Tax Considerations for Entity Choice, Succession Planning and Related Finance Companies.

JAMES B. YARD, Internal Audit and Risk Advisory Shareholder, presented on the topic of doing business internationally at the Prime Global Assurance Conference in Newport Beach, CA in January.

JASON M. RELJAC, Technology Advisors Manager, and **TIMOTHY J. SLOMER**, Technology Advisors Senior, spoke at the Pennsylvania Payroll Conference.