



The Accountant

Official Publication

of the North Carolina Society of Accountants

Post Office Box 1126, Conover, NC 28613

828-695-2520 or 866-755-NCSA FAX: 828-695-2522

May 2005

Inside this issue

Chapter News	2
Convention Program Advertising	2
Spring PAS	2
Nominating Committee 2005-2006	3
Roth 401(k)	4
Military Annuity	4
Alternative Minimum Tax	4
Retirement Plan Resource Guide	5
NCSA Advertising Contract	6
Convention Registration	7
Convention Schedule	8
Spring PAS Registration	9

A Message From The President

Rhonda H. Marsh



Rhonda H. Marsh

Greetings,

Can you believe it, it's May. May brings flowers, but also, Spring PAS. I want to thank all who have signed up to attend this great Seminar with "Gear Up". We are looking forward to their presentation and the education that it will provide. For those of you that have not signed up, let me encourage you to attend. Along with the education, you will have a chance for fellowship with your friends or even to make new friends. There will be lunch and an afternoon snack provided. This is included in your registration.

The support that you give the NCSA in these efforts to continue the purpose of the organization is greatly appreciated. We strive to provide quality educational seminars and provide the CPE that is needed to continue in the field of accounting in the Great State of North Carolina. If you are unable to attend, you will be missed.

The next event, as we all know, is the Convention. This year it will be held at the Kingston Plantation in Myrtle Beach. Plan now to attend, bring the family. Make this a family vacation. Sunday will be Registration, Vespers, and Presidents Reception. The Nominating committee also will be meeting. Monday will be morning CPE, afternoon Golf or free time. That evening will be the Theme Party "Beach Luau." Tuesday will be the General Business Session and Past Presidents Luncheon. The Grand Banquet and the installation of our New President, Mrs. Florence Black, will be Tuesday evening. We are very excited about this convention and hope that you can attend.

Remember as one year comes to a close another is just beginning. Support our upcoming President Mrs. Florence Black, during 2005-2006, as you have all the Presidents before. This is your Society and each person is very, very important. We are all different and we are all special. Everyone has something to contribute. As a TEAM we are strong. Be a part of the NCSA TEAM.

'COME JOIN US IN THE UP COMING EVENTS' ...UNTIL THEN....



Personal Postings

Pat Pittillo

Our collective sympathy goes to President **Rhonda Marsh** whose father-in-law passed away April 3. We know you will miss him, Rhonda....Most of us overworked accountants are using the month of May to catch up on R & R, and many will combine business with pleasure, such as **Danelle Hills** who is going to an Altrusa conference in Florida.... Not me, though. I'm going to Russia for two weeks of pure pleasure. I'll tell you all about it at our Convention.....Send your news items to pataccnt@asheboro.com or fax to (336) 626-0072.

Chapter News

Hickory

The April meeting was held on April 25, 2005, at Prime Sirloin in Hickory at 6:30 pm with 8 members and 1 guest attending. The speaker was John Heath of the Social Security Administration. Mr. Heath discussed the private account option as well as other possible 'fixes' for Social Security. He also answered questions from the floor.

The May meeting will be held at Prime Sirloin on May 30, 2005.

Cape Fear

The March meeting was held on March 21, 2005, at the Barn Restaurant of Fayetteville. Fifteen members and four guests attended the meeting. The speaker was Debbie Todd, Cumberland County Tax Audit Supervisor, discussing property tax listings.

Cape Fear chapter welcomes new member Curtis Worthy, approved as a full member on February 21. Mr. Worthy is retired from the Internal Revenue Service where he served as a tax auditor. He is a managing partner in Worthy Real Estate and CEO of Worthy's Tax Consulting, as well as serving on the Fayetteville City Council.

The next meeting will be April 18, 2005.

Burlington

The Burlington chapter met on March 24, 2005, with 7 members and 1 guest attending. Dr. Keith Wells spoke of the causes and ways to deal with stress.

Nominations for officers were discussed. The schedule for convention was announced.

The next meeting is scheduled for April 28, 2005.

Piedmont

On March 31, 2005, 10 Piedmont members and 2 guests participated in a round-table discussion of tax laws and current tax season issues and problems led by David Hooker. He referenced the CCH Top Tax Issues for 2005.

Raleigh

The Raleigh Chapter met on Tuesday, April 26th at 6:30 pm at Manchester's. Nine members and one guest attended. Mr. Mark Morris, a law professor from NC Central University spoke on "Ethics—The Totally Responsible Person."

The next meeting will be held on May 16, 2005. Tentative topic will be the new bankruptcy law presented by attorney John Orcutt.

Western

The April meeting of the Western Chapter was held at Ryan's Restaurant in Biltmore Square Mall in Asheville on April 26, 2005. Past President David L. Hooker spoke on NCSA's QAR program.

NEWS IS A FLEETING THING. WE CAN ONLY REPORT WHAT WE ARE TOLD. PLEASE MAKE SURE YOUR CHAPTER IS SHARING WITH *THE ACCOUNTANT*.

Please e-mail information to lfgacct@bellsouth.net or fax to 828-438-8111.

Convention Program Advertising

\$25.00 Business Card size

Great for that special touch

In Memory of /In Honor of

Or just toot your own horn.

Other space available

Full – 120.00 – ½ 65.00 – ¼ 45.00

Inside covers 150.00

Call ED @ 866-755-6272 for more information

Spring PAS

The Spring PAS will be at the Sheraton Four Seasons in Greensboro on May 24-25. To make reservations for a room, call the hotel directly at (336) 292-9161 and mention NCSA to get the group rate.

North Carolina Society of Accountants, Inc. Nominating Committee 2005-2006

The Nominating Committee of the NCSA is asking for your assistance in the selection of nominees for Line Officers, Board of Directors, State Director and Nominating Committee for the year 2004-2005 that will be elected at this years annual convention the week of June 26-29th in Myrtle Beach, SC.

Following is a list of the current Officers, Board Members, and Nominating Committee Members, with the number of years of service through June 2005. Board Members and Nominating Committee Members can serve only three years in succession. The Board Members and Nominating Committee Members whose terms are expiring are marked with an asterisk. The State Director may serve (2) two year terms. NCSA makes a recommendation for State Director to NSA. Please make your selections keeping in mind the need to consider all chapters and geographic areas so that all members are being represented. Consider your selections carefully and enter their names in the spaces provided. Please check with the individual you are selecting to make sure they are willing to serve if elected. Being a Line Officer or Board Member requires a commitment of time and effort. Make sure your selected individual is willing and able to make that commitment. Our focus should be on the individuals who are willing to serve their society and be a team player without bringing prejudice or personality conflicts into the affairs of managing your organization.

Your prompt response would be appreciated. Please respond to me by June 10th. You may fax your response to me at 919-851-4577 or mail your selections to: Curt Lee – 4617 Western Blvd., Raleigh, NC 27606. My E-Mail address is cbltax@aol.com for those who desire to use that media.

Officers

President — Rhonda H. Marsh	<u>Florence W. Black- Elected at the 2005 Convention</u>
President-Elect	_____
Vice-president— Wayne O Parker	_____
Treasurer — Janice Jones	_____
Secretary — Stephen Metelits	_____

Board of Directors - 2 Past Presidents Required

PP Curtis B. Lee, Jr. (2) _____ Raleigh Chapter	PP David L. Hooker (2) _____ Piedmont Chapter
Andra Angel (3) * _____ Central Chapter	PP Jense Haynes (3) * _____ Charlotte Chapter
PP Lynanne Gray(1) _____ Hickory Chapter	Danelle T. Hills (3) * _____ Burlington Chapter
PP James L Holmes (3) * _____ Burlington Chapter	Robert L. Pia (2) _____ Raleigh Chapter
Margie H. Strider (2) _____ Burlington Chapter	Lottie Neal (1) _____ Central Chapter
Cheryl C. Hudson (3) * _____ Cape Fear Chapter	William S. Fischer (2) _____ Cape Fear Chapter

Nominating Committee — 3 Past Presidents Required

PP Joyce Reese (1) _____ Hickory Chapter	PP Curtis B. Lee, Jr. (2) _____ Raleigh Chapter
PP L. Dean Gunter (2) _____ Western Chapter	Cheryl C. Hudson (3) * _____ Cape Fear Chapter
Susan S. McLean (3) * _____ Piedmont Chapter	Marsha Wheeler (2) _____ Cape Fear Chapter
Ron Powell (1) _____ Central Chapter	

State Director

David G. Rollins 1st year of 2nd Term (terms run two years)

Roth 401(k)

Beginning in 2006, a 401(k) plan may permit an employee who makes elective contributions to designate some or all of it as Roth contributions. According to the proposed regulations in REG-152354-04, such Roth contributions, unlike pre-tax elective contributions, are includible in current gross income. A qualified *distribution* of designated Roth contributions is excludable from gross income.

The proposed regulations provide special rules relating to designated Roth contributions under a 401(k) plan. The proposed regulations provide a definition of designated Roth contributions and special rules with respect to such contributions. Under these proposed regulations, designated Roth contributions are defined as elective contributions that are designated irrevocably by the employee at the time of the election, treated by the employer as includible in the employee's income, and maintained by the plan in a separate account. The proposed regulations provide that contributions may be treated only as Roth contributions to the extent permitted under the plan.

Military Annuitants

According to the IRS, the Defense Finance and Accounting Service (DFAS) sent 2004 Form 1099-Rs to many military annuitants with incomplete information. Along with the Form 1099-R, DFAS sent a letter indicating how much the annuitant paid to the Survivor Benefit Plan or the Reserve Component Survivor Benefit Plan. DFAS told the retirees to take a "credit" or "an adjustment to income" on their 2004 Form 1040 for the amounts paid. This is incorrect, which may cause the delay of a refund or eventual notice from the IRS.

The annuitants should include the gross income reflected in Box 1 of their 2004 Form 1099-R on either line 16a of Form 1040 or on line 12a of Form 1040A. They should report the net taxable pension (the gross pension less the benefit plan amount, but not less than zero) on either line 16b or 12b. These numbers were included in the DFAS letter.

The Form 1099-R reflects gross payments made to the retiree. DFAS did not reduce these payments by the benefit plan amounts that were remitted directly to DFAS.

Alternative Minimum Tax

Stephen Metelits

More taxpayers every year are being caught with the Alternative Minimum Tax (AMT). They don't understand it and can get quite angry when they find out they have to pay it. Hopefully, this oversimplified explanation can give them a better understanding.

Many decades ago, the AMT was established to get tax from rich people who weren't paying the regular income tax. What may have been a good idea at the time has seen little change over the years. Most fundamentally, it has not been adjusted for inflation every year. Consequently, what was deemed "rich" then is fast becoming "middle class" now.

The AMT is a parallel tax system to the regular income tax. It is computed separately, and you pay the greater tax amount, regular income tax or AMT. The two tax systems treat many items quite differently.

The regular income tax system allows many deductions and exemptions that the AMT does not. The AMT does *not* allow a deduction for state and local taxes, real estate and property taxes, and many miscellaneous itemized deductions including unreimbursed employee business expenses. The AMT *does* allow the exclusion of municipal bond interest and deductions for casualty and theft losses, charitable contributions, and gambling losses.

If you have a lot of the things the AMT does allow and not many of the things the AMT does not allow, you still can be "rich" and avoid paying any tax. According to *The Wall Street Journal*, there were 4,119 taxpayers in 2001 that reported \$200,000 of income or more but did not pay any tax.

New Retirement Plan Resource Guide

Small business owners now can learn virtually everything they need to know about setting up and maintaining IRA-based retirement plans for their employees, thanks to a new, free compact disc from the IRS.

"This new CD is just one of the ways we're helping small business owners provide themselves and their employees with the information they need to save for retirement," said Carol Gold, Director of the Employee Plans unit at the IRS. "IRA-based retirement plans are tailor-made for small businesses, offering them an easy way to provide retirement benefits to their employees with a minimum of paperwork."

The CD-ROM, "Individual Retirement Arrangement (IRA) Resource Guide for Small Business Owners and Individuals," contains information about both traditional and Roth IRAs. It also covers IRA-based retirement plans for employers, including simplified employee pensions (SEPs), SIMPLE IRAs, and payroll deduction IRA plans.

"The 2005 Retirement Confidence Survey found that the number one reason for saving in America is retirement," said Dallas Salisbury, president and CEO of the Employee Benefit Research Institute and Chairman of the American Savings Education Council. "The IRS has just made that a lot easier with its new one-stop resource guide CD that will help every taxpayer set a savings goal, develop a plan and know how to implement it. The IRS is clearly on your side when it comes to retirement planning"

The new CD pulls together into one easy-to-use tool various IRA-related print and electronic information from IRS as well as from other federal agencies. It will help business owners make the right decisions about setting up a plan that is best for their business, making contributions to the plan, investing funds, and taking distributions. It also explains the rules for keeping these plans in compliance with the law, including methods for correcting errors in plan administration.

"More than one in three households are without any retirement savings, and IRAs are an easy and effective way to save for retirement," Gold said. "I encourage employers and employees alike to take advantage of the benefits that IRAs offer such as tax-deferred growth and a wide array of investment options."

To help individuals and business owners avoid scams that can threaten their retirement savings, the CD highlights illegal tax schemes related to retirement plans.

Included on the CD are video clips, forms and publications, frequently asked questions, and interactive resources that make learning about IRAs easy. It also includes information on the basics of investing retirement savings and checklists for business owners to use in managing their IRA-based retirement plans.

To get a free copy of the CD, call the IRS toll-free at 1-800-TAX-FORM and ask for Publication 4395. An online version is available on the newly-revamped "Retirement Plans" section on IRS.gov. In addition, the IRS urges small business owners visiting the Web site to subscribe to *Retirement News for Employers*, a free quarterly electronic newsletter on retirement plan issues.

**NORTH CAROLINA SOCIETY OF ACCOUNTANTS
58TH ANNUAL CONVENTION
KINGSTON PLANTATION/ HILTON AND EMBASSY SUITES RESORT
MYRTLE BEACH, SOUTH CAROLINA
JUNE 26- 28, 2005**

Name of Advertiser: _____

Address: _____

City/State/Zip Code: _____

Telephone: _____

This contract by and between the North Carolina Society of Accountants and _____ shall be for the printing of advertising in the convention program for the 58th Annual Convention of the North Carolina Society of Accountants.

The advertiser agrees to the following:

1. Advertising shall be received in camera-ready form for printing. Any ad received which is not in this form will be returned for re-submission in the proper form.
2. All advertising will be paid in full prior to printing.
3. All advertising must be received at the below address, in proper form and with payment, prior to May 27, 2005. If advertising is received after this date, it will be returned to the advertiser and will NOT be included in the program for this convention.

Advertising Rates:

Business Card Size	\$ 25.00	_____
1/4 Page Ad	\$ 45.00	_____
1/2 Page Ad	\$ 65.00	_____
Full Page Ad	\$120.00	_____
Inside Front Cover	\$150.00	_____
Inside Back Cover	\$150.00	_____

The undersigned, being in agreement with the terms and conditions of this contract, shall conform to all terms and conditions as set forth above.

Per: _____

Date: _____

Please mail this signed contract with camera-ready advertising and remittance to:

North Carolina Society of Accountants, Convention,
Post Office Box 1126,
Conover, North Carolina 28613
Telephone: (866) 755-6272

ALL INFORMATION MUST BE RECEIVED PRIOR TO MAY 27, 2005.

NCSA 2005 CONVENTION REGISTRATION FORM

PLEASE PRINT LEGIBLY TO AVOID ERRORS AND DELAYS ON-SITE

Name (To appear on Badge) _____

Spouse/Guest Name _____

Children's Names _____

Street Address _____

Address should be the billing address of your credit card, if you decide to pay by credit card.

City/State/ZIP _____

Phone _____ **Fax** _____

E-mail _____

Registration Fees*	Advance Registration (Prior to June 10th)	After June 10th
--------------------	---	-----------------

Members	\$ 160.00 _____	\$ 185.00 _____
---------	-----------------	-----------------

Spouse/Guest/Children	\$ 115.00 _____	\$ 125.00 _____
-----------------------	-----------------	-----------------

(1) Children 6 to the age of 12	\$ 50.00 _____	\$ 50.00 _____
---------------------------------	----------------	----------------

(2) Children Under the age of 6 are free	_____	_____
--	-------	-------

**Registration Fees Include all Convention Events EXCEPT Golf (make your hotel reservations separately)*

Additional Fees	# Needed	Amount per Ticket	Total Amount
CPE	_____	\$ 30.00	_____
Business Session	_____	\$ 30.00	_____
Golf (*Not included in Reg. Fee)	_____	\$ 55.00	_____
Theme Dinner	_____	\$ 50.00	_____
Past President's Luncheon	_____	\$ 30.00	_____
Installation Banquet	_____	\$ 60.00	_____
Total Additional Fees			_____

(if not registering for entire convention)

Plan your beach trip now in conjunction with the NC Society of Accountants Annual Convention!

Special group room rates are available as follows: *All rooms in the group block are in the Brighton Tower and are priced per night single or double*

One bedroom ocean view guestroom	\$119
----------------------------------	-------

Two bedroom ocean view Condo	\$159
------------------------------	-------

Three bedroom ocean view Condo	\$189
--------------------------------	-------

The above rates will only be available until

May 19, 2005. Make your reservations early, this room block is expected to sell out fast!

Once this block is sold regular rates will prevail *if* rooms are available.

Make your room reservations by contacting the hotel at

1-800-EMBASSY (362-2779) and mention you are with the NCSA group.

Tentative Convention Schedule

Date	Time	Event
6/26	3:00 PM	Registration
	3:00 PM	Hospitality Room Open
	4:00 PM	Hotel Check-In
	6:30 PM	Vespers
	7:00 PM	Presidents Reception Hospitality Room
	8:00 PM	Nominating Committee Meeting
6/27	7:30 AM	Continental Breakfast
	8:00 AM	Registration Opens
	8:00 AM	CPE Seminar
	10:30 AM	Break
	10:45 AM	CPE Seminar
	Noon	Lunch (on your own)
	1:00 PM	Golf and/or Shopping
	6:30 PM	Cash Bar opens
	7:00 PM	Theme Party <i>"Beach Luau"</i>
	9:00 PM	Nominating Committee Meeting
6/28	8:00 AM	Continental Breakfast
	8:00 AM	Hospitality Room Opens
	9:00 AM	General Business Session
	10:30 AM	Break
	10:45 AM	General Business Session
	Noon	Past Presidents' Luncheon
	2:00 PM	General Business Session
	6:30 PM	Social Hour (Cash Bar)
	7:30 PM	Grand Banquet and Installation Ceremony
6/29	9:00 AM	NCSA Board Meeting/Breakfast (Invited Guest Only)

Annual Golf Tournament

Myrtlewood Golf Course
18 holes Captain's Choice
Long Drive & Closest to Pin Prizes
1st & Last Place Trophies
Greens Fee and Cart Rental

Dress Code

Vespers - Business Casual
CPE - Business Casual
Theme Dinner - Costume or Casual
Business Sessions - Business Casual

TOTAL FEES BEING SUBMITTED WITH THIS REGISTRATION FORM

Amount \$ _____

Method of Payment:

Check # _____

Make checks payable to NCSA and return with
this registration brochure to:

**Post Office Box 1127
Conover, NC 28613**

Or for your convenience credit cards
are accepted (*indicate your preference below*)

Visa _____ MC _____ AE _____

Credit Card

Exp. Date _____

Signature

Presented by
Gear Up Inc.

Seminar Schedule

Day 1, Monday, May 23, 2005

8:15-4:45

- Review of Rule Changes 2003-2004
- Ethics Update 2003-2004
- Tax Basis Financial Planning
- Guidelines for full and no-disclosure financial statements-tax basis
- Financial Statement Analysis

Day 2, Tuesday, May 24

8:15-4:45

- GAAP Basis Financial Statement Preparation Update
- Guidelines for full and no-disclosure GAAP Basis financials
- The New Fraud Rules
- The accounting practice and its management for quality
- Peer Review Update and Major findings
- Non Traditional Engagements

**Sheraton Four Seasons Hotel
Greensboro, North Carolina**

For reservations call **336-292-9161** and mention the **group code ACCE22** to get the special rate of **\$104 per night. This special hotel rate will only be available until 4/22/05.**

*Please visit
www.ncsainc.org
for more complete meeting and
registration*

***Spring
Professional
Accounting
Seminar***

The North Carolina Society of Accountants is sponsoring

**“America’s Most
Exciting and Practical
Accounting Seminar”**

About Our Speakers

Bill Leonard, CPA - Bill has been a self employed tax and accounting practitioner since 1982, with offices in Norwood, MA. His nine employee firm focuses on topics dealing with corporations, individuals, estate, and collection procedures. With an MBA, he has 15 years of college level teaching experience. Bill is a member of both the AICPA and the NSA. Bill received his licenses to practice from the state of Florida and Massachusetts.

Joe Santoro, CPA - Joe is a sole practitioner from Wolfeboro, New Hampshire. He has an MBA and is an adjunct professor of accounting at a New Hampshire college. Joe also is a Certified Valuation Analyst. He is Chairman of the Peer Review Committee for the National Society of Accountants. In 1998, Joe was presented with NSA's National Speaker of the Year award. Joe received his license to practice from the state of New Hampshire.

Registration

Member \$349

Non-Member \$379

Please complete this registration form and return it to the NCSA Office: P.O. Box 1126, Conover, NC 28613: FAX: 828-695-2522: Phone 866-755-6272

_____Member _____Non-Member

Name _____

Address _____

City, State, Zip _____

Telephone _____

Method of Payment:

____Check –Make Payable to NCSA
____Visa _____MC____AE

Amount being Paid: _____

Credit Card # _____

Expiration Date _____

Billing Address of Card _____

Signature _____

Date _____

NCSA Schedule of Events

2005

May 6 –**District IV Networking Meeting**—Holiday Inn,
Jekyll Island, Georgia

May 7-8—**Low Country Tax Release**—Holiday Inn,
Jekyll Island, Georgia

May 22—**Board of Directors meeting**—Four Seasons, Greensboro

May 23-28—**NSA Serving Aging America Seminar**—
Las Vegas, NV

May 23-24—**Spring PAS**—Four Seasons, Greensboro

June 26-28—**Annual Convention**—Kingston Plantation,
Myrtle Beach, SC

July 23—**Leadership & Committee Conferences**,
Ramada Inn Airport, Greensboro

October 28—**Tax Forum**
Ramada Inn Airport, Greensboro 9 am—3 pm

2006

June 25-28— **Annual Convention**
Wilmington Hilton Riverside

2004-2005 OFFICERS

PRESIDENT – RHONDA H. MARSH

1807 Morgan Hill Road
Monroe, NC 28110
704-289-5155

PRESIDENT-ELECT – FLORENCE W. BLACK

P.O. Box 53488
Fayetteville, NC 28305-3488
910-484-3800

VICE-PRESIDENT – WAYNE O. PARKER

3617 Old Lexington Road
Winston Salem, NC 27107
336-784-4160

SECRETARY – STEPHEN METELITS

77 Fearrington Post
Pittsboro, NC 27312
919-933-0724

TREASURER – JANICE L. JONES

P.O. Box 24577
Winston Salem, NC 27114-4577
336-768-8333

IMMEDIATE PAST PRESIDENT – JAN H. ALLISON

P.O. Box 1111
Black Mountain, NC 28711-1111
828-669-8784

ASSOCIATION OFFICE

Candace Cansler, Executive Director
866-755-NCSA(6272) toll-free
828-695-2520 (v) 828-695-2522 (f)

THE ACCOUNTANT EDITOR – STEPHEN METELITS

metelits@usa.net

North Carolina Society of Accountants
Post Office Box 1126
Conover, NC 28613
www.ncsainc.org *Address Service Requested*