

October/November 2020

# FORUM

TXCPA Houston

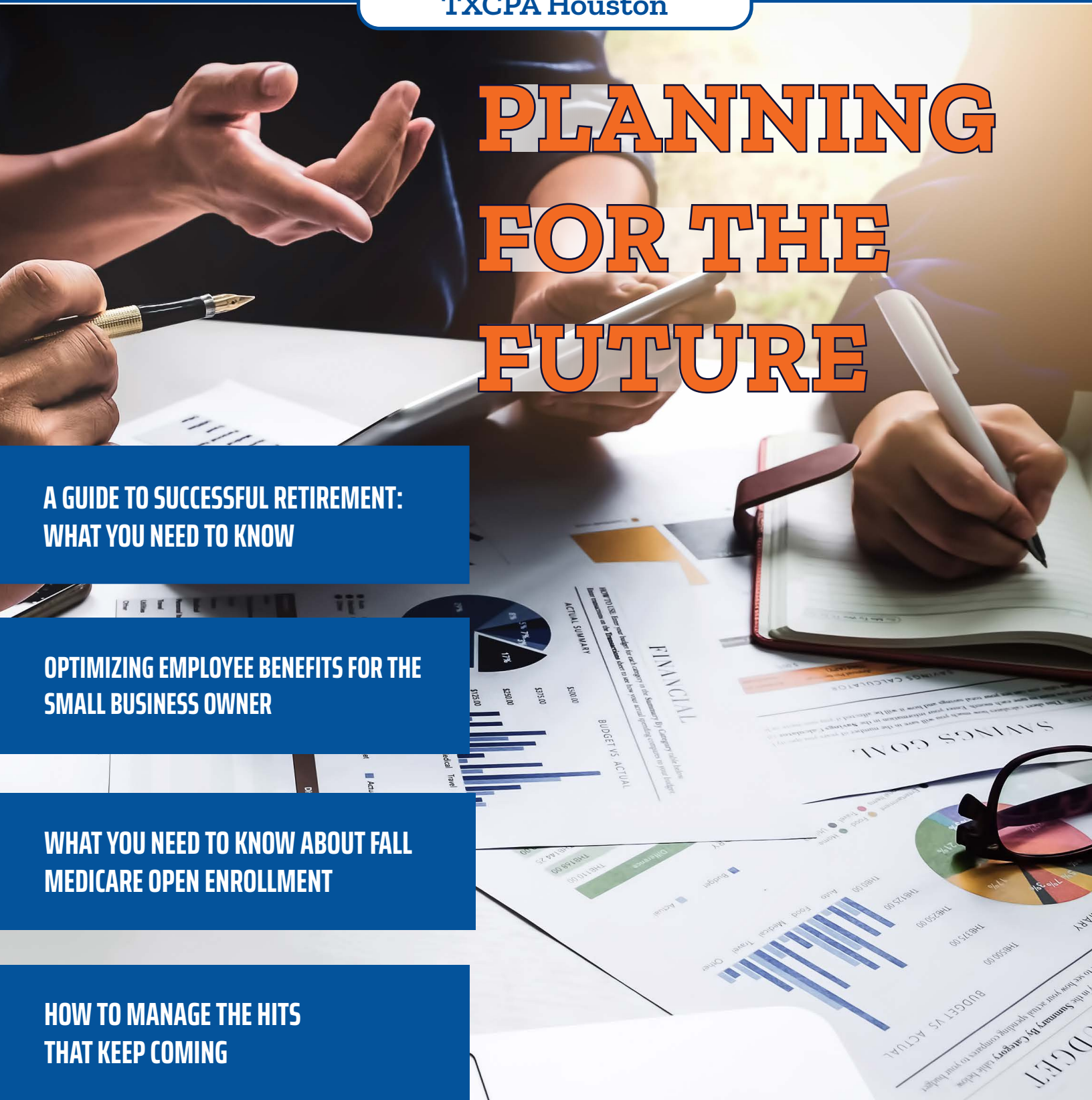
## PLANNING FOR THE FUTURE

**A GUIDE TO SUCCESSFUL RETIREMENT:  
WHAT YOU NEED TO KNOW**

**OPTIMIZING EMPLOYEE BENEFITS FOR THE  
SMALL BUSINESS OWNER**

**WHAT YOU NEED TO KNOW ABOUT FALL  
MEDICARE OPEN ENROLLMENT**

**HOW TO MANAGE THE HITS  
THAT KEEP COMING**



# Message

## from the desk of \_\_\_\_\_



**Darrell Groves,**  
**CPA, CFE, CGMA**  
*President*

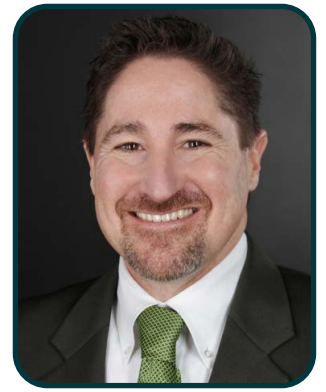
When life gives you lemons, make lemonade. 2020 has turned into a year of an abundance of lemons for which we have enough lemonade to take us through several years to come. We are so thankful that our staff and volunteers have taken this principle to heart and successfully converted our typically in-person events to make them available to a broader, virtual, online audience. The list of newly virtual events held includes the Accounting Scholarship Recipient Reception (August); Energy Conference (August); CFO/Controllers Conference (September); 2020 Scholarship Extravaganza (September); and many others. As you check out our event calendar for the remainder of the year you will see that we are just getting started as there are so many opportunities to connect and engage with your fellow CPA professionals online. Here are some key upcoming activities and events that you do not want to miss:

- **October Chapter PAC Fundraising Challenge** – Friendly competition is always fun and in October it will also benefit TXCPA's CPA-PAC. All members are encouraged to give at least \$10 to the PAC to bolster the state and chapter PAC funds in advance of the November 3 general election. Donations can be given [online here](#).
- **Morning Buzz, Lunch & Learn, Happy Hours** – These virtual events are a great way to meet other members. Check the calendar for a date and time that will fit your schedule.
- **December is TXCPA Month of Service** – Mark your calendar for Giving Tuesday – December 1 – to donate to CPAs Helping Schools and Accounting Scholarships.

As we all experience this surreal new reality, there may still be some of us waiting for things to go back to "normal." With that in mind, I ask you to think of the different phases of normal in your own personal and professional lives. Some of us have recently experienced the loss of a loved one that created a new normal. Many of us have changed employers or job locations that created a new normal. And all of our CPA members have experienced a new normal after finally passing the CPA exam. The fact is that life is full of surprises that change our reality. Those that excel at it have usually mastered the ability to adapt to change quickly. As stated before, TXCPA Houston is focused on improving our ability to deliver on our mission no matter what the future holds.

We would like to hear from you, our members, who wish to share your "Lemonade Story" describing how you have taken what 2020 gave you and made it into something better in your own professional or personal life. Please visit our Facebook page at <https://www.facebook.com/TXCPAHouston> and share your story with your fellow members. You can use the hashtag #2020lemonade and let us see who else is adapting well to change.

On behalf of the board of directors of the TXCPA Houston, I thank you for your continued support of our organization and its mission.



**Mark Allen, CAE**  
*Executive Director*

## from the desk of \_\_\_\_\_

The following quote appears under my picture in my high school senior yearbook: "Let us build a new tomorrow, for we are the architects of today." Ah, what pearls of wisdom! I came up with that myself, although I submitted it to the yearbook staff as authored by "Unknown" for fear that my friends would make fun of it. And they did.

Years later I stand by that statement. It simply means we plan now for what we want to happen in the future. You'll find insightful articles in this edition of Forum that present ways to help us plan for various aspects of our future. How are you going to attract and retain outstanding staff as expectations in the workforce shift? Tom Gerhardt has a few suggestions in his article, "Optimizing Employee Benefits for the Small Business Owner." Rene Lozano's tax update informs you about IRS regulations and interpretations that are important when planning tax strategies. And for those nearing retirement or wisely planning ahead, Dr. Nikola Djordjevic, MD, offers tips for planning a "successful" retirement.

One of the main reasons many of our plans fail is because most of us stop wishing for things to happen. A wish—at least one we're willing to strive for—requires passion and commitment. That's not as easy as it sounds. Eleanor Roosevelt once said, "It takes as much energy to wish as it does to plan." After all, a wish requires us to evaluate all of our options. A wish forces us to think about consequences, both intended and unintended. We may need to set one wish aside to focus on a more important, or more attainable, one. For example, I recognized early on that my wish to be as dashing as Robert Redford was a genetic impossibility.

What would our business plans look like if we thought of them as "Wish Plans?" My guess is they would be short and to the point. We'd think long and hard about two or three wishes that were most important for our businesses, weed the other ones out, and devote all of our vision, time and resources to making those that remained happen in spectacular fashion—just like Apple, Microsoft and Amazon. Focus. Passion. Action. Not a bad way to plan for the future.

# TXCPA HOUSTON

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Front Cover Image: Shutterstock.com

# What You Need to Know About Fall Medicare Open Enrollment

By Stevan DeLosSantos

What you may not know about the Fall Open Enrollment could be costly for the following coverage year! Fall Open Enrollment also referred to as the Annual Enrollment Period (AEP) runs from October 15 through December 7 each year. During this time, you can make changes to your health insurance coverage, including adding, dropping, or changing your Medicare Part C and D coverage plan. Even if you are happy with your current health and prescription drug coverage, Fall Open Enrollment is the time to review what you have, compare it with other options, and make sure that your current coverage still meets your needs for the coming year.

Prior to the Fall Open Enrollment you will receive an Annual Notice of Change (ANOC) listing the changes to your current health and/or prescription drug coverages for the new coverage year. You should be sure to review your ANOC carefully as to prepare you for any changes to your current plans coverage or the need to review other coverage options.

If you have a Medicare Advantage Plan or a stand-alone Part D plan, read your plan's Annual Notice of Change (ANOC) and/or Evidence of Coverage (EOC). Review these notices for any changes in:

- The plan's costs
- The plan's benefits and coverage rules
- The plan's formulary (list of drugs your plan covers)

Make sure that your drugs will still be covered, which Tier Level they will fall under and if there will be changes or restrictions added to your prescriptions for next coverage year. Restrictions include Quantity Limits, Step Therapy or Prior Authorization. You will also want to make sure your pharmacies of choice are still in the plan's network. Any changes not reviewed to your following year's coverage could lead to higher out-of-pocket cost. Keep in mind there is not a one-size fits all Medicare Advantage or stand-alone Part D plan.

You can make as many changes as you need to your Medicare coverage during Fall Open Enrollment. The last application received by



Photo: Pixabay.com, Bruno /Germany

Centers of Medicare and Medicaid Services (CMS) by end of day on December 7th will be the final change. Any changes made during Fall Open Enrollment will begin January 1 of the new coverage year.

The changes you can make include:

1. Joining a new Medicare Advantage Plan
2. Joining a new Part D prescription drug plan
3. Switching from Original Medicare to a Medicare Advantage Plan
4. Switching from a Medicare Advantage Plan to Original Medicare (with or without a Part D plan)

Regardless of how you receive your Medicare coverage, you should consider:

- Your access to health care providers you want to see
- Your access to preferred pharmacies
- Your access to benefits and services you need
- The total costs for insurance premiums, deductibles, and cost-sharing amounts

Should you find that the change you made to your Medicare Advantage plan or joined a Medicare Advantage plan for the first time during Fall Open Enrollment does not meet your needs you will have one more opportunity to make a change. Medicare now has an Open Enrollment Period which begins January 1st through March 31st. You will be allowed to make one change during OEP and change to: 1) another Medicare Advantage plan or 2) dis-enroll from your Medicare Advantage plan and return to Original Medicare.

If you have a Medicare Supplement Plan, these plans do not have an annual enrollment period, but rather an initial open enrollment (also known as Guaranteed Issue Period) upon joining Medicare with no medical questions asked for the first six months from when Part B begins. You can shop your Medicare Supplement Plan any time of the year, you will be subject to Medical Underwriting and will have to qualify to change plans outside of your Guaranteed Issue Period. If a Medicare Supplement becomes too costly, you can: 1) Shop for a less expensive supplement plan or 2) you can move to a Medicare Advantage Plan during the Fall Open Enrollment.

If you have Original Medicare (Red, White and Blue Card), visit [www.medicare.gov](http://www.medicare.gov) or read the 2021 Medicare & You handbook to learn about Medicare's benefits for the upcoming year. You should review any increases to Original Medicare premiums, deductibles, and coinsurance changes. You can expect the above mentioned changes anytime there is a cost of living adjustment "COLA" to Social Security Benefits.

Even if you are happy with your current Medicare coverage, consider other Medicare health and drug plan options in your area. For example, even if you do not plan to change your Medicare Advantage or Part D plan, you should check to see if there is another plan in your area that will offer you better health and/or drug coverage at a more affordable

price. Research shows that people with Medicare prescription drug coverage could lower their costs by shopping among plans each year; there could be another Part D plan in your area that covers the drugs you take with fewer restrictions and/or lower prices. There are also other things to consider such as preferred network pharmacy vs standard network pharmacy and how using one over the other can potentially save you money.

ABM Insurance and Benefit Services also has a Medicare Starter Guide available upon request which will provide the most up to date information on Medicare. If you want assistance reviewing your options, contact ABM Insurance at 281-448-3040 for unbiased counseling. Our office provides comprehensive benefits checkups to ensure you are maximizing your benefits spending the minimal out of pocket. We have over 30 years combined experience in the Medicare Insurance field and help build a package that will help meet your financial goals while providing protection for your health and well-being. You can also view ABM's Medicare website [here](#).

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Stevan DeLosSantos is a Health Benefit Specialist at ABM Insurance & Benefit Service, Inc. He will be speaking at the [2020 Virtual Medicare Workshop](#) on October 26, 2020. He can be contacted at [Sdelossantos@cobensrv.com](mailto:Sdelossantos@cobensrv.com) with questions.



The advertisement features a large blue arrow pointing from left to right. On the left side of the arrow, the text "END-TO-END BUSINESS SOLUTIONS" is written in white, bold, sans-serif font. Below this, in a smaller white font, it says "Providing solutions, support, and integrations for your accounting infrastructure for over 25 years". At the bottom left of the arrow is the Kerr Consulting logo, which consists of a red stylized 'K' and the text "KERR CONSULTING" in white. On the right side of the arrow, the logos for "sage", "Intacct", and "Enterprise Management" are displayed in a light grey font. Below these, it says "Sage 100, 300, 500, HRMS and FAS" in a light grey font. Further down is the "Microsoft GOLD CERTIFIED Partner" logo in a light grey font. At the bottom right, the website "www.kerrconsulting.com" and the phone number "800-352-4032 | info@kerrconsulting.com" are listed in a light grey font.

# Optimizing Employee Benefits for the Small Business Owner

By Tom Gerhardt



Photo: Pixabay.com, Mohamed Hassan

As we embark on a new time and a new landscape shaped by COVID-19, employee benefits will continue to garner critical attention.

When one is leading and growing a small business, it is imperative to be able to hire smart and talented people. The most talented people will be recruited by multiple businesses and it's likely some of those competitors might be larger corporations. To recruit and retain the best employees, you will have to make a compelling offer in terms of culture, compensation, and employee benefits.

The effects of COVID-19 will most certainly present adjustments to the way businesses identify its priorities. However, what will not change is how impactful and essential employees are to businesses. Developing employee benefits that entice the best employees while also maintaining an efficient budgetary framework will become an even more imperative directive for small businesses.

## Six questions about small business employee benefits

The Clutch 2019 Small Business Benefits Survey revealed 47% of small businesses offer a benefits package, and companies with more than 11 employees were more likely to provide benefits. Most small businesses have a smaller budget for employee benefits than larger corporations. With limited money to spend, you'll have to get creative to assemble a benefits package that satisfies employees while fitting the budget.

How can you decide what mix of benefits offers the greatest return on investment in terms of employee retention and wellbeing? Let's examine some of small business owners' most common questions about the employee benefits mix and explore how to go the extra mile to create a valuable offering.

### 1. Do employees prefer more pay or better benefits?

Small business owners know what they can afford to spend on labor costs, including compensation, training, and benefits. Many business owners have wondered whether it would make more sense to pay employees a higher salary instead of offering a benefits package. This is a tricky question to answer, because the truth is most employees would like higher pay and better benefits. Across every generation, the top answer tended to be better pay, but second on the list was improvement to the benefits

package. In a 2016 Aflac survey, 60% of respondents said they'd be likely to accept a job with lower pay but better benefits.

### 2. What if I don't have an HR staff?

If you're busy grinding to build your business, how can you find the time to shop and compare benefits? Thirty percent of small businesses do not have any formal HR resources. Fortunately, you don't have to hire an HR manager to offer employer benefits. A benefits broker can do the research for you, based on your budget and objectives. They will present you with options and help advise you on the best choices. Your broker will be able to negotiate the best rates and ensure that your plan design is compliant and compelling.

To find a good benefits broker, ask local business organizations or Chambers of Commerce or other business chapters you belong to and trust.

### 3. Is Health Insurance worth the cost?

No matter the size of your business, employer-sponsored health insurance should be the core benefit in your mix. According to the Kaiser Family Foundation, 56% of small businesses and 99% of large corporations provide employees with health insurance. Prospective employees value health insurance over all other benefits, so you need to include it if you can.

Health insurance is a big investment; the average annual employer-sponsored health insurance premiums in 2019 were \$7,188 for single coverage and \$20,576 for family coverage. Employers usually pay part of the health insurance premiums, often a very great percentage of the total cost. The 2019 Kaiser data showed that small businesses paid 84% of single coverage premiums and 60% of family coverage premiums, with employees paying the remainder.

Let your budget guide your decision about how much to contribute. Obviously, employees are looking for jobs that include a generous employer contribution. But they also want coverage from a good insurance company and a plan with comprehensive rather than minimal benefits. A benefits broker can help you find the best balance. Along with health coverage, many employers include dental and optical insurance.

#### 4. What other benefits should I provide?

The most common small business employee benefits are health insurance, followed by retirement plans, family leave, and paid time off (PTO). You may also want to consider short and/or long-term disability insurance and life insurance.

The only limitations to your benefits package are your budget and your ability to get creative. Even if you have a very small budget, there are many perks that cost little or nothing to provide, but make employees feel valued.

#### 5. What about tuition reimbursement programs?

Training and development is an area where the dollars spent should pay dividends for your business as well as your employees. Survey after survey shows that today's employees want education, from on the job training programs to college degrees. They value professional certifications that offer them the opportunity to raise their salaries.

There are many ways you can support employees in career development, from offering full or partial tuition reimbursement to providing computer-based training and paying for professional certifications. If you can't afford to fully subsidize education, create a policy that pays a partial percentage; it will still be valued by employees. Use an agreement to ensure that employees remain with the company for some period after receiving the benefit, otherwise they must pay it back.

#### 6. How can I create more value on a small budget?

Once you've covered as many of the major benefits as you can budget, it's time to get creative. Here are a few ideas:

Flexibility to work remotely at least part of the time has a high perceived value, especially among younger generations of workers.

- Employees love time off, so carefully structure your paid leave policy.
- If your office is downtown, commuter benefits, such as train and bus passes or parking, can be relatively

inexpensive, but greatly appreciated.

- Memberships to gyms or wholesale clubs don't cost a lot and may contribute to employee health and financial wellbeing.
- You can often arrange for discounts from local businesses at no cost to your business. Whether it's free delivery from the local sandwich shop or 10% off at the coffee shop downstairs, employees appreciate the little perks.
- Voluntary benefits platforms can make all kinds of goods and services available to your employees, at their cost. Popular options include pet insurance and cyber insurance

#### 7. Request employee feedback to create a better benefits mix

One of the most common mistakes by small business owners is failing to ask employees what is most important to them when it comes to benefits. To learn what employees value, create a quick survey several months before open enrollment begins and list 10 to 15 potential benefits that you would be willing to consider offering. Ask them to rank the benefits in order of importance and ask an open-ended question to encourage additional ideas and feedback.

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Tom Gerhardt is Managing Partner of Stonebridge Partners. Stonebridge Partners offers HR Consulting, Employee Benefits Solutions, Payroll and Tax Compliance Services, and Time and Attendance Solutions. You can reach Tom at [tom@stonebridgehr.com](mailto:tom@stonebridgehr.com) or visit Stonebridge Partners website [here](#).

# 2020 MEDICARE WORKSHOP & PERSONAL FINANCIAL PLANNING CONFERENCE

October 26 - 27, 2020 • Virtual Webcast • 8 a.m. - 5:20 p.m.

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Gain valuable knowledge that will help you help your clients make better financial decisions no matter what financial stage of life your clients are in at the Medicare Workshop and Personal Financial Planning Conference on Monday, October 26, and Tuesday, October 27.

## Dates:

Monday, October 26, 2020 • 8:00 a.m. - 5:20 p.m.

Tuesday, October 27, 2020 • 8:00 a.m. - 5:20 p.m.

## Location:

Virtual Webcast

## CPE Hours:

Up to 18 hours

## Prerequisite:

None

## Level of Instruction:

Update/Overview

## Course Objective:

To equip financial planners, CPAs, and TXCPA Houston members with the tools, insights, and Medicare updates to plan for every stage of life.

## Medicare Topics

- Estate Planning
- Medicare
- Retirement Planning and Social Security
- Elder Care
- Medicaid

## Personal Financial Planning Topics

- International Tax Tips
- Market Update/Election Year Concerns and Impact on Your Portfolio
- SECURE Act
- CARES Act Update
- Socially Responsible Investing
- Life Changes and Events
- S Corp to C Corp - Management Service Organization Strategy
- Financial Exploitation and Abuse of the Elderly

## Registration Options and Fees:

Both Days - October 26 and 27

Medicare Workshop Only - October 26

Personal Financial Planning Only - October 27

### Member/Non-CPA

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# A Guide to Successful Retirement: What You Need to Know

By Dr. Nikola Djordjevic, MD



Did you know that there are over 49,261,056 retirees in America alone, with only 17% believing they have enough saved for retirement?

What most retirees fail to understand is that the government can not afford to comfortably cater to all of them through government pension programs without driving the economy into bankruptcy. That is why it is necessary to plan on time if you wish to have a successful retirement.

Although the average life expectancy of both sexes in the US hovers around 80 years, 90% of Americans retire at the age of 66 when they are already due for social security allowances.

When planning for retirement, there are so many variables to consider and myriads of retirement plans to select from. But the question remains - how could someone possibly know what to look out for, or which retirement plan to choose when retiring?

In this article, we will help aspiring retirees uncover the secrets of a successful retirement. Read on to find out more about this subject.

## Steps to Take in Achieving a Successful Retirement

How much do I need to retire? This is one of the most frequently asked questions when it comes to planning for retirement. In the past, a million

bucks in retirement savings would have been a perfect answer to this question. However, that is not the case anymore.

Research has shown that in recent times, a million dollars in retirement savings is not a one-size-fits-all solution to your retirement needs. Factors like inflation, market fluctuation, health needs, amongst others, can go a long way in influencing your retirement budget.

Below we discuss some of the things you need to put in place to ensure a successful retirement based on your needs.

## Get a Good Grasp of What You Want Your Ideal Retirement Life to Look Like

Knowing how you want to spend the rest of your life as a retiree is the number one factor that needs to be in check. This will go a long way to give you an estimate of how much you need to retire with, and how to go about raising such funds.

Often, you find a large number of retirees maintaining almost the same lifestyle in retirement as they did while actively working. The downside of such a move is that it was not planned for, and retirees who follow such a route end up exhausting whatever funds they had as retirement savings before even going halfway into their retirement years.

Retirement does not stop you from keeping up with whatever lifestyle you wish for yourself. Still, it needs to be carefully planned, because you are no longer on anybody's payroll.

### Save, Save, Save

Now that you have a clear picture of what your ideal lifestyle after retirement should look like, the next step is to start saving toward the perfect figure that can comfortably carry you throughout your retirement years.

you need to do now is to up your contributions, having in mind your retirement needs as calculated after reading this post.

To help out potential retirees, experts advise that you contribute at least 10% of your gross earnings into a retirement fund for a start. If your finances allow, or if your retirement needs are quite large, then you may want to consider upping the quota according to how you see fit.



Infographic provided by MedaLerthelp.org

The issue of saving, especially for retirement, is one major problem amongst the American people. According to statistics, over 50% of Americans have less than \$10,000 saved aside for retirement, with one in every three Americans reporting that they have \$0 saved for the same cause.

Depending on your current earning capacity (mainly the middle and lower class), the sooner you start saving, the better your chances of meeting up with your retirement savings target. The possibilities are that you already have a savings plan before coming across this post. Hence, what

### Actively Participate in Your Employer's Retirement Savings Plan

About 78% of US workers use the 401(k) as their first retirement savings plan, with an average contribution of 6.2%. If your employer offers such a plan or something similar, you should sign up for it and actively contribute as much as you can, especially when it qualifies you for maximum benefits from both your employer and the government.

According to reports, employer-sponsored pension plans these days are becoming more favorable to the employee, given that deductions are automatic, taxes are lower, and companies are likely to kick-in more funds into the 401(k) plan as your contribution increases.

Find out how much you need to contribute to qualifying for a full employer benefit, how long you would need to stay in the plan before you are eligible to withdraw the funds, and what happens to your contributions should you switch jobs.

However, you need to avoid taking out money from your retirement savings before qualifying for withdrawal, as this will cause you to lose out on several benefits such as principal interest and tax benefits mentioned earlier.

In case you change jobs before qualifying for withdrawal, you can rollover your existing 401(k) savings into that of your current employee's plan. In the scenario where your new employer has no retirement plans, you can roll them over to an individual retirement account (IRA).

## Ask Questions About Your Social Security Benefits

Reports indicate that social security retirement benefits replace about 40% of the middle-class wage earner's income after they must have retired. For that reason, you need to understand how social security benefits for retirement works.

According to financial experts, you qualify for social security benefits only if you have worked for at least ten years and accumulated at least 40 work credits within that period. You can only accumulate these work credits by paying your social security taxes. Also, you can only earn four credits per year, hence the minimum of 10 years of work time.

## Use an Individual Retirement Account (IRA)

IRAs are an excellent way to save for retirement as they provide you with an extra means of meeting your retirement target. You can save up to \$6,000 per year with an IRA account if you are younger than 50 years, and even more if you are older than 50 years. Plus, you can easily set up your IRA to deduct a certain amount directly from your savings or checking account, saving you the stress of having to run multiple transactions regularly.

## Conclusion

How much you need to retire successfully nowadays is relative to the kind of life you wish to keep during retirement. There is no one-size-fits-all amount that guarantees a comfortable retirement for everyone. However, making the right arrangements long before retiring can go a long way to help you achieve a successful retirement.



Dr. Nikola Djordjevic, MD is a practicing physician, co-founder and project manager of [medalrthelp.org](http://medalrthelp.org), a site dedicated to improving your knowledge about health, nutrition, fitness, aging, retirement, and more. He leads a remarkable team of medical writers and reviewers devoted to saving your time and simplifying the process of finding the perfect solutions for everyone.

# How to Manage the Hits That Keep Coming: Exxon Mobil Issues and Stress Testing Your Portfolio

By Kevin Lenox, CFA®, CFP® and Scott Bishop, MBA, CPA/PFS and CFP®

Through August 2020 the stock market has continued to rally. However, many sectors have yet to rebound. That is very true in the oil and gas industry. Many of our Texas clients are reliant on the oil and gas sector for both their work and retirement benefits. With that in mind, we will take a look at oil and gas stocks in terms of the impact to your portfolio and the ancillary impacts to your planning – especially for those working in this sector. Please continue reading below and to hear more, please check out a special edition of the STA Money Hour where Kevin and Scott take a deeper dive into both the article and planning issues. In this article, we will also review investor behavior and discuss how and when to stress test your portfolio.

## Energy Sector Stocks – Focus on ExxonMobil:

Although STA Wealth has worked with clients working for oil and gas companies from Anadarko to Zapata, for the investment portion, Kevin will be focusing on ExxonMobil Stock for this discussion.

On Monday, August 24, S&P Dow Jones announced that ExxonMobil will be removed from the Dow Jones Industrial Average on August 31 to make way for Salesforce. Exxon was first added to the Dow in 1928 and signifies a stunning fall from grace for a company that was the world's largest as recently as 2011. When a company is removed from an index like the Dow or S&P 500, it is a strong headwind to that stock as many index funds are forced to sell that stock – we saw it similarly happen to Shell Oil stock back in 2002 when it was taken off the S&P 500 index where the stock lost 10% in a single day.

The Dow is a price-weighted index, so the actions were prompted by the 4-for-1 stock split announcement by Apple, which will reduce its current 12% weighting in the index. As a result, S&P made the change to increase the weighting of technology companies.

The removal of Exxon represents years of underperformance versus Chevron, which has a stronger balance sheet and better operating/earnings metrics. Chevron will now be the only energy company in the energy sector and brings the Dow sector weightings closer to the broader S&P 500.

## Comparison of ExxonMobil vs. Chevron vs. the S&P 500 Index:



When an investor sees market news such as explained above, there are certain behaviors and biases that may impact their investment decision making. As markets go through cycles, investors react to these cycles. At STA Wealth Management, we are aware of these behaviors and assist our clients in managing their portfolio. By understanding the market, historical perspective and how investor behavior bias impacts your decision-making skills, you can better manage your portfolio. Investors are told the market corrects and not to over-react, but when one sees their portfolio take a hit, it is hard NOT to react. By having an investment plan, you can better act with discipline versus just reacting based on your "gut."

## STA Wealth Portfolio Analysis

When reviewing portfolios, our team at STA Wealth uses analytical tools available from sources such as Bloomberg, Morningstar and S&P Capital IQ, to name a few. In addition, we provide specific insights from our Investment and Financial Planning teams by reviewing your current portfolio's strengths and weaknesses given the market cycle, portfolio design, tax issues and account types/structure. This review and discipline allows us to determine whether your portfolio is aligned and optimized to meet your personal financial planning goals and objectives (goals such as knowing your Hurdle Rate).

## STA Wealth – Portfolio Stress Test

After sharing our analysis as outlined above, we perform a Portfolio Stress Test that is specific and unique to your portfolio given your current holdings. Using this information, we are able to use Bloomberg's multi-factor based risk model to analyze and determine how your portfolio might be impacted if we see a repeat of several historical scenarios that caused market losses.

The table below illustrates the output of a recent scenario analysis we conducted for a client's portfolio (it was a large portfolio of over \$10 million, but the percentage of profits & losses hold regardless of size). While this portfolio has done well in recent years, the analysis indicates that the portfolio might be subject to significant percentage and dollar losses if past market environments were to repeat.

Scenario	P&L (\$)	P&L (%)
Russian Financial Crisis - 2008	-3,776,550	-41.96
Lehman Default - 2008	-1,914,580	-21.27
SPX down 20%	-1,513,128	-16.81
Debt Ceiling Crisis & Downgrade in 2011	-1,432,365	-15.92
Equities down 10%	-920,586	-10.23
Oil prices Drop - May 2010	-841,564	-9.35
Greece Financial Crisis - 2015	-351,215	-3.90
Japan Earthquake in Mar 2011	-183,000	-2.03
Libya Oil Shock - Feb 2011	-160,134	-1.78
EUR up 10% vs. USD	-50,522	-0.56

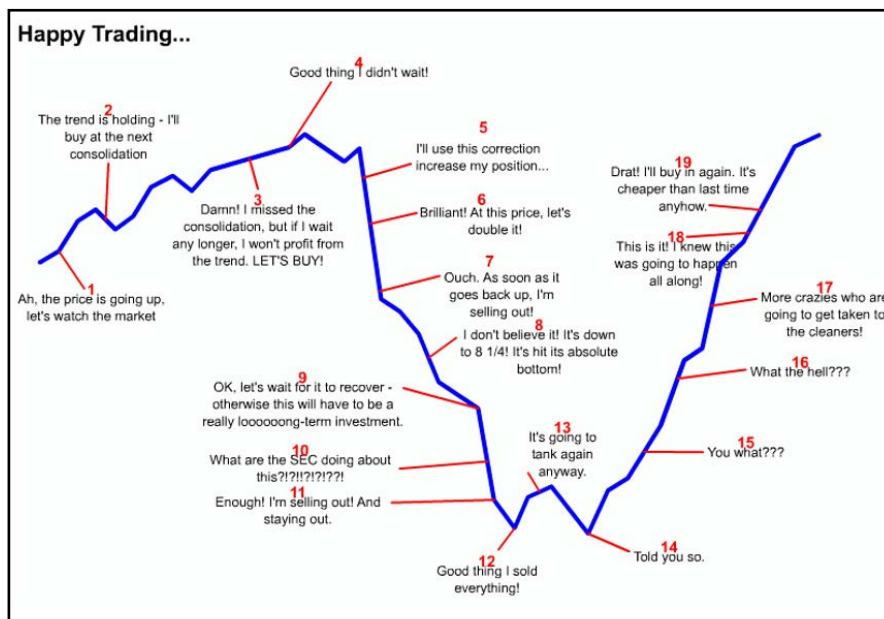
Source: Bloomberg Analytics

**Please Note:** The scenario analysis P&L is gross of fees and only accounts for the performance of liquid public securities held in the portfolio. The P&L impact is based on portfolio exposures to factor volatility and assumes that the covariance matrix fully determines the relationship between independent and dependent variables. Additionally, a small amount of shrinkage is made to the correlation matrix to improve the robustness of the inversion operation required to propagate stress across asset classes.

As you can see, quite a bit of positive portfolio performance can be wiped away in the event of a market event like those we have lived through in just the most recent nine years. This volatility can cause significant "money worries". Although losses can be made back over time, it requires you to stick to your investment discipline and a portfolio allocation aligned with your financial plan (assuming the market recovers). Without a strong discipline, our experience has shown us that many investors flee the market and "go to cash" during times of crisis – selling on "fear". These emotional decisions trigger many bad behaviors related to all of our behavioral biases.

As we mentioned above, during times of stress, many investors (and even many investment advisors) make the mistake of NOT sticking to their investment discipline.

At STA Wealth, we believe that the two greatest attributes any investor or advisor can have are a written and defined discipline and a plan of action. Without either of those you may find yourself subject to a vicious journey like this:



Source: Stock Twits Blog

Until this COVID-19 Crisis, we have not had a major market correction for many years. As shown in the stress test above, portfolios can be subject to large losses if not allocated, hedged and/or diversified properly. Risk does happen, has happened and will continue to happen in the markets. However, the real risk is reacting to market movements and buying or selling not based on your plan, but rather on emotion or based on your personal biases.

As it has been a while since the last correction, it is important to remember the impact of corrections in recent history (many of which you may have personally experienced) and to consider how you acted or reacted during those times. Pictured below is a quick recap of the major double-digit Dow Jones Industrial Average drawdowns in price since 1986, measured from intraday high to intraday low. Nearly every drop has been blamed on either rising interest rates (changing discount rates on business earnings), fears/reality of slowing economic activity, or both.

April 1987 - <b>10% over 2 weeks</b>	May-Sept 2001 - <b>27% over 17 weeks</b>
Aug-Oct 1987 - <b>40% over 6 weeks</b>	March-Oct 2002 - <b>32% over 29 weeks</b>
October 1989 - <b>10% over 3 weeks</b>	Dec 2002-March 2003 - <b>17% over 12 weeks</b>
Jan-Feb 1990 - <b>10% over 5 weeks</b>	Sept 2007-Jan 2008 - <b>18% over 14 weeks</b>
July-Oct 1990 - <b>20% over 12 weeks</b>	April 2008-Mar 2009 - <b>50% over 44 weeks</b>
Jan-May 1994 - <b>10% over 14 weeks</b>	April-July 2010 - <b>14% over 10 weeks</b>
July-Oct 1997 - <b>12% over 15 weeks</b>	May-Oct 2011 - <b>19% over 17 weeks</b>
July- Sept 1998 - <b>21% over 8 weeks</b>	April-June 2012 - <b>10% over 6 weeks</b>
Aug-Oct 1999 - <b>13% over 6 weeks</b>	Sept-Oct 2014 - <b>10% over 4 weeks</b>
Jan-Mar 2000 - <b>17% over 7 weeks</b>	May-Aug 2015 - <b>16% over 13 weeks</b>
Sept-Oct 2000 - <b>14% over 6 weeks</b>	Nov 2015-Jan 2016 - <b>13% over 11 weeks</b>

Source: Various Third Party reporting of Dow Jones Industrial Average. Sorted by Paul Franke

## COVID Impact to Portfolio and Investor Behavior to the Market

Throughout this COVID Crisis, the market had a sudden pull-back earlier this year as our economy closed down for a time. That caused a significant reduction in our second quarter GDP falling by 34.3%. Between the shut-down, health and family concerns related to the virus, and the impact on your portfolio and family finances, we all had emotions that triggered our biases. Some "stayed the course" and some "sold and went to cash." In this case, the Federal Reserve and Federal Government introduced trillions in stimulus which pulled the stock market out of a historical correction back into positive territory for the year – the fastest "V" recovery in history. However, if you reacted in fear and pulled out of the market, you would have missed the historic recovery. If instead, you had a plan with discipline, you may have stayed invested or even rebalanced to take even better advantage of the recovery. What a great time to review your actions, your portfolio and make sure you use this experience to make better and more disciplined decisions going forward.

### Bottom line

If you want to better assure that that your portfolio can weather the next market correction, make sure you can answer these questions:

1. Do you have an investment discipline that you will be able to stick to it if one of the stress test scenarios repeats?
2. Have you thought in ADVANCE how you should invest rationally given the age of the current bull market?

### Financial Planning Implications

At STA Wealth, we have seen many of our long-term and new clients impacted by the financial hits that keep coming to companies in the oil patch in terms of layoffs, a reduction in benefits (an example is losing pension or 401k match benefits), severance packages and worries about early retirement and the financial impacts to portfolios where many have concentrated positions in their company stocks. If you are concerned about these issues, please contact us at STA and go to our website for insightful articles.

#### Disclaimer:

The information herein has been obtained from sources believed to be reliable, but we do not guarantee its accuracy or completeness. Neither the information nor any opinion expressed constitutes a solicitation for the purchase or sale of any security or product. Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by STA Wealth Management, LLC), or any non-investment related content, made reference to directly or indirectly in this presentation will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this presentation serves as the receipt of, or as a substitute for, personalized investment advice from STA Wealth Management, LLC. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. STA Wealth Management, LLC is neither a law firm nor a certified public accounting firm and no portion of this article should be construed as legal or accounting advice. A copy of the STA Wealth Management, LLC's current written disclosure statement discussing our advisory services and fees is available for review upon request. ALL INFORMATION PROVIDED HEREIN IS FOR EDUCATIONAL PURPOSES ONLY – USE ONLY AT YOUR OWN RISK AND PERIL.

Scott Bishop, MBA, CPA/PFS, CFP® is an Executive VP of Financial Planning for STA Wealth Management. Kevin Lenox is a Senior Portfolio Manager for STA Wealth Management. With their experience working with executives, employees, and retirees from energy companies, they co-wrote this article "[The Hits Keep Coming to the Energy Sector as Exxon Gets Booted from the Dow – and How This May Impact Your Portfolio and Financial Plan](#)," published on August 27, 2020. Visit [www.stawealth.com](http://www.stawealth.com) to learn more.

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## 2021 TAX EXPO

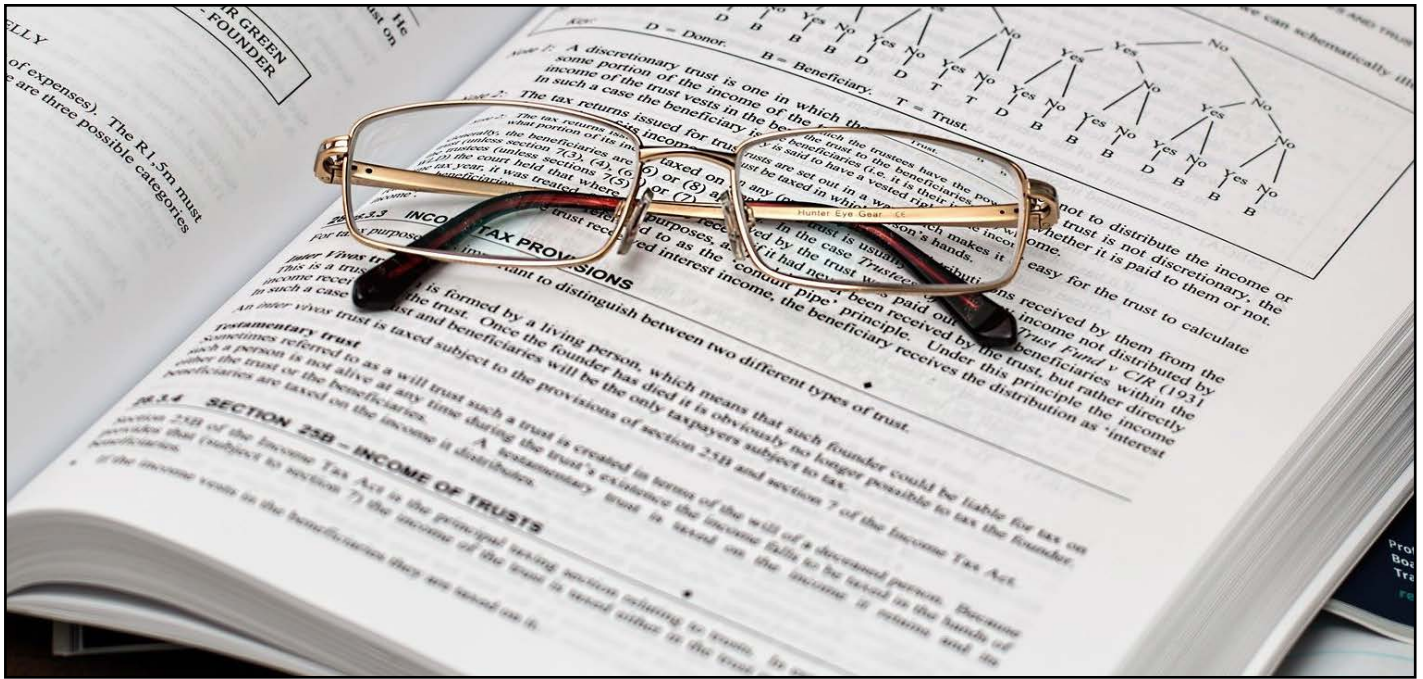
**January 11-12, 2021 • 8 a.m - 5:20 p.m. • Virtual Webcast**

The conference will equip CPAs and tax practitioners with the updates and resources needed to prepare for tax season.

**Register at [www.houstoncpa.org](http://www.houstoncpa.org)**

# Tax Update

By Rene Lozano, CPA



Our IRS Sr. Stakeholder Liaison, Arlene Good, helped coordinate a great Circular 230 Practitioners Roundtable (CPR) meeting that included representatives from SBSE Collection, SBSE Exam, Appeals, and the Taxpayer Advocate. The meeting was done virtually through WebEx at noon on August 28. After each speaker's presentation, there was a Q&A with practitioners.

Saud Jama, a SBSE Houston Collection Territory Manager, was first to speak. She covered enforcement action during Covid-19 which has presented a change. Her office remains under an evacuation order, so all her employees are working from home and receiving communications, E-faxes, and calls. She said not to go to the collections office to make a payment because no one is there, and instead mail payments to the Revenue agent, which are being processed daily, and to confirm that payment was sent and received. Revenue officers are not going into the field; however, you can request a meeting and one will be set up following all CDC Covid-19 guidelines. Saud said that enforcement action is their last resort, so make sure to provide the Financial records requested to avoid enforcement and they are taking into consideration how the pandemic is affecting taxpayers. Saud's team is also working on virtual currency and advises taxpayers to come clean.

Steven Bonds, a SBSE Houston Field Examination Territory Manager, spoke next. As of July 15, Exam has fully resumed operations with a lot being done electronically, including converting the exam files to electronic files. Most employees are working from home with a plan to go into the office on a regular basis to pick up mail. Exams are being done by phone; however, you can request an in-person Exam that must be approved by a Manager and include a safety plan with face masks and social distancing in an Assistance Center space with barriers. Steven also said to make sure to get a receipt for any original records an agent is given. The exam is still hiring, and new hires are being trained virtually.

Bruce Hadzega, a Collection Appeals Manager, followed and said they are under an evacuation order indefinitely. All hearings are being done through conference calls, and face-to-face meetings are suspended, but they are looking at alternatives. In addition, they are working on a paperless format and allowing settlement officers to go into the office to pick up mail on a scheduled basis for safety. They have some attrition with retired officers, so their caseload is higher and have hired three new officers. Bruce also said that trust fund penalty cases would resume on September 30.

Arlene Good, IRS Sr. Stakeholder Liaison, gave us an IRS update. She explained that during Covid-19, mission-critical functions continue, and you can go to the IRS website for the latest update on Coronavirus Tax Relief. The IRS has also suspended balance due notices: CP-501, 503 and 504 to lessen the confusion with the delay of processing mail-in payments. Arlene also wanted to get the word out on unclaimed Economic Impact Payments for taxpayers who qualify for the payment that did not receive them, like non-filers with just social security benefits and the homeless and asked that they go to [www.irs.gov/nonfilereip](http://www.irs.gov/nonfilereip) to claim it by October 15.

The final presenter was Sara Schroeder, a Supervisor Associate Advocate, with the Taxpayer Advocate. She discussed the recently updated Taxpayer Roadmap, an illustration of the modern United States Tax System. You can order the Roadmap by ordering Publication 5341 from the IRS website. I ordered it and received it within a week. The Roadmap is very helpful and gives you a detailed illustration of all the steps for processing tax returns. I have found the Glossary on the back of the map that contains definitions for commonly used IRS words and the section with Commonly Issued Notices to be very helpful.

CPR is a TXCPA Houston Committee with a mandate to "develop and maintain alliances with federal, state and local taxing agencies to foster a positive atmosphere to exchange ideas of mutual interest and concern, expressing practitioner positions, resolving common issues, and initiating collaborative efforts for the benefit of the various practitioner societies' members and their clients." This Committee is a resource to members, and any firm, who is doing tax compliance should have someone attend the meetings so that your firm may receive the full benefits of committee meetings. The discussion group is open to attorneys and enrolled agents, as well as CPAs. The next meeting will be on October 30, 2020, at noon. Please contact our CPR Staff Liaison Carol Spencer at [cspencer@houston.cpa.org](mailto:cspencer@houston.cpa.org) to join the next meeting.

Rene Lozano, CPA specializes in providing Federal Income and Multi-State Income tax compliance for small to mid-sized privately held companies with extensive experience in construction, manufacturing, whole sale, restaurant and various service industries. He also provides tax planning and consulting for businesses and individuals. In addition Rene provides IRS and State Tax representation including IRS Audits and Appeals.



Left: Ed Roth, CFA, CPA, CFP®, CEBS • Charlotte M. Jungen, CPA, CFP® • Wade D. Egmon, CPA, CFP® • Steven R. Goodman, CPA, CFP® • Chris A. Matlock, CPA, CFA

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# 87th Texas Legislative Session Begins January 12

By Kenneth Besserman, TXCPA Director of Government Affairs and Special Counsel

The 87th Legislative Session is shaping up to be one of the most interesting sessions in recent memory. The COVID-19 pandemic has interrupted, stalled, and shut down legislative sessions around the country during the last half of 2020. When the Texas Legislature convenes in January 2021 the Texas Senate, House and state leadership will be under a microscope as to how the Legislature will operate, how open the Texas Capitol will be, and how accessible committee hearings and legislative offices will be. There are many unknowns and both the Texas Senate and Texas House continue to have discussions on how the legislative session will operate. There has been some talk about a shortened session to be followed by special sessions in the summer. At this point it is all speculation, but the Society and the Government Relations team continue to closely monitor the situation.

Now more than ever the CPA-PAC and your participation and advocacy are critical. Your contributions to CPA-PAC make it possible for the Society to have an open-door policy with all members of the Legislature. With the November general election right around the corner, the CPA-PAC has been hard at work looking at the records of candidates, prior relationships with the Society, and making contributions that will ensure that the Society's voice is heard

before session and during session.

Next session will bring forward several issues that will touch the accounting profession and all businesses. The state budget is under significant stress because of lower sales tax collections during the pandemic. While Texas is expected to fare better than other states, there will be pressures on legislators to make cuts, raise revenues and find ways to help citizens, employees, employers, cities and other entities that have struggled to make ends meet during the pandemic. While the budget is always the most important issue every session (because it is required to be passed per the Texas Constitution), there will be many other issues on the agenda for the Legislature. Among those include redistricting, business liability issues during the pandemic, school finance, school reopening concerns, disaster/hurricane relief, and many others.

The Society will be monitoring many issues among them deregulation of the accounting profession and education standards. The Society has been closely monitoring other states where professional licensing and certification standards have either been loosened or have been attacked by groups seeking to open the practice of licensed professions. The Society feels strongly that proper licensing and certification of professions is necessary to ensure that the public is protected. CPA-PAC and the Society can only protect the profession with your advocacy and your participation.

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Kenneth Besserman joined the staff of TXCPA in March 2020 as the TXCPA Director of Government Affairs and Special Counsel. He has over 25 years of legal experience in state government and private practice. He can be reach at [kbesserman@tscpa.net](mailto:kbesserman@tscpa.net) with any questions or suggestions.

## Forgot to Renew Your Membership?

Renew your membership investment today to reactivate your member savings on CPE and reconnect to the valuable benefits of belonging to TXCPA:

- **Advocacy** for your license
- A connection with fellow members through **TXCPA Exchange**
- **Access to thousands of timely and convenient CPE** options, including **free Ethics CPE** online and a Passport to webcast courses for only \$199
- And more!

[Click here](#) to renew online.

# TXCPA Houston CPA-PAC Hosts Virtual Event Before Election Day

By Carol Spencer

November 3, 2020 brings another national election. While individuals and businesses closely consider the national slate, they also focus on the state and local elections.

On **October 20 at 5:00 p.m.**, join the local CPA-PAC for a virtual event with featuring Kenneth Besserman, TXCPA Director of Government Affairs and Special Counsel, the Honorable Joan Huffman, Texas Senate, District 17 and the Honorable Senfronia Thompson, Texas House Representative, District 141. [Click here to register.](#)

Senator Huffman serves as President Pro Tempore, Chair of the Senate Select Committee



on Redistricting, Vice Chair of the Senate Committee on Criminal Justice, and member of the Senate Committee on Finance, Senate Committee on State Affairs, and the Senate Committee on Administration and Legislative Budget Board.

Representative Thompson currently chairs the Texas House Public Health Committee and is a member of the House

Committee on Licensing & Administrative Procedures, and the House Committee on Redistricting.

To join the TXCPA Houston CPA-PAC, or if you have any questions, contact Membership Manager Carol Spencer at [cspencer@houstoncpa.org](mailto:cspencer@houstoncpa.org).

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Carol Spencer is the membership manager at TXCPA Houston.

## TXCPA CPA-PAC Chapter Challenge

### \$10 donation in October

**You value your CPA license** – you worked long and hard to secure it. During October, TXCPA is asking each CPA to be involved in the process that helps to maintain the good reputation of your CPA license.

A contribution to the CPA-PAC allows us to provide much-needed funds to political candidates, as well as incumbents, who understand the importance of a sound Texas economy and the critical role of the CPA in preserving the state's business climate.

**Please give \$10 to the CPA-PAC** to ensure that business-friendly candidates are elected to state legislative office this year.

**This is a chapter challenge, too!** The top chapters will receive bragging rights in the form of a custom Zoom background for use at chapter meetings, as well as recognition at the Midyear Board of Directors Meeting in January.

Donate online at [TSCPA.org](https://TSCPA.org), "Contribute" button at the top right.

Thank you in advance for your support!

# Chapter News

## Membership and the Special Need for Those Under 40

By Carol Spencer

It's fourth quarter and everyone wonders where has the year gone? Social Media and now-virtual meetings, conferences, classes, weddings, funerals, and galas are allowing people to return to a state of normalcy in their lives. TXCPA Houston has followed this same path, continuing to provide members with answers, education, and virtual options to remain involved and to continue to build your network.

In 2020, many people could finally concentrate on creating their work-life balance. Working from home, whether living alone, or having the family at home 24-7, created opportunities to dedicate specific hours to work, while making time to help the kids with their studies, experience new family activities, or take time for yourself. Now you had time to learn a new craft or hobby, become proficient in another language or a new dance step, or experiment with exotic cuisines in your kitchen. COVID-19 precautions, whether government regulated or recommended, or just personal safety concerns, kept you in your "safe" space, without the typical commute time to the office. Social unrest, weather atrocities, and upcoming electoral worries provided more anxiety in an already stressful year.

If you're under 40, the Young Professionals Committee (YPC) is a place for you! YPC is planning an entertaining year of networking events and opportunities for you to give to the future of your profession. You can build and nurture new strategic relationships at bi-monthly happy hours with virtual breakout rooms for small group conversations. Even when our society is comfortable with socializing without social distancing, TXCPA Houston will continue to offer virtual options as long as you want them. Members recognize the benefit of using commute time for personal or professional improvement, and the chapter is open to your suggestions on improving the committee meetings and other events.



Young Professionals Committee is back in action with a plan to meet on the first Monday of each month at 5:00 p.m. to plan activities and work on their Candidate to CPA initiative. A current YPC goal is targeting continued involvement during this stage of the career, and ensuring Candidates know the opportunities and benefits that are available to them. Ideas include offering a buddy system to pair a graduate with a CPA that can provide emotional support during the busy post-graduate life, when many candidates struggle with their exams. Another idea generated at the recent meeting is hosting study sessions for the candidates as they prepare for their CPA exams. Newly licensed CPAs understand the concerns and work-life balance struggles the candidates experience as they work towards becoming a Texas CPA. Also, YPC is planning outreach to Student Auxiliary members, including hosting a casual workshop to help students with a resume review or to hone their interview skills.

**Check out the Young Professionals Happy Hour on Monday, October 19 at 5:30 p.m.**  
[Click here to register.](#)

If YPC is the committee for you, or you have any questions, contact Membership Manager Carol Spencer at [cspencer@houstoncpa.org](mailto:cspencer@houstoncpa.org).

# Chapter News

## Support Your Community and Your Chosen Profession

By Carol Spencer



The ongoing repercussions of COVID-19 in our community drastically reduced the financial support to both CPAs Helping Schools (CHS) and the Accounting Scholarship (ASC) program in 2020.

The 2020 Scholarship Extravaganza dates shifted this year, due to the continuing effects of COVID-19 and safety precautions. Initially planned for May 9, 2020, the virtual event on September 23 offered guests a lively one-hour program with testimonials from several scholarship recipients, who shared their gratitude to TXCPA Houston for the financial difference the scholarship made in their education. Some of the students were not planning to continue this semester due to recent income interruptions, but news of their scholarship allowed them to continue on their path to becoming a Texas CPA!

With the initial uncertainty of the extravaganza and

the eventual move to a virtual event, sponsorship opportunities were lessened in recent months, and admission to the event was offered at no cost to increase attendance. Other fundraising moves involved extending the silent auction for an extra week so that non-attendees could bid on some fantastic offers!

The annual gala benefits both the Accounting Scholarship program and CPAs Helping Schools. Each program relies on significant income from this event to help fund their ongoing activities.

The **Accounting Scholarship Committee** has a goal to provide at least 30 scholarships to fifth-year accounting majors to help them complete their education and earn the 150 hours required by the Texas State Board of Public Accountancy to be CPA-eligible. Due to the tremendous need of local students, seniors are also eligible for funding consideration. **Since 2005, over 400 local university students** have received financial assistance through the Accounting Scholarship program. This amounts to over \$1.3 million in educational funding for future CPAs!

**CPAs Helping Schools provides funding** to local districts for educational

projects, emphasizing aid to those schools with little or no local business support. Funds are provided for math and technology programs, for nonfiction library books to replace outdated editions, and new classroom reading sets, often to provide for the educational needs of the Houston area's many English as Second Language learners.

Librarians often request funding for Makerspace/ Lego activities in elementary schools, and science teachers need financial assistance for middle school robotics teams. Since 2002, committee members have reviewed over 600 grant applications, helping to establish **over 300 projects** through financial grants. They have provided over **\$600,000 to more than 200 schools in 35 local districts.**

CPAs Helping Schools Committee has provided funding to Title 1 schools in a local district so they can continue a long-standing district-wide program of providing an enhanced dictionary to each third-grade student. Volunteers participate in the book presentation ceremony and take part in word look-up games for learning.

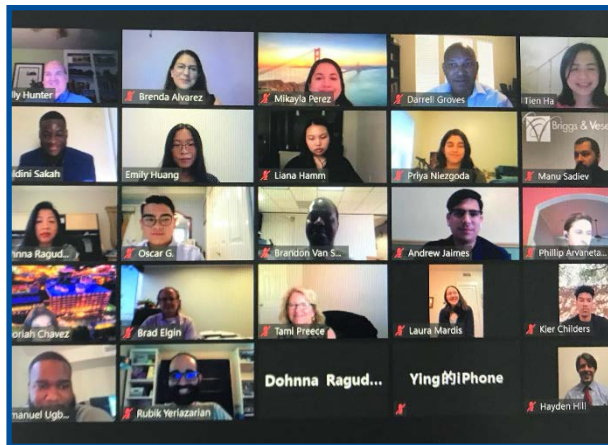
For many of these children, it is the first book that they have ever owned! Their younger

siblings anxiously await their arrival into third grade so they, too, will receive a book to call their own! It is a heart-warming, and heart-wrenching event for volunteers and supporters to realize they are playing a small part, but such an important step, in the literacy of tomorrow's leaders.

Volunteers work with local school districts and take part in Career Day presentations on campuses. Our Accounting Career Education team has prepared materials for every age group – sometimes as young as third grade! In Texas, students must decide their high-school track in 8th grade, and our volunteers are proud to share the wonderful and exciting benefits, and many options, of a career in accounting!

To not intrude upon the rescheduled 2020 extravaganza, CPAs Helping Schools has canceled their November 2020 Fall FUNdraiser at Topgolf and are looking forward to a great turnout in November 2021. This event allows the grant program to continue with the efforts set into motion by Stan and Margaret Voelkel in 1995 when they created an endowment so that TXCPA Houston could continue to provide local at-risk youth with the basic educational needs otherwise lacking in their neighborhood school.

To compensate for the cancellation of their November



fundraiser, and for reduced proceeds from the 2020 extravaganza, **CPAs Helping Schools needs to raise a minimum of \$25,000** to maintain their current support levels to local schools in 2021 and **Accounting Scholarships has an anticipated shortfall of \$62,000** to fulfill their Board-recommended goal of 30 scholarships in 2021.

### You can help!

You will see future notices in your weekly email newsletters, on social media, and in special email announcements of giving opportunities, where **YOU CAN SUPPORT** these initiatives that are so crucial to the future of the profession and the business community. Small fundraisers are being planned throughout the year. Help TXCPA Houston keep students in school, educating them on the many accounting career pathways, and financing their final collegiate years so they realize their dream – to become a Texas CPA and give back to their community!

## SAVE THE DATE:

### Giving Tuesday - December 1, 2020

**#GivingTuesday** is a global generosity movement, encouraging all people to transform their societies, whether by volunteering, donating, or providing a voice in the community. **As you plan your special year-end gifts in 2020**, a year that has impacted all lives in so many ways, please add the Houston TSCPA Foundation programs to your list.

**Scholarships** – provides funding to deserving students who plan to become CPAs in Texas.

**CPAs Helping Schools** – provides funding to schools so at-risk students gain positive opportunities to remain in school, seek higher education, and become productive members of the community.

### Donate Now

If you would like to join either of these planning committees, or you have any questions, contact Membership Manager Carol Spencer at [cs Spencer@houstoncpa.org](mailto:cs Spencer@houstoncpa.org).



# Chapter News

## 2020 SCHOLARSHIP EXTRAVAGANZA - A Virtual Benefit Held on September 23

I know it isn't what any of us had hoped and planned for back when the initial planning started, but I think you all did a fantastic job in pivoting and pulling off an excellent virtual gala! It was nice to be able to catch up with different people before the event, hear all of the information about what the event does, hear tributes to Roger and to hear from Roger himself. GREAT JOB!

As last year's co-chair of the event, I know how hard it is to plan and execute the event in a "normal" year, but doing what you all did for this year is commendable and deserving of acknowledgment. Well done by all, and I think everyone who attended enjoyed the event. The breakout rooms at the end were also great to give us a chance to speak more personally to different people. Great idea!

We certainly appreciate it and look forward to awarding the scholarships next year so we can continue to build the pipeline of future CPAs. Thanks to you all, that process remains strong and we sincerely appreciate it.

Awesome work!

Kelly Hunter  
TXCPA Houston  
President-elect



Honoring Roger Burks, CPA





# 2020 Scholarship Extravaganza



## Thank You to our 2020 Scholarship Extravaganza Supporters

### **Magna Cum Laude:**

EY

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Charlotte Jungen, Mosbacher Energy Company



# Chapter News

## In Memoriam



Ronnie Rudd passed away on Monday, September 14, 2020. He lived a full and successful life and was surrounded by his family including his loving wife, Mary Agnes. Ronnie was born in Winnie, Texas on February 28, 1942. After graduating from Baylor University, he joined Arthur Anderson in 1964. In 1966 became a CPA and was made Partner in 1975. Ronnie was an active member of the Houston CPA Society and served as the Chapter President, 1977-1978. Ronnie also served as President of the Texas Society of CPAs, 1986-1987.

Ronnie served on the Texas State Board of Public Accountancy for six years, including three as chair. During that tenure, Ronnie led efforts to modernize the Accountancy Act in many ways that continue to this day. During his service at NASBA, he was instrumental in developing the Uniform Accountancy Act to streamline regulation among the states.

Ronnie was a recipient of numerous awards and honors including: "Young CPA of the Year in Texas"; "Outstanding CPA Chapter President in Texas"; "Kenneth W. Hurst Fellow"; "Texas Society of CPAs Education Foundation"; "Meritorious Service to the Accounting Profession in Texas"; "TSCPA Honorary Fellow" and the highest award bestowed by NASBA, the "William Van Rensselaer Award."

In lieu of flowers, donations may be made to The Church at Horseshoe Bay - Building Fund (PO Box 8295 Horseshoe Bay, TX 78657).

If you wish to donate to a TXCPA Houston charity (scholarships or CPAs Helping Schools) in Ronnie's honor, please contribute online [here](#).



### LOOKING FOR A NEW OPPORTUNITY?

**Visit the TXCPA Houston Career Center to find the job that's right for you!**

Employers and recruiters can access the most qualified talent pool with relevant work experience to fulfill staffing needs. Job candidates can access the most successful and rewarding companies to invest their skills and talents in.

**Recruiters:** Target your recruiting and reach qualified candidates quickly and easily.

**Job Candidates:** Post your resume to all employers, even confidentially and get job alerts sent to your inbox.

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[Click here](#) for more information.

# Chapter News - CPE Catalog

**VIRTUAL CPE CLASSES, SEMINARS & CONFERENCES** Register at [www.houstoncpa.org](http://www.houstoncpa.org)

Date	Course	Hours
10/16/2020	<a href="#"><u>What to do When Your Life Goes Off Track, Scott Bishop</u></a>	1 hour
10/21/2020	<a href="#"><u>Virtual Depositions, Richard Claywell and Hope Everett</u></a>	1 hour
10/22/2020	<a href="#"><u>Northwest Roundtable - Financial Markets Update and Tax Efficient Investing, Steve Goodman and Chris Matlock</u></a>	3 hours
10/23/2020	<a href="#"><u>Starting Your Own Practice, Ryan Firth</u></a>	1 hour
10/26-27/2020	<a href="#"><u>2020 Medicare/PFP Conference</u></a>	16 hours
10/28-29/2020	<a href="#"><u>Partnership/LLC Tax Issues &amp; Update, Steven J. Tillinger</u></a>	16 hours
10/30/2020	<a href="#"><u>Ethics: It's a Matter of Choice, Deanna Sullivan</u></a>	4 hours
11/19/2020	<a href="#"><u>Northwest Roundtable - Change the Way You Think of Change, Monica Canales</u></a>	3 hours
11/20/2020	<a href="#"><u>Ethics: It's a Matter of Choice, Deanna Sullivan</u></a>	4 hours
12/3/2020	<a href="#"><u>Northwest Roundtable - HR and Payroll in Today's Climate</u></a>	3 hours
12/11/2020	<a href="#"><u>Ethics: It's a Matter of Choice, Deanna Sullivan</u></a>	4 hours
12/14/2020	<a href="#"><u>Federal Tax Update, Steven J. Tillinger</u></a>	8 hours
12/17/2020	<a href="#"><u>Individual Income Tax Update, Blaise Bender</u></a>	8 hours

## SAVE THE DATE! OUR 2021 CONFERENCES

### Tax Expo

January 11-12, 2021 - Virtual Webcast

The conference will equip CPAs and tax practitioners with the updates and resources needed to prepare for tax season.

### Spring Accounting Expo

May 18-19, 2021 - NRG Center

Join accountants and financial decision-makers for a two-day event focused on the future of accounting.

### Energy Conference

August 26, 2021 - Omni Westside

Seasoned energy professionals and executives address the significant current issues affecting the energy industries and the accounting processes.

### CFO/Controllers Conference

September 22, 2021 - Sugar Land Marriott

A one-day conference caters to the financial leaders of small to mid-size companies.

*If you have any questions or need help registering, please contact [cpe@houstoncpa.org](mailto:cpe@houstoncpa.org) or call 713-622-7733.*

## October Chapter PAC Fundraising Challenge

Friendly competition is always fun and in October it will also benefit [TXCPA's CPA-PAC](#). All members are encouraged to give \$10 to the PAC to bolster the state and chapter PAC funds in advance of the November 3 general election. Donations can be given [online here](#). Making a donation is the fastest, simplest and most efficient way for you to support the profession you worked so hard to join. At the end of October, we'll determine the top three chapters in terms of percentage of members donating. Those chapters will receive bragging rights and will be recognized at the Midyear Board of Directors and Members Meeting in January. Thank you for your support!

## December is TXCPA Month of Service

This year, TXCPA's Branding and Community Outreach Committee has identified financial literacy as a focus area for service and education during TXCPA Month of Service. The CPA profession is well positioned to provide guidance and support for helping Texans build stronger financial foundations. Help us increase our impact in December with your participation. Later this fall, contact your local chapter for local engagement opportunities, or visit TXCPA's website to learn more about how you, your firm or your company can participate in TXCPA Month of Service.

## TXCPA is now Accepting 2021 Rising Star Nominations

TXCPA is setting out to recognize CPA members 40 and younger who have proven to be rising stars within the accounting profession and their communities. Do you have an up-and-coming star in your firm or company who has shown innovative leadership qualities, whether it be in the accounting profession, TXCPA or charitable activities? Have a friend or colleague who's taken the reins within the profession or community? We want to hear from you! Anyone can nominate a rising star, but the nominees must be TXCPA members. Nominations must be completed by Dec. 16 to be considered. [Submit a nomination today!](#)

## Introducing the TXCPA Knowledge Hub

TXCPA added a brand-new resource to the TXCPA website to help you stay informed. Visit the TXCPA Knowledge Hub for a library of free downloadable content provided by experts and vendors within the accounting profession. You'll find white papers, product guides, case studies, industry analysis and much more, with new content being added regularly.

[Visit the TXCPA Knowledge Hub](#)

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# Classifieds

## Let Accounting Practice Sales, the largest marketer of CPA practices in North America, assist you.

We understand your concerns and respect your confidentiality. Contact us for a FREE, no-obligation valuation of your firm. Buyers, for additional information on any of the listings below, contact us by email [Holmes@APS.net](mailto:Holmes@APS.net), by phone (888) 847-1040 or visit our website [www.APS.net](http://www.APS.net).

Featured Practices for Sale (gross revenues shown):

- League City Area CPA \$1.8MM
- Greenway Area CPA \$1.7MM
- The Woodlands Area Tax \$1.6MM
- West Houston CPA \$1.1MM
- West Houston CPA \$725K
- NW Houston CPA \$537K
- NW Houston CPA \$408K
- SW Houston CPA \$406K
- West Houston CPA \$350K
- SE Texas CPA \$310K
- Houston CPA \$218K
- Houston CPA \$120K

### Looking to Purchase -

CPA with 25 years experience looking to purchase a practice in the Houston area. Contact James, [jfullencpa@gmail.com](mailto:jfullencpa@gmail.com).

### Interested in Placing an AD in the FORUM?

Contact Michelle Carr at [mcarr@houstoncpa.org](mailto:mcarr@houstoncpa.org) or [click here](#) for more information.

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## Information and opportunities relevant to you!

Name: \_\_\_\_\_

Business: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Get involved with TXCPA Houston by serving on committees important to you. Please check your top three committee(s) based on interest.

### CPE Related Committees

Quality control and oversight of Society CPE

\_\_\_\_\_ CFO/Controllers Conference

\_\_\_\_\_ CPE by the Sea

\_\_\_\_\_ Tax Expo

### Membership Related Committees

Work on Society image enhancement, career awareness and member services

\_\_\_\_\_ Membership Development

\_\_\_\_\_ Young Professionals

### Industry/Other Committees

Plan topics, serve as on-site coordinators for industry CPE

\_\_\_\_\_ Business & Industry

\_\_\_\_\_ Energy

\_\_\_\_\_ Healthcare

### Professional Services Committees

Plan topics, serve as on-site coordinators for CPE

\_\_\_\_\_ Accounting & Auditing

\_\_\_\_\_ Forensic & Valuation Services

\_\_\_\_\_ Personal Financial Planning

\_\_\_\_\_ Circular 230 Roundtable

\_\_\_\_\_ Northwest Roundtable

### Charity/Civic Related Committees

Sponsor community and organization events

\_\_\_\_\_ Accounting Scholarship Endowment

\_\_\_\_\_ Accounting Scholarships

\_\_\_\_\_ CPAs Helping Schools/  
Accounting Career Education

\_\_\_\_\_ CPA-PAC

\_\_\_\_\_ Public Affairs

\_\_\_\_\_ Scholarship Extravaganza

## Thank you for signing up!

Your active participation will provide: current topic updates, professional development, networking opportunities ... and more!

You will be placed on the distribution list for each chosen committee. Committee meeting dates vary from monthly to quarterly. Email this form to [chapter@houstoncpa.org](mailto:chapter@houstoncpa.org).



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