

The **FREE STATE** Accountant

A Publication of the Maryland Society of Accounting & Tax Professionals



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Small Taxpayer
Safe Harbor

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CONTRIBUTORS



James M. Arnie was born and raised on Maryland's Eastern Shore. After graduating from high school, he attended University of Baltimore and received his Bachelor of Science Degree in Business Administration. He worked for two years at a regional

CPA firm performing audits and preparing personal income tax returns. He began his State career in May 1970 with the Comptroller's Office, Revenue Administration Division (formerly Income Tax Division) as an internal auditor. As a result of becoming knowledgeable of the processes and responsibilities in each department of the Division, he was appointed as an Assistant Director in September 1986. In 1997, Jim was appointed by the late Comptroller Louis L. Goldstein to the position of Director of the Revenue Administration Division replacing the late George H. Spriggs, Jr. After the 2010 election, Comptroller Peter Franchot appointed Jim as the Comptroller's Ombudsman where he worked closely with the Comptroller, Comptroller's Chief of Staff and members of the General Assembly to assist individuals and businesses to resolve issues when progress had discontinued when using the normal procedures in dealing with the various divisions within the Comptroller's Office. Jim retired December 31, 2012 after 42.4 years with the Comptroller's Office. Jim is an avid reader, enjoys riding his Harley, helping his neighbors in his community and is a big New York Yankees fan!



Stephanie Klapper has been working to elevate consumers' voices in healthcare since 2010. As Deputy Director at Maryland Citizens' Health Initiative, Ms. Klapper works on increasing access to affordable health coverage and prescription drugs.

Ms. Klapper helps oversee the Maryland Health Care for All! Coalition, which is comprised of hundreds of faith, business, labor, policy, community, and health organizations working together toward quality, affordable healthcare for all Marylanders. In addition, she serves as a consumer representative on state workgroups for the Maryland Health Benefit Exchange and Health Services Cost Review Commission. In 2018 she received the first annual "Innovation in Social Work Award" by the University of Maryland School of Social Work.



Carey Levin joined Yaeger CPA Review in September 2018 as the Sales and Relationship Manager. Previously, Carey worked for many years in the media industry as an Account Executive with FOX Broadcasting Company. In 2015 she began a Master of

Science program at the Medill School of Journalism, Media, and Integrated Marketing Communications at Northwestern University. Offered as a distance learning program, Carey began her studies in Integrated Marketing Communications while still living in Los Angeles. In 2016, Carey and her family decided to make a lifestyle change and left Los Angeles to live full time in an RV. In the past three years, while visiting most of the states in the country, Carey has also completed her Master's degree, collaborated with three different non-profit organizations on marketing and branding projects,

and started working for Yaeger CPA Review. Since joining Yaeger, Carey has been impressed by the level of dedication and hard work required by candidates to pass the Uniform CPA Exam. She is proud to have the opportunity to assist candidates in reaching this goal, thereby ensuring that organizations and individuals will be guided by well-trained and ethical public accountants.



Jerry Lotz is a Senior Savings Advisor at CostSeg Energy Solutions. CostSeg Energy Solutions represents companies whose mission is to help commercial property owners and leaseholders save money. He serves as an agent for Cost Segregation Services

Inc. (CSSI), based in Baton Rouge, LA. CSSI is an "independent" company that provides "engineering-based" IRS Approved, Cost Segregation Studies and Tangible Property Regulation Consultation. Other CSSI services include: CAP-EX Reversal Analysis, Engineering-Grade Energy Audits, 179D, 45L and LED Lighting Tax Savings Implementations. Jerry is a Baltimore native and holds a business degree from Towson University. He spent 30 years in various managerial positions in the medical sales industry. Jerry enjoys working to provide "exemplary" service to tax professionals and the clients they serve. When he is not working, he enjoys spending time with his wife, children and grandchildren.



Carl Schwartz is the Vice President and a Financial Advisor with Bernstein Private Wealth Management and is located in the firm's Washington, DC, office. Carl provides guidance and counsel to high-net-worth individuals and

families, trusts, estates, foundations and retirement plans. He works closely with his clients and their other professional advisors to craft comprehensive investment strategies that will help them address critical planning issues and make investment decisions optimized to meet their goals.



Abbey Zhao grew up in Hong Kong and immigrated to the U.S. to attend Brigham Young University (BYU). She graduated with a Bachelor's degree in accounting and a Master's in taxation. She started her career with Deloitte working in their New

York City Corporate tax division. Abbey transferred to the Tyson's Corner office and worked in their International tax group until the arrival of her first son. While raising her children she kept up with the tax laws and prepared tax returns part time for a local CPA during tax seasons for ten years. She became an Enrolled Agent after her youngest daughter started school. Abbey enjoys helping her clients get organized to save time and taxes. Thus, her clients are able to focus on growing their businesses and spending quality time with their families.

2019-2020

MSATP

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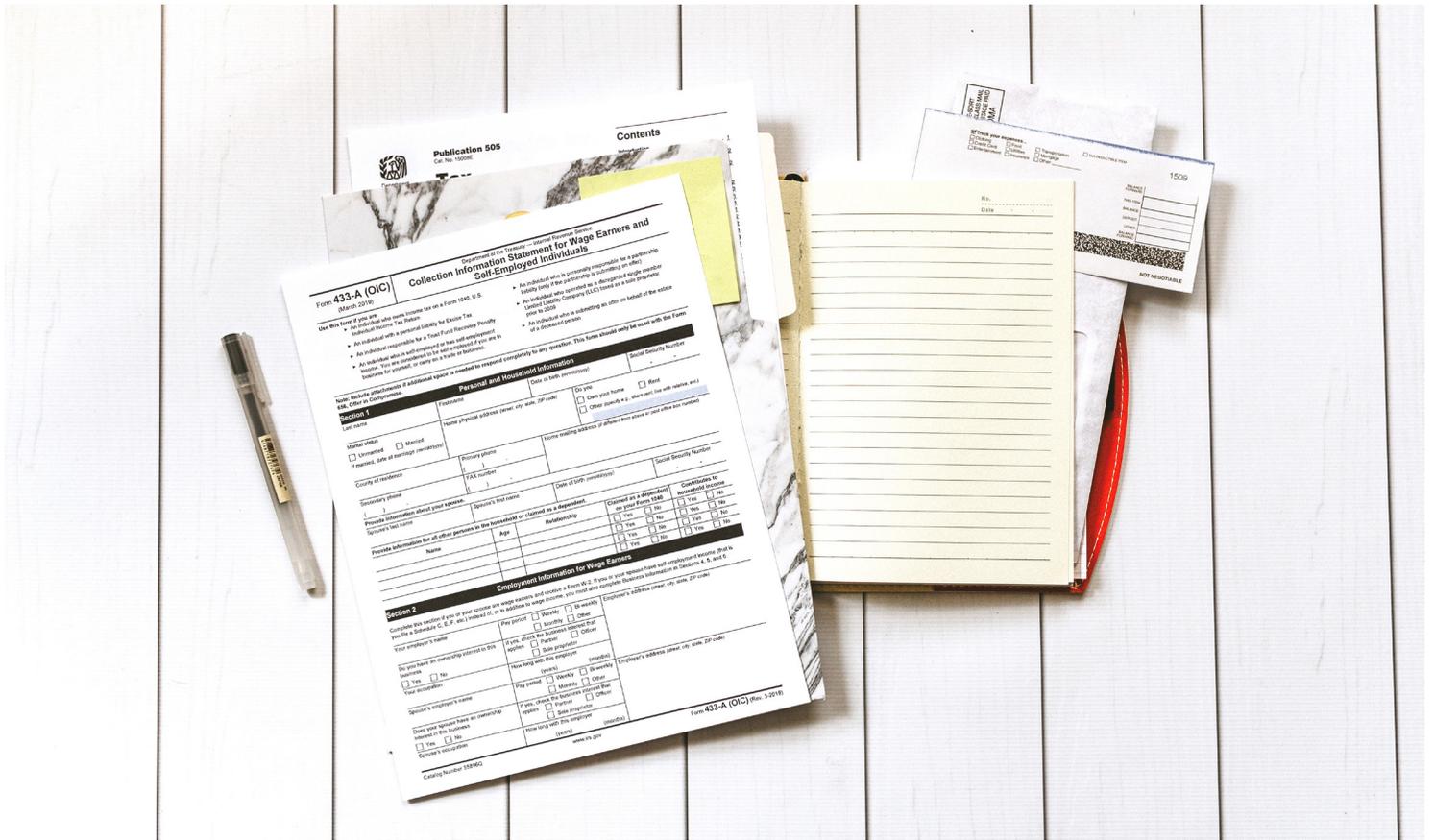
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Forbes Names Six Maryland Firms “Top Recommended Tax and Accounting Firms”

Six Maryland firms made Forbes' America's "Top Recommended Tax and Accounting Firms" last month, and all six firms are part of our MSATP community. Many of these firms have been members and/or participants in our Continuing Professional Education (CPE) offerings for decades.

MSATP is proud to congratulate all six firms on making this distinguished list of tax and accounting service providers. It is an honor to continue to see our members and Maryland tax and accounting practitioners get national recognition for their hard work and dedication to serving the public. Congratulations!

Calibre CPA Group | Bethesda, MD

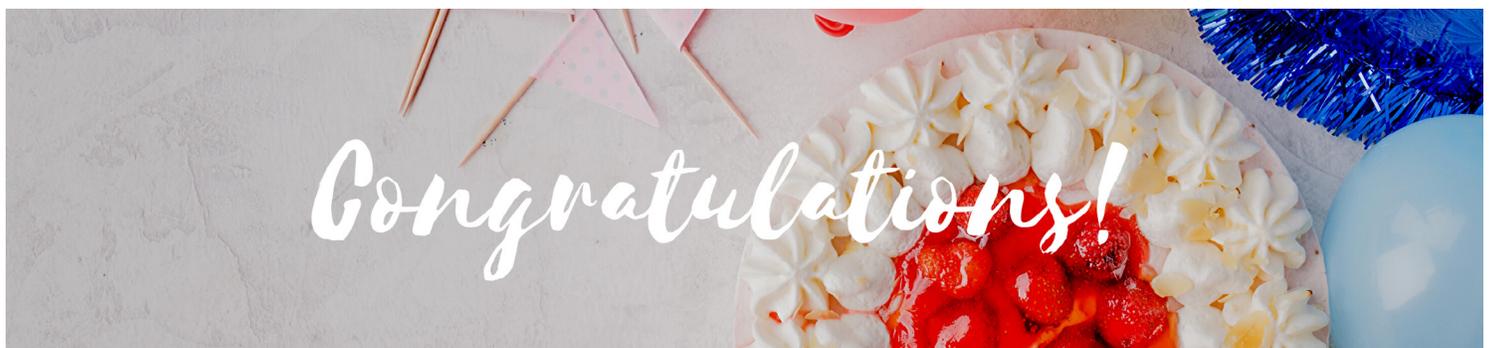
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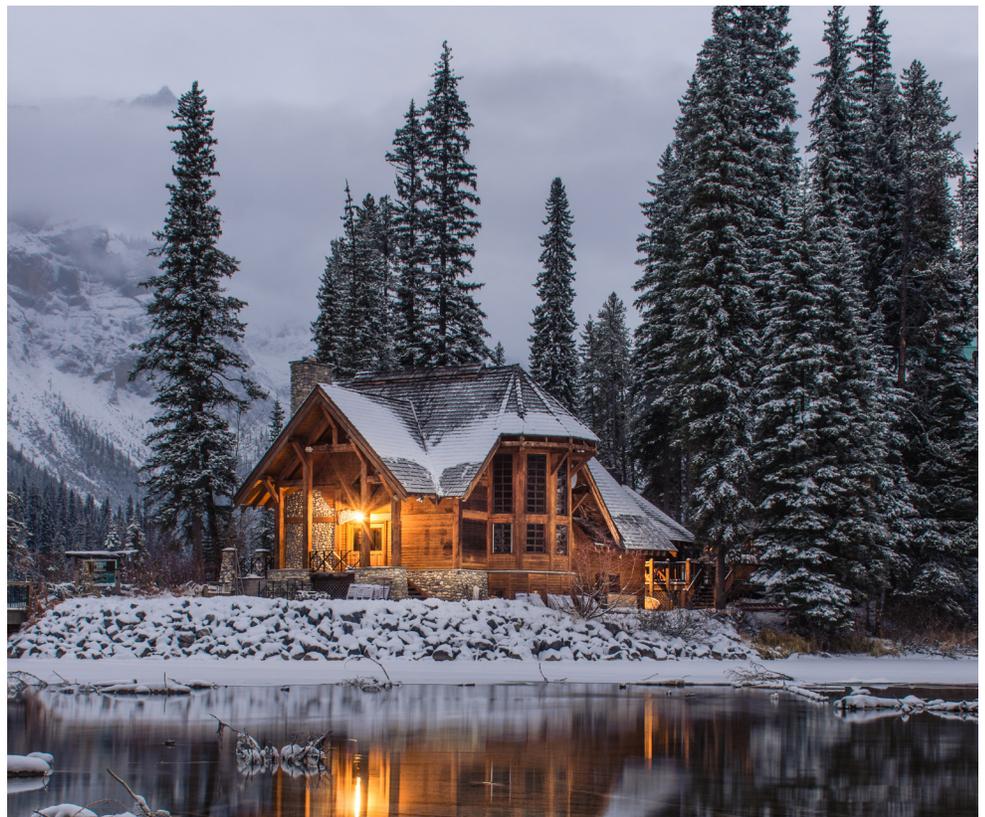
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Small Taxpayer Safe Harbor

by Jerry Lotz

The Small Tax Payer Safe-Harbor along with the Routine Maintenance Safe-Harbor are two of the most misunderstood administrative conveniences of the Tangible Property Regulations (263a). Yet, both are amazing opportunities.

The Small Taxpayer Safe Harbor (STSH) allows a property owner to expense up to 2% of the unadjusted basis (up to \$10,000) of each building every year. This is not automatic but must be elected every year.

The most misunderstood portion of the STSH is that each building, if it is a single unit of property, can utilize the STSH. For example, if a multi-family complex owner has 10 buildings which are all unattached, he has 10 units of property. Each unit of property can utilize the 2% or \$10,000 rule every year.

It is very simple to calculate the unadjusted bases of each building. It can be done in any reasonable manner including taking the square footage of

each unit of property and comparing it to the total square footage of the complex and dividing that number by the unadjusted basis of the entire complex. Also, any exterior improvements do not count towards the 2%. An owner must be careful however to not go over the 2%. Even an expenditure of one dollar more than the limit will be disallowed by the Internal Revenue Service.

As an agent for Cost Segregation Services Inc., I strive to inform tax professionals and building owners of the latest interpretations and changes within the tax law. Surprisingly, many building owners across the United States have not even heard of this opportunity. A number of tax professionals as well are unclear of the implications. It is a phenomenal strategy to not only take a full expense of building repairs but also reduce capital gains upon the sale of the property.

Please feel free to contact me at jerry.lotz@comcast.net for any further clarifications around the laws for depreciating buildings.



Kenneth Wesson, Educational Consultant at NASBA
National Registry Summit September 2019



Kenneth Wesson and Sandy Steinwedel at NASBA
National Registry Summit September 2019

CPE Summit Calls For Acceleration

NASBA State Board Report Volume XLVII, Number 10 October 2019

NASBA's National Registry Summit, September 24-25 in Indianapolis drew more than 150 attendees representing course sponsors, developers, government bodies, State Boards and CPA firms to consider "Accelerate to innovate!" The program not only covered states' continuing professional education requirements and compliance concerns, as described by NASBA staff, but also research results on how to optimize learning, conference management, virtual reality learning, emotional intelligence, course design and even a "sponsor in the spotlight" segment.

Educational consultant Kenneth Wesson told the conference: "For students who started a four-year computer science (or any technical degree) in 2016...50 percent of what they learned in their first year of study was outdated by their third year of college (2019), and 75 percent will be of little/no value upon their graduation next spring 2020."

He observed: "We are tasked with preparing our students for future occupations that (1) have yet to be created, (2) we have neither encountered nor envisioned in any significant detail, and (3) demand skill sets that will be tethered together in real world contexts (but not in our classrooms)."

Mr. Wesson listed as needed 21st Century skills: collaboration, communication, critical thinking, creativity (driven by curiosity, imagination and visualization), and one's ability to make connections.

Summit attendees were briefed by Maria L. Cladwell, NASBA Chief Legal Officer and Director of Compliance Services, on the capabilities of the NASBA CPE Audit Service and the CPE Rules Engine Service. The CPE Audit Service is available to Board of Accountancy for use in auditing CPE compliance of their CPAs. The CPE Rules Engine Service is available to organizations and firms to help with ensuring compliance of their CPAs with various state CPE rules. Samples of the types of reports Boards and other users can obtain from the system were displayed and explained.

Jessica Luttrull, Associate Director of the National Directory, summarized the changes that are being proposed for the NASBA/AICPA Statement of Standards for Continuing Professional Education Programs, which are reviewed and evaluated every two years. The latest proposed changes are to be voted on by the NASBA and AICPA Board of Directors at their upcoming meetings, and will be appended to the Uniform Accountancy Act once approved. Besides adding clarifications, examples and minor modifications, other changes being proposed include:

- The required minimum number of pilot testers for adaptive learning self-study has been increased.
- Review questions can be included in nano learning, but the maximum credit for any single nano program remains at 0.2 credits.
- CPE credits for pre-program, post-program and homework assignments cannot constitute more than 25 percent of the total CPE credits per program.

If approved by the NASBA and AICPA Boards, the new standards will have effective date of December 31, 2019.

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Considering the Core Plus Model

NASBA State Board Report Volume XLVIII, Number 12 December 2019

Enhanced by NASBA's Annual Meeting, the CPA Evolution initiative, a joint effort of the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), has been moving forward. The initiative aims to transform the CPA licensure model to recognize the rapidly changing skills and competencies the practice of accounting requires today and will continue to require in the future.

Stakeholders Feedback

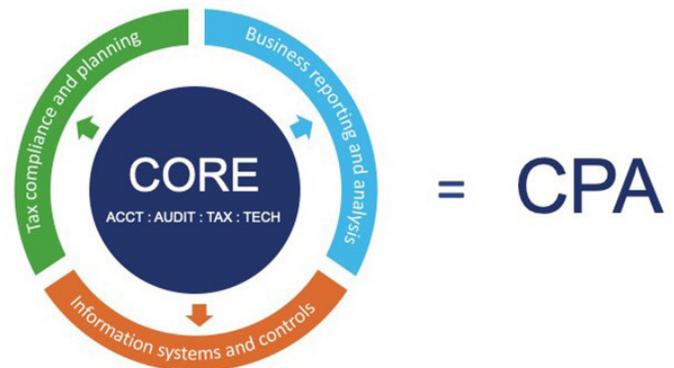
Throughout the summer of 2019, NASBA and the AICPA employed a joint website, EvolutionOfCPA.org, to receive feedback from more than 2,000 stakeholders, including State Board of Accountancy members and executive directors, on a set of draft guiding principles. The number one comment received was support for the need to change licensure. Most respondents also supported a greater emphasis on technology skills and knowledge as a prerequisite for licensure. Respondents said CPA licensure would emphasize and be built around a strong core of accounting, auditing, tax and technology.

NASBA and AICPA leadership carefully reviewed all of the feedback received, studied other professions' licensure models and considered multiple options for an updated licensure model. NASBA and AICPA leadership then used this feedback and research to develop a new approach to licensure that is responsive to stakeholder input while still propelling the profession into the future. At NASBA's Annual Meeting and at the AICPA's Fall Council Meeting in October 2019, AICPA and NASBA leadership presented the feedback they heard from stakeholders and shared a draft model.

The Draft Model

The leadership of NASBA and the AICPA are recommending a "core + disciplines" licensure model. The model starts with a robust core in accounting, auditing, tax, and technology that all candidates would have to complete. Then, each candidate would choose a discipline in which to demonstrate deeper skills

and knowledge. Regardless of a candidate's chosen discipline, this model leads to a full CPA license, with rights and privileges consistent with any other CPA. A Discipline selected for testing would not mean the CPA is limited to that practice area.



The Proposed Disciplines reflect three pillars of the CPA profession:

- Business reporting and analysis
- Information systems and controls
- Tax compliance and planning

Future Plans

Over the coming months, various stakeholder groups, including State Boards of Accountancy, state CPA societies, AICPA and NASBA volunteer committees and the academic community, will be engaged in filling in more details for the revised potential model. The two organizations aim to finalize an approach for revisions to the CPA licensure model by summer 2020. After the approach is finalized, the two organizations will establish implementation plans for what is expected to be a multi-year effort.

In the coming months, NASBA will continue to share additional information about the initiative with the State Boards of Accountancy through the State Board Report, webinars and conferences.

Stay Connected To MSATP

To ensure that you receive all important emails from MSATP, add info@msatp.org and forms@msatp.org to your contacts list. With all the recent cyber security updates that email providers are making, some members may have automatically been unsubscribed from all our emails, including seminar reminders and other important Society updates. It is important to remember that many email providers like Comcast, Verizon, Yahoo, and Gmail, to name a few, will classify emails as spam if you do not regularly open emails from a contact. Make sure to open your seminar registration confirmations and e-weekly updates!

If you have any questions or if you have not been receiving emails from MSATP, please email info@msatp.org or give us a call at 1-800-922-9672 to share your concerns. We will do our best to solve the issue.

Thank you for being an MSATP member!



Yaeger CPA Review Fully Integrates the AICPA Blueprints, the Study Guide for the Uniform CPA Exam

by Carey Levin

Did you know that the AICPA regularly releases “Blueprints” for the Uniform CPA Exam? These materials, which are available for free on the [AICPA website](#), cover every representative task on which candidates may be tested in upcoming testing windows. Revised Blueprints are generally released one or two times per year and updated to specify the minimum level of knowledge and skills required to pass the Exam. The AICPA works with a number of accounting professionals, including representatives from large, medium, and small firms, to ensure that the CPA Exam remains current and relevant as the industry adapts to technological and other accounting processes. Reviewing the current Blueprints thoroughly is the best way for CPA candidates to be sure that they are well versed on all core competencies and to prepare to sit for the Exam.

Yaeger CPA Review, founded over 40 years ago by Phil Yaeger, fully integrates the AICPA Blueprints into their CPA preparation course. When the AICPA switched to the Blueprint system in 2017, Yaeger CPA Review began writing their own books, the foundation of their course, which allows them to make updates every time the Blueprints are revised. Each section begins with the Blueprint Representative Task, pulled directly from the AICPA materials, and then Yaeger instructors teach the concept(s) required to complete the task. Dr. Yaeger, who has significant experience with inclassroom

instruction, both at colleges and universities in the Washington, DC metro area and in the beginning years of Yaeger CPA Review, strongly adheres to the idea that if a CPA candidate truly learns the concepts on which they will be tested, they will be prepared to see those concepts and respond to them on their testing day. “Revising our course every time new Blueprints are released is certainly an laborious process,” Dr. Yaeger says, “but doing so ensures that our students are studying what they will need to know for the Exam – nothing more, nothing less.” The

The winner for the 2019 Yaeger CPA Review scholarship is Zainab Yahaya!

Yaeger AdaptaPASS online learning portal customizes each student’s experience by continuously monitoring their progress and adjusting the course so that more time is spent on the concepts that are more challenging and less time on concepts that a student grasps easily so that study time is made as efficient as possible.

Yaeger CPA Review offers candidates a number of options for their course. Course bundles, for either single parts or all four parts of the Exam, include everything a candidate needs to prepare, from video lectures to downloadable textbooks to audio lectures to digital flashcards and more. Alternatively, in 2019

Yaeger launched monthly subscription plans which give candidates access to all the materials plus the option to start and stop their access as needed. Both course bundles and the subscription plans include Yaeger’s CRAM courses – a final wrap up for each section of the Exam which has been shown to increase scores by 5 to 15 points. All Yaeger products are available individually as well, so students can add them on to their existing study materials if desired.

MSATP has negotiated a special discount for its members who are interested in purchasing the Yaeger CPA Review course. In 2020, MSATP members receive their choice of \$400 off the full, four-part digital course bundle or \$100 off single part digital course bundles. Members should contact the MSATP to receive the appropriate discount code to be used when placing orders online or with Yaeger CPA Review customer support.

In addition to the discount partnership, Yaeger CPA Review is also providing an annual scholarship for their four-part digital course. The recipient, who is chosen each year by MSATP, receives the full course to help them prepare for the Exam. The winner for 2019 Yaeger CPA Review scholarship is Zainab Yahaya. Congratulations Zainab!

For more information on Yaeger CPA Review, please contact Sonny Cox, Senior Support Specialist at Yaeger COA Review, at (800) 824-2811 or by emailing sonny@yaegercpareview.com.



Innovative New Program to Help Tax Clients Access Health Insurance

by Stephanie Klapper

Tax preparers play a big role in people's lives. Soon, thanks to the Maryland Easy Enrollment Health Insurance Program, preparers will have an opportunity to help clients in another important way—by helping them gain access to quality, affordable health care. Starting this tax season, Marylanders will be able to indicate on their tax returns whether they would like Maryland Health Benefit Exchange to determine if they are eligible for free or low-cost health coverage. Maryland Health Benefit Exchange manages the State of Maryland's health insurance marketplace, Maryland Health Connection.

Using tax returns to start the application process for health insurance makes a lot of sense because about 130,000 Marylanders who file tax returns are eligible for free or low-cost health insurance through Maryland Health Connection. Many of these Marylanders don't even realize that they are eligible for financial assistance for health insurance! Tax preparers can reach many of these Marylanders through their tax returns. Not only does this help the taxpayer, it helps reduce health care costs for all of us. People without health insurance often have to receive medical care in the most expensive way possible—through a trip to the emergency room that results in uncompensated care. When more people are insured, uncompensated care drops, which helps to stabilize insurance premiums for everyone.

This upcoming tax return season is the pilot for the Maryland Easy Enrollment Health Insurance Program. Here's how it will work: on their 2019 Tax Forms 502 and 502B, filers

will indicate whether they, their spouse, and/or their dependents have health insurance coverage. Marylanders who are uninsured can then elect to authorize the Comptroller to share information from their tax return with the Maryland Health Benefit Exchange to determine if they may be eligible for free or low-cost health care coverage.

Once the tax return is submitted, the Comptroller's Office will send the relevant information to Maryland Health Benefit Exchange. Next, the Exchange will mail a letter to the tax filer to let them know if, based on the information in their tax return, they appear eligible for coverage through Maryland Health Connection and if they can get the coverage for free or low cost. They will be instructed on the next steps to apply for coverage. To complete their enrollment, they can visit the MarylandHealthConnection.gov, call 855-642-8572, or receive free in-person assistance from trained experts throughout the state.

To help your clients learn about the program, explain that the new questions on the tax form can help them enroll in health insurance and that the insurance may be free or low cost. They will need to follow up with the Maryland Health Connection once they receive their letter in the mail.

With your help, thousands of Marylanders can receive quality, affordable health coverage this tax season. And this is just the beginning! I am proud to serve with MSATP Executive Director, Sandy Steinwedel, on the Maryland Easy Enrollment Health Insurance Program Advisory Work Group. The Work Group is comprised of diverse stakeholders including several tax preparer groups, and will provide input on how to make this landmark program work in the best way possible for years to come.

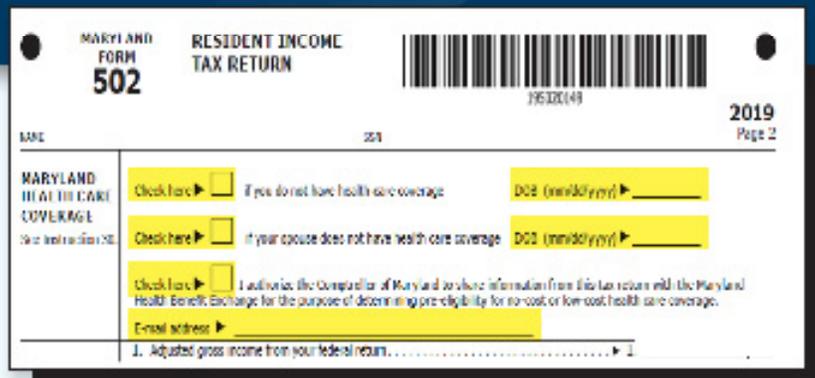
THIS TAX SEASON, GET CONNECTED WITH FREE OR LOW-COST HEALTH INSURANCE!

EASY ENROLLMENT PROGRAM FOR UNINSURED MARYLANDERS IS NOW PART OF THE MARYLAND INCOME TAX FORM

Answer new questions on your state tax return by April 15 to find out your health insurance options at MarylandHealthConnection.gov.

HOW IT WORKS

1. On your 2019 Tax forms 502 and 502B, check the boxes that ask if you, your spouse, and/or your dependents do not have health care coverage. Enter the dates of birth.
2. Check the box that asks if you will allow the Comptroller of Maryland to share information from your tax return with the Maryland Health Benefit Exchange, the state agency that runs Maryland Health Connection.
3. A few days later you will receive a letter in the mail from Maryland Health Connection telling you whether they think you are eligible for insurance and if you can get the insurance for free or low cost.
4. Follow the instructions in the letter to apply for insurance by going to MarylandHealthConnection.gov, calling 855-642-8572, or receiving free, in-person assistance from trained experts throughout the state.



MARYLAND FORM 502 RESIDENT INCOME TAX RETURN 2019 Page 2

MARYLAND HEALTH CARE COVERAGE

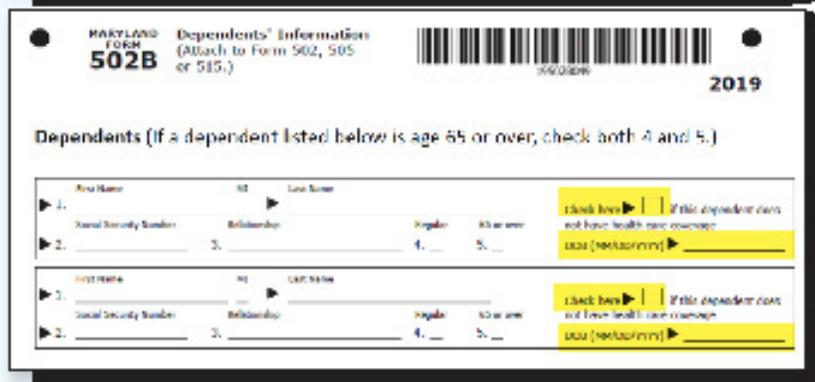
Check here if you do not have health care coverage DOB (mm/dd/yyyy) _____

Check here if your spouse does not have health care coverage DOB (mm/dd/yyyy) _____

Check here I authorize the Comptroller of Maryland to share information from this tax return with the Maryland Health Benefit Exchange for the purpose of determining pre-eligibility for no-cost or low-cost health care coverage.

E-mail address _____

1. Adjusted gross income from your federal return _____



MARYLAND FORM 502B Dependents' Information (Attach to Form 502, 505 or 515.) 2019

Dependents (If a dependent listed below is age 65 or over, check both 4 and 5.)

First Name	MI	Last Name	DOB (mm/dd/yyyy)	Relationship	Age	65 or over	Health Care Coverage
1. _____	_____	_____	_____	_____	_____	_____	Check here <input type="checkbox"/> if this dependent does not have health care coverage. DOB (mm/dd/yyyy) _____
2. _____	_____	_____	_____	_____	_____	_____	DOB (mm/dd/yyyy) _____
3. _____	_____	_____	_____	_____	_____	_____	Check here <input type="checkbox"/> if this dependent does not have health care coverage. DOB (mm/dd/yyyy) _____
4. _____	_____	_____	_____	_____	_____	_____	DOB (mm/dd/yyyy) _____

After January 1, 2020, if you have questions about your eligibility, call the Maryland Health Connection Call Center at 855-642-8572.

If you have questions about your tax return, call the Maryland Comptroller's Office at 1-800-MD-TAXES.

TAX DEADLINE IS APRIL 15

The New Normal

by Carl Schwartz & David Barnard

With 2019 shaping up to be 2018's opposite from a return perspective, it seems natural to ask what changed? None of the usual suspects. In fact, the market backdrop remains largely consistent—except for lower interest rates, as David Barnard (who heads Bernstein) points out in his latest quarterly letter.

Looking ahead, we expect supportive monetary policy to persist, along with lingering questions around growth, trade, and geopolitics. As we prepare to greet a new decade, uncertainty will be along for the ride. How should you position to face this new normal? In our view, a holistic wealth strategy, investment diversification, and discerning stock selection top the list.

The article below offers a perfect retrospective on the events of the past year and what to watch for as we head into the new year.

The New Normal

If 2018 goes down in history as a rare year where virtually no asset class made money, 2019 will be remembered as the opposite. What changed?

A stronger economy? No. Global growth declined in 2019, though it remained positive, and consensus estimates do not forecast much improvement in 2020. Easing trade tensions? Not really. While the USMCA (a modestly new NAFTA) looks likely to be completed and a long awaited “Phase One” deal has been reached, deeply ingrained structural issues with China persist and additional tariff threats hang over European goods and many commodities. How about greater global geopolitical stability? If you've read the news lately, you get the point.

The biggest change we've witnessed in the last 12 months has been central bank policy, which shifted from tightening to more accommodative monetary conditions—especially in the US. The pivot instilled greater investor confidence that [interest rates will remain low](#), and bankers will remain vigilant, for a long time. This in turn fueled an expansion in multiples, or the prices that investors are willing to pay for future cash flows from assets like stocks. We see this as justified but nearing the point of diminishing returns, leaving little room for further appreciation outside of underlying growth fundamentals.

The good news for investors is that even after this year's extraordinary returns, compelling relative value opportunities remain, and the combination of slow but steady growth and accommodative monetary policy could support the current cycle for longer than most people think. As for the checklist above, our base case is these questions will linger, without worsening. With the dawn of a new decade[1] a few days away, we see ongoing uncertainty as a new normal in which a comprehensive wealth strategy, and investment diversification and discernment will define success in the years to come.

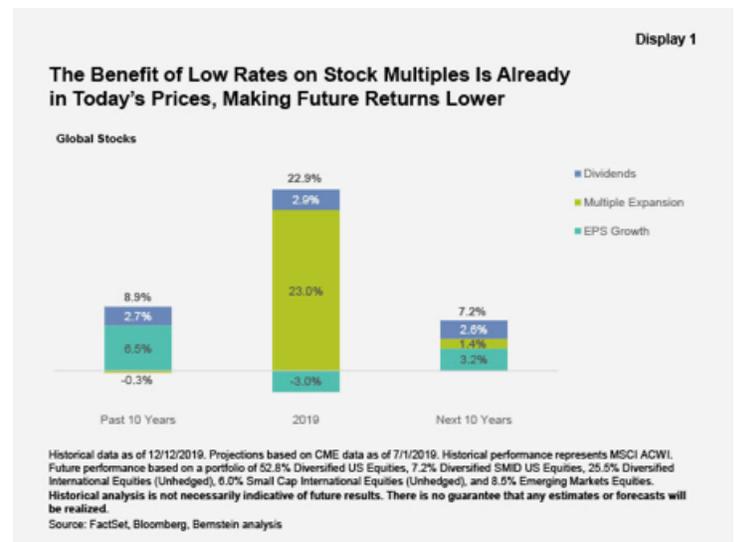
What a Difference a Year Makes

There was plenty to worry about this time last year, but the Fed's decision to increase interest rates for the fifth consecutive time seemed to top investors' list. Though 2018 was solid in economic terms and the benefit of the 2017 tax cut flowed through US corporate earnings, the combination of a long

government shutdown, building trade tensions, and geopolitical instability soured sentiment in a big way. That's until last January, when Chairman Powell struck a more nuanced tone on the path of future rates and ultimately showed welcome flexibility by reducing rates twice when manufacturing data weakened mid-year. Markets took notice.

Our first display shows the net effect of the Fed's about face, and what to expect ahead. As a quick reminder: investment returns for assets like stocks are a product of growth in earnings and dividends, and expansion or contraction of the multiple or price investors are willing to pay for a claim on future cash flow. Over time, a robust research process should give an investor an analytical edge in forecasting growth. Valuation, on the other hand, is more fickle—especially in the short term. But every investor agrees that lower interest rates make future cash and earnings more valuable today, thus driving prices higher when rates fall.

But multiples can only benefit so much from low rates, and we think we're nearing that practical limit. That's among the reasons we're forecasting lower asset appreciation going forward driven mainly by dividends and earnings, with little benefit from further



Keeping Calm and Carrying On

If the interest rate picture became clearer over the last 12 months, the other sources of investor anxiety remained mostly cloudy. Despite that, we maintained that economic growth would stay positive, if uninspiring, and that the biggest fear was fear itself. Without minimizing the direct impact trade tensions have had on some businesses, we worried more about a broader erosion in confidence. Our concerns centered around extra caution in capital spending and other economic decision making that would slow growth for non-fundamental reasons.

Unfortunately, this is indeed what played out over the course of the year as both US and global GDP fell. But it remained positive, and with both time and the absence of further escalation, recession fears gradually subsided and activity in the parts of the economy most affected by trade has stabilized in the US (Display 2).

Display 2

Business Optimism and Manufacturing Activity Stabilize After Steep Declines

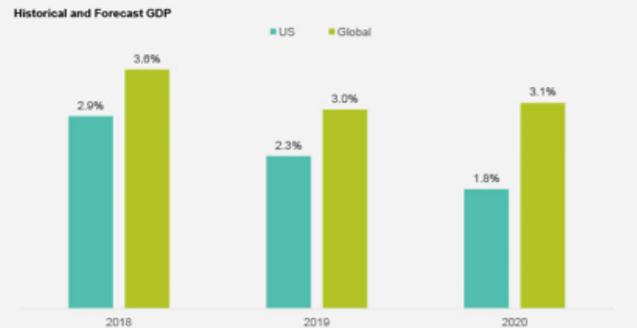


As of 11/30/2019
 Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.
 Source: Bloomberg, ISM, HIS, and NFIB

Looking ahead to 2020, elections in the US will inevitably dominate investor thinking as the year progresses, although [Brexit negotiations](#) and ongoing political unrest in places like Hong Kong will bear watching. There's no reliable historical guide for election outcomes and market returns. And even if there was, it would be hard to put too much confidence in "past as prologue" anyway. Economists are calling for slow but steady growth driven by a strong consumer in the US and modest recovery in trade around the world (Display 3). Our estimates are slightly lower as risks abound and short, shallow downturn can never be ruled out. But with little in the way of late-cycle excesses and strong support from the world's central bankers, we see the odds favoring the current cycle stretching into the foreseeable future.

Display 3

Economic Growth Across the Globe Expected to Decelerate but Remain Positive



As of 12/1/2019
 Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.
 Source: Haver Analytics and AB

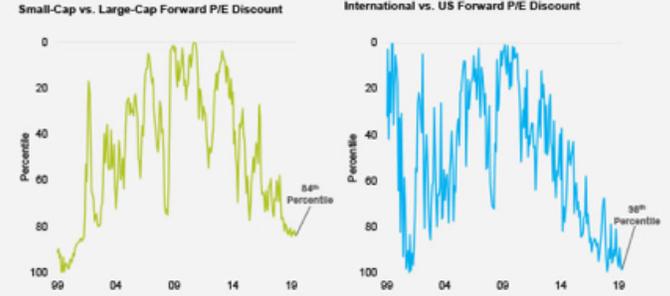
Looking Ahead

We tend to avoid making short-term forecasts because most of the clients we serve have long time horizons associated with our relationship. And 12-month calls—arbitrarily linked to the calendar year—are almost impossible to nail consistently. Ironically, we have a lot more confidence in predicting things several years into the future, and today we hold a number of forward-looking convictions. Below I share a few:

- Returns for all asset classes in the next 10 years will sit lower than the last 10, but we expect the wide valuation gaps between US and [international stocks](#) and large-cap and small-cap stocks to close (Display 4).

Display 4

Even After the Rally in 2019, Some Relative Value Remains



As of 12/17/2019
 Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.
 Representative indexes—left: S&P 500+top 500/Next 1000; right: S&P 500/MSCI ACWI ex US.
 Percentile rank start date 8/31/1999.
 Source: I/B/E/S, FactSet, Russell, S&P, and AB

- Tax rates will drift higher as countries around the world grapple with the need for fiscal spending on infrastructure (both physical and technological) in the face of high current [government debt](#). Even the possibility of this should create a sense of urgency for wealth owners everywhere to review transfer plans in order to take full advantage of today's historically low tax and interest rates.
- Asset classes like [private debt and equity](#), and [socially responsible](#) stock and bond strategies, will continue to gain share in diversified investment allocations.

Conclusion

Before I close, I would like to acknowledge the enormous career achievements of Kathy Fisher, our Head of Wealth and Investment Strategies, who this fall announced her plans to retire in the first half of 2020 after some 40 years in economics, banking, and investments. Kathy's accomplishments are too numerous to mention, but her impact on our firm, and inspiration to generations of women across the financial services industry, cannot be overstated. Fortunately, we have a deep reservoir of tenured talent and Aaron Bates, Alex Chaloff, and Beata Kirr will be assuming expanded leadership roles over the next several months.

Integrity, accountability, and analytical rigor have always defined us as a firm. In an era where uncertainty will be the new normal, and returns will be harder to come by, we look to the future confident in our research foundation and optimistic in how the investments we've made in strategies and services will meet tomorrow's challenges. At the same time, we know we must be humble enough to take nothing for granted and strive to serve each client like they're our only client.

For more on trends in the economy, markets, and asset allocation for long-term investors, explore [The Pulse](#), a Bernstein podcast series, and for additional thought leadership, check out the related blogs [here](#).

The views expressed herein do not constitute research, investment advice, or trade recommendations and do not necessarily represent the views of all AB portfolio-management teams.

MSATP's Young Professional Spotlight: Angelica Conway

by Abbey Zhao

Young Professional Angelica Conway interned at three different companies before she joined the Audit team at Ernst & Young in Baltimore. She graduated with B.S./M.S. of Science in Accounting from Towson University.

Q: How has your internship helped you decide where you want to work?

A: At each internship, I developed more as a professional and learned the wide variety of benefits of working at different size firms with different practices. I decided my career based on my outgoing personality and my desire to help people face to face. Assurance/audit provides more exposure to the client in a face to face setting. I also love the energy I felt meeting with the people at Ernest and Young at the recruiting events, so I accepted the offer to work with them.

Q: What are you doing to find success in your career?

A: I am trying to find my niche by translating my drive of being active in school to work. I joined Black Professional Network in EY. This gave me the opportunity to attend EY Unplugged, which allowed me to meet executives to share ideas, experiences, and to make connections. I am also studying for my CPA exam. I hope to get ahead of the



game before busy season.

Q: What advice do you have for current students about deciding what field of accounting to work in?

A: 1. Think Big – Accounting work is forever changing and there is no “traditional” accounting pathway that is

deemed a standard.

2. If you like crime/law – look into forensic accounting.

3. If you are unsure if you want to do tax or assurance/audit, join a firm that offers a rotation program.

4. There are so many options, always remember to be open minded and do not limit your horizons.

Q: What is something you wish to do over again if you get a chance?

A: My first attempt at the CPA exam. I was under the impression that “Oh this is too hard! I work so many hours, how will I have enough time to do this?” If I get a chance to do it over again, I would challenge myself under the pressure of adjusting work and personal growth in the light of passion than give into fear.

Q: Concluding thoughts?

A: I would just say, even in times of challenges, remember you worked so hard to get where you are. One day you wished for this day to come, and now that it is here, just embrace the challenges and pat yourself on your back through the process.

Never stop challenging yourself, there is no peak of life worth plateauing.

Stay plugged in! Be active at the networking events offered by MSATP and other professional organizations!

Member Highlight: James Arnie's Introduction of Bob Jennings

MSATP CPR Committee Member James Arnie came up with a hilarious, and very accurate, introduction of Bob Jennings at the 1040 in Ocean City. Check out the intro

Completing a federal tax return has gotten extremely hard
What happened to that half a page, they called it “a post card”
Withholding tables were adjusted, more money would be had
But when your clients saw their returns, happy turned to sad,
Six lines were removed and suddenly, schedules took their place
So this is how they could say, the returns require less space,
It was clear from the beginning, these changes were a mess
Now was it done on purpose, to cause preparers more stress,
Another tax season approaches and to make it an easier job
Here to tell you all about it, our friend, Tax Speaker Bob!



2019-2020 NASBA Board Appointments

The National Association of State Boards of Accountancy (NASBA) announces members of its Board of Directors for 2019-2020. Members were installed during NASBA's 112th Annual Meeting, held Oct. 27-30, in Boston, MA.



Laurie J. Tish, CPA, of Seattle, WA, acceded to the office of chair. Tish has held numerous roles within NASBA since 2003. She is a former vice chair, Pacific regional director and director-at-large of NASBA, and a former chair of NASBA's Accountancy Licensee Database, Global Strategies and Uniform Accountancy Act Committees. Tish recently completed a three-year term on the AICPA Professional Ethics Executive Committee.



A. Carlos Barrera, CPA, of Brownsville, TX, was elected vice chair. Barrera previously served as a director-at-large, treasurer and Southwest regional director of NASBA. He is a former chair of NASBA's Administration and Finance, Board Effectiveness and Legislative Support, CPE, Global Strategies and Standard-Setting and Professional Trends Advisory Committees. A partner at the national firm Carr, Riggs & Ingram, LLC, Barrera served six years on the Texas State Board of Public Accountancy (2007-2013), with two years as treasurer and two years as presiding officer.



Kenya Y. Watts, CPA, of Gahanna, OH, was elected Great Lakes regional director. Watts is the chair of NASBA's Communications Committee and a member of the Relations with Member Boards Committee and the 120/150 Task Force. A manager of Business Services at BHM CPA Group in Columbus, OH, Watts was appointed to the Ohio Accountancy Board in 2016 and currently serves as its secretary.



Jason D. Peery, CPA, of Boise, ID, was elected Mountain regional director. Peery is a partner with Grow Rasmussen LLP and has lived in Idaho since 1998. He currently serves as vice chair of the Idaho State Board of Accountancy as well as a member of NASBA's Education Committee and Relations with Member Boards Committee.



Alison L. Houck, CPA, of Rehoboth Beach, DE, was elected Middle Atlantic regional director. Houck is the chair of NASBA's Diversity Committee and a former member of the Communications Committee. A managing partner of the Delaware office of Faw, Casson & Co., LLP, Houck is serving her second term on the Delaware State Board of Accountancy, where she is the current president.



Stephen F. Langowski, CPA, of Forest Hills, NY, was elected Northeast regional director. Langowski is the chair of NASBA's Compliance Assurance Committee and a member of the Relations with Member Boards Committee. A former president of the New York State Society of Certified Public Accountants, he currently serves as vice chair of the New York State Board of Public Accountancy.



Tyrone E. Dickerson, CPA, of Richmond, VA, was elected director-at-large and will serve as chair of NASBA's CBT Administration Committee. A former Middle Atlantic regional director and director-at-large of NASBA, Dickerson is also a former chair of NASBA's CPE Standards Working Group, Diversity Committee and CPE Committee. Additionally, he served eight years on the Virginia Board of Accountancy, with two terms as chair.



Grace Berger, CPA, of Helena, MT, will serve as executive directors' liaison and chair of the Executive Directors Committee. She served as a member of the Executive Directors Committee from 2017-19 and was also a member of NASBA's Strategic Planning Task Force. Today, she is the executive officer for the Montana Board of Public Accountants.

Continuing Board Members: J. Coalter Baker (Director-at-Large), Maria E. Caldwell (Director-at-Large), John F. Dailey, Jr. (Director-at-Large), W. Michael Fritz (Treasurer), Sharon A. Jensen (Director-at-Large), Stephanie M. Saunders (Secretary), Janice L. Gray (Past Chair), J. Andy Bonner, Jr. (Southeast Regional Director), Katrina Salazar (Pacific Regional Director), Faye D. Miller (Central Regional Director), Richard N. Reisig (Director-at-Large), C. Jack Emmons (Southwest Regional Director), Catherine R. Allen (Director-at-Large), and Ken L. Bishop (President & CEO).