



# Notes of INTEREST

Spring 2011

[www.dairystatebank.com](http://www.dairystatebank.com)

## Taking measures to protect your identity

At Dairy State Bank, we take pride in the banking relationships we have with our customers and with the trust you have placed in us to protect your identities. Protecting your identity is a top priority and we take the necessary steps to make this happen.

It is our practice to ask customers for proper identification — until we know you by face and name — and every employee is trained to ask for identification to protect your identity. We are fortunate to have many long-standing customers whom our long-term employees know very well; however, newer employees may not be familiar with you, so please be patient with them as they ask for a valid ID. We consider a valid ID to be a driver's license, a picture identification card or a pass-

port. From it, we can verify your name, signature, picture and expiration date.

If you have any questions or concerns about the protection of your identity, don't hesitate to give us a call. We value our banking relationship with you and look forward to serving you for many years. 📞



## Greetings

By Mike Bock, CEO



Welcome to our first newsletter for 2011. In this edition you will find articles and information regarding savings and decisions to improve your future's financial health; information on customer privacy; the importance we place on identity protection; and compromised security on credit and debit cards.

As you gather information to prepare your tax returns this is a great opportunity to be reminded of some fundamentals of finance that can be used to protect and enhance your finances.

Thank you for allowing Dairy State Bank to be part of your financial lives. We are ready and willing to help you in whatever way we can. Best wishes on a financially successful 2011.

### Bank Locations

**Rice Lake**  
16 South Main Street  
715-234-9181 • Toll free 866-436-7158

**Birchwood**  
124 North Main Street  
715-354-3411

**Haugen**  
103 Third Street  
715-234-7006

**Prairie Farm**  
100 Hepburn Street East  
715-455-1339

Member FDIC



**Menomonie**  
2405 Schneider Avenue  
715-235-5511 • Toll free 888-235-5511

**Menomonie**  
600 Second Street  
715-235-6983

**Menomonie**  
2320 Highway 25 N  
715-235-6801

**Colfax**  
101 South Main Street  
715-962-3577

**Downsville**  
E4491 County Road C  
715-664-8711

**Wheeler**  
100 South Hwy 25  
715-632-2441

## Make the most of your retirement account options

It's a fact: The average American holds nine different jobs before the age of 34.\* It's also a fact that the decisions you make about how to manage retirement assets when changing jobs can have a direct impact on your future financial health.

Case in point: "Cashing out" retirement plan assets before age 59½ (55 in some cases) can expose your savings to immediate income taxes and a 10% IRS early withdrawal penalty. On the other hand, there are several different strategies that could preserve the full value of your assets while allowing you to maintain tax-deferred growth potential.



### Well informed = well prepared

#### Option #1: Leave the money where it is

If the vested portion of the account balance in your former employer's plan has exceeded \$5,000, you can generally leave the money in that plan. Any money that remains in an old plan still belongs to you and still has the potential for tax-deferred growth.\*\* However, you won't be able to make additional contributions to that account.

#### Option #2: Transfer the money to your new plan

You may be able to roll over assets from an old plan to a new plan without triggering any penalty or immediate taxation. A primary benefit of this strategy is your ability to consolidate retirement assets into one account.\*\*

#### Option #3: Transfer the money to a rollover IRA

To avoid incurring any taxation or penalties, you can enact a direct rollover from your previous plan to an individual retirement account (IRA).\*\*



Brandon Olson, CRPC®  
LPL Financial  
Representative

If you opt for an indirect transfer, you will receive a distribution check from your previous plan equal to the amount of your balance minus an automatic 20% tax withholding. You then have 60 days to deposit the entire amount of your previous balance into an IRA which means you will need to make up the 20% withholding out of your own pocket.\*\*\*

#### Option #4: Take the Cash

Because of the income tax obligations and potential 10% penalty described above, this approach could take the biggest bite out of your assets. Not only will the value of your savings drop immediately, but also you'll no longer have that money earmarked for retirement in a tax-advantaged account.



If you have questions about this article or wish to receive a free, no-obligation portfolio review — at either the Rice Lake or Menomonie DSB offices — please contact Brandon Olson. He can be reached by calling (715) 234-9181 or e-mailing [brandon.olson@lpl.com](mailto:brandon.olson@lpl.com).

\*Source: Bureau of Labor Statistics.

\*\*Withdrawals will be taxed at ordinary income tax rates. Early withdrawals may trigger a 10% penalty tax.

\*\*\*You will receive credit for the withholding when you file your next tax return.

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May lose value. Not a deposit.  
Not insured by any  
Federal Government Agency.

## Credit and debit card protection

Visa's Fraud Investigation Department regularly monitors and notifies Dairy State Bank, as your card issuer, of any potential merchant system or network breaches that may involve your debit card.

### Responding to a breach

As a security precaution, when we are notified of a breach, affected customers are contacted as quickly as possible; **cards within the notification are blocked from all future use**; and new card numbers and PINs are issued. Although we understand this process may be inconvenient at times, we strongly feel that this is the best way to protect your money.

Whenever a system or network breach occurs, we ask "How did this happen?" In almost all cases we are unable to give a definite answer as the information provided to us by Visa is limited.

Generally, a breach announcement only provides the account numbers that may be affected, as well as a period of time card usage may have been exposed to the breach. We are not told what merchant was breached or what exact information was accessed. **Because this information is limited to us, we take the position of being safe rather than sorry and reissue cards.**

To better understand where system breaches may occur, think back to a recent credit or debit card purchase you made. When paying, the merchant gathered information from the card, including name, card number and expiration date. This may have been retained at their place of business, but more than likely it was forwarded on to a processor that clears transactions for the merchant. In most cases, these processors are organizations that handle many transactions

every day and warehouse the same information that the merchant gathered. If there is an intrusion either at the merchant's or the processor's, there is the possibility of important card information being obtained.

In addition to the above example, it is possible unauthorized activity can happen if your wallet or purse — and card — are stolen or a dishonest store employee writes down your card information. All of these events could lead to unauthorized transactions to your account.

So, what can be done to make the use of credit or debit cards absolutely safe? Unfortunately, there's very little we can do shy of not issuing the cards. That, of course, is not a popular answer since credit and debit cards have become a very convenient part of our lives.

### Precautionary steps for credit and debit card users

There are some things you can do regularly to make sure you detect any unauthorized activity as soon as possible.

**For credit card users**, be sure to carefully review your monthly credit card statement for activity and report or question any transactions you do not recognize. Also, look at the credit limit that is available on your card to see if it is reasonable for your needs. If during a typical month you have \$500 of activity with an occasional vacation where you may need some extra capacity, set a reasonable limit of \$5,000 instead of asking for something far above that.

**For debit card users**, be sure you promptly balance your bank statement every month, reviewing all activity from your debit card to confirm its validity.

**For both credit and debit card holders**, consider signing up for online access so that you can review account activity anytime you want to make sure transactions are authorized.

If you have any questions regarding your card activity, call us as soon as possible so appropriate steps can be taken to safeguard your assets and to prevent a breach situation. Safety and protection is our highest priority. ▶

## Treasury's plan to phase out paper benefit checks

The U.S. Treasury recently decided to extend the safety and convenience of electronic payments to all Americans receiving federal benefits and non-tax payments. Anyone applying for benefits on or after May 1, 2011 will receive their payments electronically, while those already receiving paper checks will need to switch to direct deposit by March 1, 2013.

The Treasury Department's Go Direct public education campaign provides information about this change and makes it easy for check recipients to switch by calling a toll-free help line at 1-800-772-1213.

If you currently receive paper checks for federal payments and would like to get a head start on the electronic deposit switch, prior to the March 1, 2013 deadline, contact any of the customer service representatives at Dairy State Bank and they will be happy to start this process now so you can start enjoying the ease and safety of direct deposits.

## Act now to assure your future's financial health

"Baby boomers are proving to be a financial bust: Bad planning and bad timing could ruin retirements." This was the headline from a recent article written by Dave Carpenter of the Associated Press. He went on to explain that as of January 2011, more than 10,000 baby boomers a day will turn 65 and that pace will continue for up to 19 years, with many of them ill-prepared for retirement. While this is unsettling news, here are some steps to consider taking to help reach a satisfactory retirement.

### Be diligent in your savings

Savings come in many forms, including 401(k) retirement plans with your employer, through individual retirement accounts (IRAs), certificates of deposit (CDs) or any other savings vehicle you may choose. While returns over the last couple of years have been inconsistent, still consider the importance of time.

Remember, if you are able to save \$150 per month for a period of 40 years (age 25 to 65) — which would be a total investment of \$72,000 — and the investment has

an average return of 5%, funds would total \$228,903. If the average return would increase to 7%, funds would total \$393,722. Time and consistent saving does create meaningful funds even with modest returns.

### Take advantage of low mortgage rates

Use the current low mortgage interest rates to refinance your home loan. Low loan rates present a couple of opportunities. Some borrowers refinance with a goal of satisfying their mortgage over 20 years instead of 30. Others have taken the money freed up by a reduced mortgage payment and have used it to invest in some savings vehicle. Either of these options will enhance long-term net worth and financial strength. Visit any of our mortgage lenders or go to the mortgage center on our home page, at [www.dairystatebank.com](http://www.dairystatebank.com), to check on current interest rates.

### Plan early for college costs

The cost of funding education for children or grandchildren will likely continue to increase, so start planning early to cover these costs. There are various savings vehicles geared

specifically to help save for education. Consult with your tax adviser to see if any of these make sense for you.

### Ask questions

There are many resources available for developing a financial plan that will help you meet your financial goals. The market events of the last couple of years have shown that volatility and variability do exist in the world of finance and could have a bearing on any plan. Therefore, be flexible, continue to seek knowledge and look for opportunities when volatility strikes.

These are just a few ideas to help you prepare for a better retirement. Feel free to visit with the many financial professionals at DSB about ways for you to best reach your financial goals. 

