



Notes of INTEREST

Fall/Winter 2011

www.dairystatebank.com

Debit card fees in the news

In early October, some of the country's bigger banks were in the news as they announced a plan to implement fees for using debit cards. For example, Bank of America proposed a \$5 monthly fee. Initial reactions by the press and the banks' customers were negative as a service that was once free was soon to have a cost. Here is some background leading to these events.

Durbin Amendment

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act. Included in the act was a last-minute addition known as the Durbin Amendment. This amendment capped debit card fees at levels below what many think is the cost of providing the service. The amendment was adopted with almost no debate, discussion or study. It took effect on Oct. 1, 2011, and put a cap on merchant charges associated with a debit card transaction. An interesting twist to this regulation is that it applies only to financial institutions with assets in excess of \$10 billion, thus making the bigger financial institutions the first to react to a reduction in revenue.

Many financial industry trade groups, including banks and credit unions alike, were not supportive of this legislation due to concerns that government intervention in setting

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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

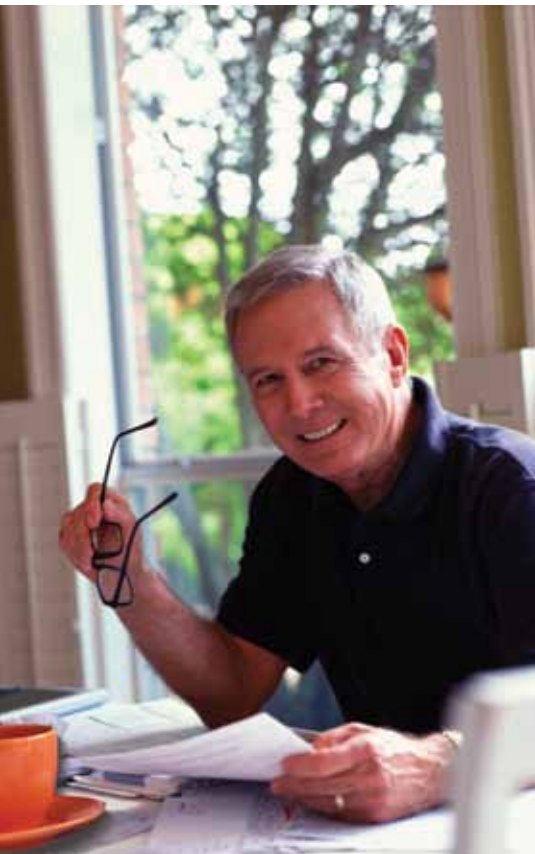
Downsville
E4491 County Road C
715-664-8711

Wheeler
100 South Hwy 25
715-632-2441

Questions to ask when drafting an estate plan

Because you've worked hard to create a secure and comfortable lifestyle for your family, you'll want to ensure that you have a sound financial plan that includes trust and estate planning. With some forethought, you may be able to minimize gift and estate taxes and preserve more of your assets for those you care about.

A qualified financial professional and tax professional can help ensure you are minimizing taxes and maximizing gains for your heirs.



You can bring the following four-part checklist to your initial meeting to discuss how to make your plan comprehensive and up-to-date.

1) Communicating your wishes

- Do you have a will?
- Are you comfortable with the executor(s) and trustee(s) you have selected?
- Have you executed a living will or health care proxy?
- Have you considered a living trust to avoid probate?
- If you have a living trust, have you titled your assets in the name of the trust?

2) Protecting your family

- Does your will name a guardian for your children if both you and your spouse are deceased?
- If you want to limit your spouse's flexibility regarding the inheritance, have you created a Q-TIP trust?
- Are you sure you have the right amount and type of life insurance for survivor income, loan repayment, capital needs, and all estate settlement expenses?
- Have you considered an irrevocable life insurance trust to exclude the insurance proceeds from being taxed as part of your estate?
- Have you considered creating trusts for family gift giving?



Brandon Olson
LPL Financial
Representative

3) Reducing your taxes

- If you are married, are you taking full advantage of the marital deduction?
- Are you making gifts to family members that take advantage of the \$13,000 annual gift tax exclusion?
- Have you gifted assets with a strong probability of future appreciation in order to maximize future estate tax savings?
- Have you considered charitable trusts that could provide you with both estate and income tax benefits?

4) Protecting your business

- Do you have a management succession plan?
- Do you have a buy/sell agreement for your family business interests?

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**Not FDIC insured. No bank guarantee.
May lose value. Not a deposit.
Not insured by any
Federal Government Agency.**

'Tis the season to safeguard your money

Historically, the holidays are a time of year when attempts by fraudsters to trick people out of their money escalate.

For this reason, we want to share a few reminders to help keep your money safe.

Check your bank statement

Be sure to balance your bank statements monthly, looking for any unusual activity and calling the bank immediately if you notice any. If the unusual activity is inappropriate, work with the bank to resolve it as quickly as possible.

For an even more regular review, check your account activity through the bank's online banking system.

Review credit card statement

Review your credit card statement promptly, confirming both your local purchases and those done online, and reporting any unusual activity right away. Also, when making online purchases,

make sure you are dealing with a reputable company before disclosing your credit card number. While the Internet is used by many reputable businesses with strong security systems to keep your credit card number confidential, it is also used by people trying to trick you out of your money. Make good decisions to keep your credit card number safe.

"You won the lottery" trick

Do not fall for the old "you won the lottery" trick. Holiday giving often squeezes our budgets, making us wish for more money to get through the season.

Fraudsters know this and they often step up the lottery scam. They tell you that you won the lottery but before they can send the money, you must wire money to them to pay the taxes and, then, they will send you the winnings. The truth is, you wire them **your money** for the taxes but never receive any winnings because there weren't any to begin with.

"Cash this check" trick

A similar twist to the lottery scam is when you receive a check in the mail with instructions to deposit it in the bank and then wire transfer part of the check back to the sender to cover some fee or other cost. The check turns out to be fraudulent, but by the time you know that, the wire transfer to them — your money — is already gone.



We know we've shared these reminders before, but we also know people still get caught, so we feel it is worth reminding everyone to be careful. The best defense against scam artists is to make people aware of how to protect themselves. Have a fraud-free holiday season. ▶



eStatements Now Available!

Electronic statements are now available each month, right at your finger tips.

This **free service** allows you to receive your checking, savings and loan account statements electronically. No more waiting for the mail. No more paper statements.

All you need to do is:

- ✓ Be registered for Dairy State Bank's online banking service
- ✓ Have a valid email address
- ✓ Complete and submit the online enrollment form at www.dairystatebank.com

Once you've signed up, you'll receive an email notification letting you know when your bank statement or notice is available to view. Then simply login to your Dairy State Bank online account to view it.

You can view, print or save up to 12 months of your bank statements.

Sign Up Today!



Promotion

We are happy to announce the promotion of Jessica Downey to assistant vice president. Jessica has recently taken over the responsibility of the Bank Secrecy Act (BSA) officer, as well as being a familiar face in the teller services area in Rice Lake.

Fixed-rate mortgage rates hit historic lows

This headline may be great news to some borrowers, but it's also frustrating to others. How can this be? While it's true that mortgage rates have recently reached the lowest levels on record, the rules and regulations to obtain these low rates have changed significantly and continue to do so.

Income verification a must

The effects of the housing crisis continue to present challenges when it comes to securing a low interest rate loan. This can be seen in a number of areas. What used to be considered a good credit score a few years ago, may not be viewed quite as favorably today. As the housing bubble has deflated, homeowners have experienced a widespread decline in home values. For many, equity that existed a few years ago has decreased or vanished. At this time, income verification is imperative and borrowers should be prepared to provide their lender with



W-2 forms, pay stubs, bank statements, income tax returns or a combination thereof.

The declining interest rates have been attributed to concerns over a global recession, as well as the recently reported declines in pending home sales and personal income. In spite of the lower rates, however, national data suggests that loan applications are also down, no

doubt due to a combination of slow economic growth, elevated unemployment and, as mentioned above, more stringent loan qualification requirements.

Still, an opportune time

At Dairy State Bank, we are getting many questions and applications, and actually approving a lot of loans. Each day brings new challenges to our mortgage department and each day we close mortgage loans for our customers.

While mortgage rates have been low for some time, the reality is they will go up at some point. If you are in the market to buy a new home or refinance your existing home, don't allow the market challenges to deter you. We invite you to check our rates and apply online at www.dairystatebank.com, or contact one of our mortgage professionals for more information. ➤

Remote Deposit for Business

Remote deposit is for businesses who want:

- Improved cash flow
- Fewer trips to the bank
- No more mailing deposits to the bank
- Make deposits 24/7*
- Increased efficiency
- Save time and money

Ask a Dairy State Bank representative to show you how remote deposit can improve your bottom line.

* Deposits made after the cut-off time will be credited on the next business day.

A photograph of a woman with blonde hair, wearing a light-colored shirt, smiling as she looks at a laptop. The laptop screen shows a document with a check image. The background is blurred, suggesting an office or business setting.

Remote deposit uses remittance technology that scans checks, prepares and transmits deposits, and compiles a report on all deposits.

Treasury to end over-the-counter sales of paper savings bonds*

The Bureau of Public Debt recently announced that as of Jan. 1, 2012, paper savings bonds will no longer be sold at financial institutions. According to their news release, this action "will save American taxpayers approximately \$70 million over the first five years," and will support the U.S. Department of Treasury's goal to increase the number of electronic transactions by individuals and businesses.



Holiday Greetings

As another year draws to a close, we want to wish you a happy and joyous holiday season. We thank each of you for the opportunity to assist with your financial needs and we look forward to helping you for years to come.

Series EE and I savings bonds are here to stay

Savings bonds were originally introduced in 1935 and will continue to be available.

Electronic Series EE and Series I savings bonds can be purchased at TreasuryDirect, a secure, Web-based system operated by the Bureau of Public Debt.

Ending over-the-counter (OTC) sales of paper savings bonds at financial institutions is a continuation of the Treasury's all-electronic initiative. As part of the initiative, the Treasury stopped the sale of paper bonds through traditional payroll plans effective Dec. 31, 2010. It is estimated that ending the sales of paper payroll and new issues of OTC bonds will save a total of \$120 million over the next five years in the areas of printing, mailing, storing bond stock and fees paid to financial institutions for processing bond applications.

Open a TreasuryDirect account for all your savings bonds transactions

Opening a **TreasuryDirect account is free** and, once established, investors can:

- Buy, manage and redeem Series EE and Series I electronic savings bonds.
- Convert Series EE and Series I paper savings bonds to electronic.
- Purchase electronic savings bonds as a gift.
- Enroll in payroll savings plans for purchasing electronic bonds.
- Invest in other Treasury securities, such as bills, notes, bonds and TIPS (Treasury Inflation-Protected Securities).

Those currently holding paper savings bonds can continue to redeem them at financial institutions. Bonds that have not matured but were lost, stolen or destroyed, can be reissued in paper or electronic form.

For more information about the elimination of paper savings bonds and how to enroll in TreasuryDirect, visit www.treasurydirect.gov.

*This article reprinted from the release published 7/13/2011 by the Bureau of Public Debt. For full release, see "Treasury to End Over-the-Counter Sales of Paper U.S. Savings Bonds; Action will save \$70 million over first five years" at URL http://www.treasurydirect.gov/news/pressroom/pressroom_comotcend0711.htm.

CEO's message *(continued)*

a price cap would ultimately lead to higher fees for banking services. An effective debit card network with its related costs, including fraud prevention measures, fraud losses and operating expenses, is expensive and needs to be financially supported. In the past, most of the expenses were absorbed by merchants accepting debit cards, but with the new cap on fees someone else will have to pick up the cost.

DSB's exempt status

As a community bank with less than \$10 billion in total assets, Dairy State Bank is currently exempt from the amendment's provisions. This exemption seems to benefit smaller institutions; however, there are some concerns that a two-tier system of distinguishing between larger and smaller financial institutions, may not work in the long run as merchants may choose not to accept debit cards from smaller issuers if the issuers do not match fees of the larger issuers.

Ultimately, time will tell how the two-tier system plays out.

Convenience at a cost

Without a doubt, the debit card is a very convenient service that is valuable to both users — since there's no need to carry checks or cash — and to merchants, as a safe form of payment. Like any service, there is a delivery cost. The question being debated is how to pay for this service. ➤

Gift Cards

SPREAD HOLIDAY CHEER

- Use where debit cards are accepted - at millions of retail locations
- Choose the amount you want to give to fit your budget: from \$10 to \$1,000
- Recipient can shop online or over the phone
- Safer than cash

Purchase fee of \$2.50. Monthly inactivity fee of \$2.95 after 12 consecutive months of inactivity. Lost/stolen replacement card fee of \$5.00.