



# Notes of INTEREST

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

## Loans for the new Year

By Mike Bock, President

Welcome to 2007. For many of us, both as individuals and businesses, we take the first part of the year to set goals and make plans for the remainder of the year. A personal goal for the year may include buying a bigger home for an expanding family or adding a bedroom or bathroom. A business goal may be to replace some equipment vital to your operation.

A common thread to these goals is that the purchases tend to be significant and will not likely be paid out of cash reserves. That is where the loan staff at Dairy State Bank is available to assist you.

### Personal loans

Loans can help you buy or remodel a home, assist your children with higher education expenses, purchase a vehicle, take a vacation, consolidate debt or accomplish any number of other things. Our loan staff will help you secure financing and find a plan that will work best for your personal situation.

In the area of home lending, alone, there are many things to consider when seeking financing. The best solution for you — the best loan package — can only come after answering things like:



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## Get the Picture for better security!

Add your photo here and help protect your identity.



For a small one-time fee of \$5, you can personalize your Dairy State Bank Check Card\* and know that you've taken an important step towards protecting your valuable identity.

**Stop in any DSB office today to get the picture!**

\*Regular Check Cards are still available at no charge.

## Investing *through different life* Stages

By Mike Martin, LPL Investment Representative  
Located at: Dairy State Bank

In the last issue of *Notes of Interest* (Winter 2006), I wrote about investing as being a lifelong process, starting with developing consistent savings habits, no matter what you are saving for: retirement, a new house or that once-in-a-lifetime vacation.

In this issue, I'd like to discuss some of the things to consider as you plan for tomorrow.

### Factors that affect investment decisions

Once you begin saving on a regular basis, you'll need to make important decisions about how to invest your money. Regardless of the financial stage-of-life you're in, you'll want to consider (1) what your investment objectives are, (2) how long you have to pursue each one and (3) how comfortable you are with risk.

### Time and risk tolerance

All investing involves a certain amount of risk. In determining the amount of risk your investments should carry, weigh your ability to tolerate price fluctuations against your need to earn a certain rate of return. Keep in mind that time plays an important role in this decision.

For instance, for a shorter-term investment — such as saving to buy a house — you probably want to take on less risk and have more liquidity in your investments.

Conversely, for long-term investments — such as saving for a retirement that is 30 years away — you can probably tolerate more risk because you have the time to make up any losses you might experience early on.

*"... the greatest risk investors may face from market turbulence, is not staying invested."*

### Predicting market performance

No one can accurately predict how the markets will perform, since a variety of factors — including economic, political and geopolitical concerns — typically drive the market's short-term performance, which may result in market volatility. Despite these short-term considerations, the greatest risk investors may face from market turbulence, is not staying invested. By maintaining a long-term investment strategy, you may minimize the impact of short-term periods of volatility.

As your financial advisor, I can help you determine which investments are right for you. Together, we can design an investment strategy best suited for your unique needs and financial objectives.

To schedule a no-cost and no-obligation portfolio review, please contact me by



calling (715) 234-0096 or by e-mailing [michaelt.martin@lpl.com](mailto:michaelt.martin@lpl.com).

*This article is not intended to provide specific advice or recommendations for any individual. Consult me, your financial adviser, with any questions you might have.*

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Securities and insurance products offered through Linsco/Private Ledger. Member NASD/SIPC. Not FDIC insured. No bank guarantee. May lose value. Not a deposit. Not insured by any Federal Government Agency.



## A *tax-filing* Reminder

Remember, you can open and/or fund any tax-advantaged account up to Monday, April 16, 2007 (the extended filing date for 2006 tax returns) and include it on your 2006 returns. At DSB, that includes the following accounts:

- IRAs (Traditional or Roth Individual Retirement Accounts)
- HSAs (Health Savings Accounts)
- SEPs (Employer-sponsored Simplified Employee Pension plans)
- Coverdell ESAs (Education Savings Accounts)

To learn more about these accounts and their individual features, please visit with any customer service representative. ▶

## Free *online bill* Pay

Have you signed up for our new, **free** Online Bill Pay service yet? Several customers have and have given us some great feedback. **There has also been a little confusion about how and when merchants get paid, and how they know what the payment is for.**

We've answered these frequently asked questions below. If you would like additional clarification on these questions or other aspects about the free Online Bill Pay service, please contact any Dairy State Bank customer service representative.

### FAQ: When and how do merchants get paid?

When you're setting up your merchant payee information online, you'll see a box on the screen, which shows how the merchant will be paid: either electronically or by mailed check.

For a check payment, please allow 10 business days for it to be issued, mailed and received by the merchant. **If you initiate a payment request less than 10 business days before the due date, it may arrive after the due date and may result in late fees being charged by the merchant.**

Electronic payments generally get transacted quicker and may clear your account several days sooner than a mailed check, but we still ask that you allow 10 business days, to avoid any late payments.

In both cases, the funds are not deducted from your account until the check or electronic entry clears your account.



### FAQ: How does a merchant know who the payment is from and what it is for?

Payments to merchants — whether they are electronic or by check — will indicate who the payment is from but they will not indicate what the payment is for unless you provide an explanation in the memo field on the online set-up screen.

With Online Bill Pay, there is no invoice copy, payment stub or statement to accompany the payment. Therefore, **we strongly suggest you provide a memo of explanation when you set the bill up for payment.**

Without it, the merchant has to guess as to what you are paying for and may apply your payment wrong. ➤

## To *your* Health!

Now, more than ever, Health Savings Accounts (HSAs) are a **great, tax-free way to manage your health care costs.**

The recently enacted Tax Relief and Health Care Act of 2006, has changed many of the prior HSA provisions, making HSAs more flexible for participants.

Some of the changes include:

- An increase in the annual contribution limit
- The annual limit now applies to all participants and no longer limits them to their individual deductible amount

*“As the account owner, you have full control over the account, including deciding how much to contribute each year (if anything) and which health expenses to pay.”*



- Participants can now make a full contribution in their first calendar year; they are no longer limited to the number of months in which they were eligible
- Flexible Spending Arrangements (FSA) and Health Reimbursement Arrangements (HRA) can now be rolled over to an HSA
- Employers can now make a greater contribution for their lower-paid employees

### How HSAs work for you

A Health Savings Account at Dairy State Bank is an interest-bearing checking account in which both deposits/contributions (by either

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## News *just for You*: Our Web site will soon have a new look. Be sure to check it out!

### Loans for the new year *(continued)*

- How much can your monthly budget afford?
- How long do you plan to stay in the home?
- Are you a first-time home buyer?
- Will you need assistance to cover a down payment and closing costs?

Every borrower is unique, with a different financial situation to work with. By asking these questions and others, we're better able to find the home loan that will work best for your unique situation. A similar thought process should be used for all financial planning.

### Business loans

No two businesses are the same, yet every business should give careful thought and planning when considering financing options. A business' loan requirements can range from seasonal cash flow demands that can be met with a line of credit, to equipment purchases that can be met with short to mid-term payment plans, to real estate purchases and expansions that require long-term financing. Many variables go into a business' financing package, but the most important is finding a plan that will best fit the business' operating and cash flow situation.

For your 2007 goals that involve financial assistance, use the resources of DSB's experienced lending staff to find your best solution.

Thank you for your banking relationship.  
Please let us know how we can  
strengthen our service to you. ➤

### To your health! *(continued)*

you or your employer) and earnings are tax-free as long as they are used for paying current or future qualified medical expenses.

**As the account owner, you have full control over the account, including deciding how much to contribute each year (if anything) and which health expenses to pay.**



HSA funds are never forfeited. If you don't use all your money by the end of the year, it simply rolls over to the next year and will continue to do so indefinitely. Once you reach age 65, any remaining HSA funds can be used for retirement costs. If those are for eligible medical expenses, they are still tax-free. If used for other retirement expenses, the funds are subject to regular income tax, similar to a traditional IRA.

### Qualifying for an HSA

To be eligible for an HSA, participants must:

- (1) Have a high-deductible health plan (HDHP)\*
- (2) Not be eligible for Medicare
- (3) Not be claimed as a dependent on someone else's tax return

There are other rules and regulations governing tax-exempt Health Savings Accounts. Please see a customer service representative at Dairy State Bank for full details. ➤

\* An HDHP is a health plan with an annual deductible of at least \$1,100 for single coverage or \$2,200 for family coverage.