



# Notes of Interest



## The Power of Compounding

By Mike Bock, CEO

The Consumer Federation of America declared the week of February 25 through March 2 as America Saves Week. Started in 2007, the mission of this annual event is to encourage Americans to save effectively. Hopefully you saw some of our Facebook and Twitter posts during that week, promoting the event and the topic of saving. If you would like more information about the event, go to its website at [www.americasavesweek.org](http://www.americasavesweek.org).

Saving money is not easy and takes discipline to make it happen. Early in life, when we're at our lowest earning potential, we are faced with the financial demands of getting our first cars and/or homes, starting and supporting the needs of a young family. While saving can be difficult, starting to save *regularly* at a young age sets the foundation for a more comfortable financial life later.

### Start small and set goals

To begin, start small but be consistent, and set goals for your savings, for things such as:

- An emergency fund of a few thousand dollars for an unexpected car or home repair.
- A savings plan to help kids further their education after high school.
- A nest egg for retirement.

Each of these goals are good reasons to start saving. Once you set your goal, consult with



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If you would like to review our policy and practices with respect to your personal information, visit [www.dairystatebank.com](http://www.dairystatebank.com) or request a free copy by calling 715-234-9181.

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# Consider a Charitable IRA Gift

Wondering what to do with your annual IRA Required Minimum Distribution? If you can live without the income (and taxes) that a large Required Minimum Distribution (RMD) generates, think about taking a Qualified Charitable Distribution (QCD) from your traditional Individual Retirement Account (IRA) to satisfy your Required Minimum Distribution requirement.

If you are a traditional IRA owner aged 70½ or older, you can gift up to \$100,000 a year to a qualified charity this way. **The donation must be a direct transfer of assets — it cannot pass through your hands.**<sup>1</sup>



## What are the tax advantages of a Qualified Charitable Distribution?

You can exclude the amount of the gift from your adjusted gross income for the year in which you make the donation. Depending on your situation, this may also help you avoid taxation of your Social Security benefits or the Medicare surtax. Since a QCD is not a deduction, even taxpayers who don't itemize can benefit from one.<sup>1,2</sup>

Does the income from your annual IRA Required Minimum Distribution risk putting you into a higher tax bracket? Imagine being able to lower your adjusted

gross income by up to \$100,000 a year while also helping a charity. By the way, that \$100,000 annual QCD limit is an individual limit. A married couple can donate up to \$200,000 in a year via QCDs while meeting some or all of their Required Minimum Distribution requirements.<sup>3</sup>

## You may want to plan a QCD well before the December 31 deadline.

Call or email me to explore this possibility now — it may provide you with a substantial federal tax break.

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

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<sup>1</sup> CNBC.com, "Now you can donate to charity through your IRA" (November 28, 2016)

<sup>2</sup> Forbes.com, "The ABCs of Using Your Retirement Account for Charitable Giving" (May 17, 2017)

<sup>3</sup> Forbes.com, "Why Retirees Need to Stop Writing Checks to Charities" (January 20, 2016)



Brandon M. Olson, CRPC®  
LPL Financial Advisor  
Rice Lake



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# Credit and Debit Card Billing Issues

People are making more purchases than ever with credit and debit cards. The more you use your cards, the more likely it is you will experience a credit or debit billing issue, such as an unauthorized purchase, a charge for an incorrect amount, or a returned item not properly credited to your account.

## What you need to know

There are federal laws in place to assist consumers and limit their liability for debit and credit billing issues. With permission from the Federal Deposit Insurance Corporation (FDIC), we're reprinting these tables that appeared in their *Consumer News* newsletter. They will help you understand your level of responsibility and liability for different situations you may encounter with your debit or credit card(s).

Additionally, many credit card issuers have zero-liability policies, meaning that customers typically do not pay for unauthorized transactions, so contact your credit card issuer as soon as you discover any.

## Help minimize the errors

Be sure to review your credit card and bank statements regularly to catch billing errors and unauthorized transactions as quickly as possible. It's also a good idea to review your credit reports regularly for inaccurate information. To learn more about specific laws governing debit and credit card billing issues and dispute resolution, visit [www.fdic.gov](http://www.fdic.gov). 

Debit Card Events	Consumer's Responsibility	Consumer's Liability
Your debit card or personal identification number (PIN) is lost or stolen.	<p>Notify the bank within two business days after learning of the loss or theft.</p> <p>Notify the bank within 60 days after you received your statement showing the first unauthorized transfer.</p> <p>Notify the bank more than 60 days after you received your statement showing the first unauthorized transfer.</p>	<p>You will be responsible for no more than \$50 of the unauthorized transfer.</p> <p>You may be responsible for as much as \$500 of the unauthorized transfer.</p> <p>You may be responsible for all of the unauthorized transfer that the institution establishes would not have occurred had the consumer notified the institution within the 60-day period.</p>
Your debit card or PIN is not lost or stolen, but the card number is used for unauthorized transactions.	<p>Notify the bank within 60 calendar days after you receive the statement on which the unauthorized transfer first appears.</p> <p>Notify the bank more than 60 days after you received your statement on which the unauthorized transfer first appears.</p>	<p>You will not be responsible for any amount of the unauthorized transfers.</p> <p>You may be responsible for all of the unauthorized transfer that the institution establishes would not have occurred had the consumer notified the institution within the 60-day period.</p>
Credit Card Events	Consumer's Responsibility	Consumer's Liability
Your credit card is lost or stolen.	Notify the card issuer as soon as you are aware that the card is missing.	You may be responsible for no more than \$50 of the unauthorized charges. If unauthorized/fraudulent charges derive from telephone, online, or mail transactions your liability is \$0.
You notice unauthorized charges (for example, your card was charged for goods or services not received, the merchant charged an incorrect amount, or the merchant charged your card twice).	Notify the card issuer within 60 days from the receipt of your billing statement showing any unauthorized charges or billing errors.	You may be responsible for no more than \$50 of unauthorized charges.
Your credit card number is stolen.	Notify the card issuer as soon as you are aware that the card number has been stolen.	You may be responsible for no more than \$50 of unauthorized charges.

## Just for Business

### Business Online Banking: New Look and Functionality

If you've been using Online Banking for your business, you may have noticed some changes. We've upgraded our system to make online banking easier and faster for you.

For starters, the new system has a much cleaner look, with information displayed in an easy-to-read format. You can view all your account balances on the home page, with transaction details just a click away. In fact, most of the information you need is easier to find.

Plus, the screen size adjusts to fit your smart phone or tablet. We've also added an extra layer of security.

Business Online Banking helps you make the most of your time and resources. To learn more or to enroll, call 715-234-9181 or visit [www.dairystatebank.com](http://www.dairystatebank.com), hover over Business on the main menu, then click Online Banking under eServices. ➤



## Getting the Most from Your Health Savings Account

If you have a high deductible health plan, you may already know the primary benefits of opening a Health Savings Account (HSA). But, in order to get the most out of your HSA, there are a few rules to understand.

### Know the limits

The amount of money you can put into your HSA each year is limited. For 2019, the maximum contribution limit is \$3,500 for an individual plan and \$7,000 for a family plan. If you are over age 55, you can make an additional \$1,000 catch-up contribution. These limits are subject to change each year. We publish them in our winter newsletter and they are available at [www.irs.gov](http://www.irs.gov).

### Avoid excess contributions

You are responsible for ensuring that your HSA contributions do not exceed the annual limit. If you don't catch excess contributions before filing your income tax return, the amount that was over-contributed is not tax deductible and you could pay a 6 percent excise tax. If you realize the mistake, consult with

your tax advisor and contact our Customer Service Department to properly withdraw excess funds from your HSA.

### Contributing after year-end

Keep in mind that your HSA can help reduce your tax obligation if you have not met the maximum annual contribution limit by December 31. You can make prior year contributions to the HSA up until the tax filing deadline, which is typically April 15.

### Activate your card within 30 days

An added advantage of DSB's HSA is that you can access funds with a debit card, just like a regular checking account. Also similar to a regular debit card, you must activate the card before first use and within 30 days of the issue date.

After 30 days have passed, you will need to contact our Customer Service Department for assistance to activate the card. ➤



## Recognizing Employee Service

We recently recognized several employees who have reached milestone work anniversaries, said goodbye to long-standing employees as they retired, and congratulated those who received promotions. We appreciate all of these people for their dedication to Dairy State Bank customers.

### 10 Years

**Brandon Olson**, DSB Financial Group, Rice Lake

### 20 Years

**Melanie Burdick**, Loan Department, Rice Lake  
**Jessica Downey**, Internal Audit/Compliance, Rice Lake  
**Mary O'Brien**, Teller Supervisor, Rice Lake  
**Lori Smith**, Accounting, Menomonie  
**Clark Yolitz**, President, Menomonie area market

### 30 Years

**Mike Bock**, CEO  
**Cindy Close**, Customer Service, Menomonie  
**Robin Severson**, Customer Service, Rice Lake

### 40 Years

**Sherrie Siebert**, Loan Department, Prairie Farm

### Retirement

**Paul Wick**, Loan Department, Turtle Lake

### Promotions

**Michael Britton**, President, Rice Lake area market  
**Jessica Downey**, Vice President, Internal Audit/Compliance



*Paul Wick's retirement celebration. Thank you, Paul, for 35 years of exceptional service!*

## Rewards Club 2019 Event Schedule

Casino Day ..... April 3  
*Grand Casino, Hinckley, MN*

Red Herring ..... May 8  
*Ives Auditorium, Bloomington, MN*

Mystery Trip ..... June 10-13

Northern Picnic ..... July 10  
*Rice Lake City Park*

Southern Picnic ..... Aug. 7  
*Wakanda Park, Menomonie*

Brewery/Winery Tour ..... Sept/Oct  
*(Locations & Dates TBD)*

A Christmas Story ..... Nov. 21-22  
*Fireside Theatre, Fort Atkinson, WI*

Southern Holiday Luncheon ..... Dec 4  
*Off Broadway Banquet Center, Menomonie*

Northern Holiday Luncheon ..... Dec 11  
*Turtleback Conference Center, Rice Lake*

If you are 55 or older and would like information on how to become a Rewards Club member, call Sarha at 715-234-9181 or e-mail: [rewardsclub@dairystatebank.com](mailto:rewardsclub@dairystatebank.com). ➤

## Good Question!

**Q** I am a Mobile Banking customer. Can I deposit my tax refund check(s) using the Mobile Deposit feature of my Mobile Banking app?

**A** Yes, you can use Mobile Deposit to deposit your refund check, as long as that check is at or under the Mobile Deposit daily limit of \$2,500. Also, be sure to write "FOR MOBILE DEPOSIT ONLY" on the back of the check, above or below your endorsement signature. Checks deposited through Mobile Deposit may take two business days to clear.



16 South Main Street  
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## CEO's Message *(continued)*

financial professionals to see if there are any tax-advantaged saving vehicles to help you achieve better results.

### Saving for retirement — the sooner the better

When I was young, retirement seemed so far away and saving for it was not a high priority — even for me, a guy who had taken a couple finance classes and earned an accounting degree. What finally got my attention was seeing the calculations using real numbers.

The table below is a great example\* of the power of compounding. Using the 5% rate of return, John's nest egg is \$13,000 more than Jane's at age 65, but it also took him \$20,000

more to get there, and the 7% rate of return actually puts John behind Jane by \$12,000. Wow!

If you have questions about this example, discuss it with your financial professional or with us, at Dairy State Bank.

For help with calculating your own numbers, visit [www.dairystatebank.com](http://www.dairystatebank.com) and explore the vast amount of calculators under the Investing tab.

Thank you for allowing Dairy State Bank the privilege of helping with your financial needs and best wishes on a financially successful 2019. ▶

\*This example is for illustration purposes only and is not a guarantee of a current or future rate of return.

	Starting Early	Starting Later
<b>Scenarios</b>	Jane saves \$1,000 each year, from age 25 to 34	John saves \$1,000 each year, from age 35 to 64
<b>Total investment</b>	\$10,000	\$30,000
<b>Assumed rate of return</b>	5%	5%
<b>Value at 65 years old</b>	\$60,000 (approx)	\$73,000 (approx)
<b>Assumed rate of return</b>	7%	7%
<b>Value at 65 years old</b>	\$120,000 (approx)	\$108,000 (approx)

## Caring for Our Communities

Dairy State Bank employees make giving back to our communities a priority throughout the year, but the spirit of giving is naturally stronger during the holidays. In 2018, employees at all of our locations participated in Dress-Down Fridays, where employees paid \$5 to wear jeans and DSB clothing on select Fridays. Collected funds were donated to a local nonprofit.

Many of our locations also provided additional holiday outreach projects, such as hosting collection boxes for food, clothing and toys for those in need. ▶



Deanne Ruppel, Account Services, delivered gifts, donated by employees, to a local nursing home.