



Notes of Interest

A Good Year for Savers

By Mike Bock, CEO

This has been a good year for those of you waiting for savings interest rates to improve. Now the question is, how long will this trend last? The Federal Reserve Bank says it could continue through part of 2019. All indications suggest this is possible, but be prepared to react if something unexpected challenges our economy. Rate guessing has a long history of disappointment because unexpected events change the course of our economy.

Case in point: Remember fourth quarter 2008 when those poorly written mortgages surfaced, shaking the financial system’s confidence and causing rates to plunge? While we don’t anticipate an event like this, we stand ready for anything. As you make your personal financial decisions, at least consider the possibility of market events that could move rates back down.

Watch out for new scam strategies

This past year we saw more new strategies used in attempts to scam businesses. Refer to the “Just for Business” article for two examples. Unfortunately, we have seen these new strategies used many times, as well as the more common phishing and Facebook scams.

So, stay diligent and ask us about the various tools we offer to reduce your chances of becoming a financial fraud victim.

For businesses, our Online Banking and Positive Pay services are a great way to monitor and



Continued (back page)

Inside this Issue

- *A Good Year for Savers*
- *Using Life Insurance to Ensure Business Continuity*
- *2019 Limits for IRAs, HSAs and HDHPs*
- *Holiday Hours*
- *Just for Business*
- *Freeze and Unfreeze Your Credit at No Cost to You*
- *Let Us Know Before You Go*
- *Holiday Greetings*

Follow us on:  

Member FDIC 

Rice Lake
16 South Main Street
715-234-9181 • 1-866-436-7158

Birchwood
124 North Main Street
715-354-3411

Cumberland
1405 2nd Avenue
715-822-8316

Haugen
103 Third Street
715-234-7006

Prairie Farm
100 Hepburn Street East
715-455-1339

Turtle Lake
640 US Hwy 8
715-986-4181

Menomonie
2405 Schneider Avenue
715-235-5511 • 1-888-235-5511

Menomonie
600 Second Street
715-235-6983

Bloomer
1311 14th Avenue
715-568-9480

Colfax
101 South Main Street
715-962-3577

Downsville
E4491 County Road C
715-664-8711

Wheeler
100 South Hwy 25
715-632-2441

Using Life Insurance to Ensure Business Continuity

The loss of critical personnel can be life threatening to small businesses; however, it's a risk that life insurance can often mitigate. In fact, life insurance policies are frequently incorporated in plans aimed at making it possible for a business to survive a change of ownership or the loss of a partner, the chief executive, or an employee whose creative talent, technical knowledge, or salesmanship drive the business.

Most commonly, life insurance is employed as the funding mechanism in "buy-sell" plans — legal agreements providing for an orderly transfer of ownership interests — and to compensate for the loss of a key person.

Buy-sell agreements

A buy-sell agreement allows the remaining owner or owners to acquire the interest of a withdrawing owner due to death or another specified event, such as disability or retirement. The agreement typically restricts an owner's ability to transfer his or her interest and sets out the terms under which another owner or the business entity may acquire the departing owner's interest.

A buy-sell agreement can anticipate situations that could imperil the business or be harmful to owners and employees. For example, it can be used to prevent unwanted outsiders or heirs from obtaining an ownership interest; it can prevent the continued involvement of retired or inactive shareholders or partners; and it can ensure the legal continuation of the entity should an owner become bankrupt or lose a required professional license.

Among its benefits, a buy-sell agreement creates a marketplace for the shares of a closely held business, helping ensure that departing owners will receive adequate compensation. Life insurance funding the agreement may also provide cash to pay

other costs. How life insurance is employed depends on the structure of the buy-sell agreement. In the case of a partnership, for example, the agreement may call for each partner to buy and maintain policies on each of the other partners in an amount sufficient to cover the beneficiary's partnership interest. In other types of buy-sell plans, the business entity purchases the insurance policy on each owner and the business is the beneficiary.

Insuring a key person

Key person life insurance compensates the business against losses that result from the insured's death. In that event, the company — which has purchased the policy and paid the premiums — immediately receives the policy's tax-free death benefit and applies the proceeds toward the resulting business costs. Examples of costs include those incurred in recruiting and training a replacement, purchasing the decedent's ownership interest, and replacing lost revenue.

To provide greater flexibility, the company may arrange an exchange agreement, allowing it to transfer coverage to a successor if the key person leaves the firm prior to retirement. While the insured is employed, the life insurance may provide the firm with additional benefits, such as a potentially higher credit rating and the ability to tap the policy's cash value for emergency funds.



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



Ben Buehler, CRPC®
LPL Financial Advisor
Menomonie



Continued (next page)

Using Life Insurance to Ensure Business Continuity *(continued)*

Practical matters

- Establishing a value (or valuation method) for the business is a necessary step in determining how much funding will be needed for a buy-sell agreement. Likewise, the amount of life insurance to purchase for a key person should be based on a reasonable estimate of the costs the firm would incur.
- A professional appraisal is usually advisable in preparing a buy-sell agreement. Professional advice is also recommended in key person situations where issues such as a potential reduction in the firm's credit rating or loss of confidence among customers, employees, and vendors are involved.
- Your insurance agent can provide information about life insurance terms and costs. Keep in mind that insurance premiums are not deductible business expenses and that life insurance cash values and death proceeds may result in corporate alternative minimum taxes.
- Owners contemplating a buy-sell agreement should consult legal and tax advisors to discuss how the proposed agreement may affect their personal financial situation and estate planning.
- Life insurance policies often fund agreements setting out the rules for transferring ownership interests in a business. They are also used to compensate a firm for the loss of a key person.

Because of the possibility of human or mechanical error by DST Systems, Inc. or its sources, neither DST Systems, Inc. nor its sources guarantees the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. In no event shall DST Systems, Inc. be liable for any indirect, special or consequential damages in connection with subscriber's or others' use of the content.

© 2017 DST Systems, Inc. Reproduction in whole or in part prohibited, except by permission. All rights reserved. Not responsible for any errors or omissions.



Securities offered through LPL Financial, Member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates.

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

Dairy State Bank and DSB Financial Group are not registered brokers/dealers and are not affiliated with LPL Financial.

2019 Limits for IRAs, HSAs and HDHPs

The IRS has announced the following contribution limits for 2019:

Traditional and Roth IRAs

Regular.....\$6,000
Catch-up (age 50 or older)\$1,000

Health Savings Accounts

Individual.....\$3,500
Family\$7,000
Catch-up (age 55 or older)\$1,000

High Deductible Health Plans

In addition, the 2019 minimum annual deductible amounts for high deductible health plans (HDHPs) are as follows:

Individual.....\$1,350
Family\$2,700

Holiday Hours

Monday, December 24
Christmas Eve
All locations close at 12 noon.

Tuesday, December 25
Christmas Day
CLOSED

Monday, December 31
New Year's Eve
All locations close at 4 p.m.

Tuesday, January 1
New Year's Day
CLOSED



Remember, online and mobile banking are always available — 24 hours a day, 365 days a year.

Just for Business

Banking from Anywhere Your Job Takes You

With the addition of a new feature to our Business Mobile Banking app, all business customers have the option of banking from the convenience of their office chair, construction site, vehicle — anywhere their job takes them.

Mobile Deposit

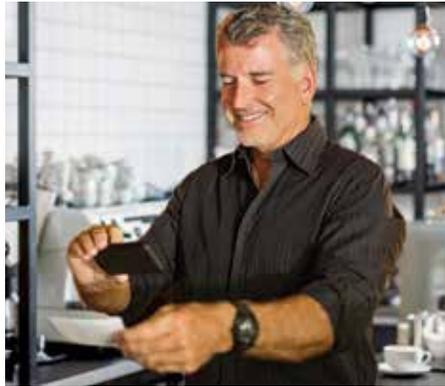
The Business Mobile app now includes **Mobile Deposit**, allowing business customers to deposit a check with a click of their phone or tablet camera. If you already use Mobile Banking, simply call the bank to activate Mobile Deposit.

Once active, the steps are simple:

1. Log into the Mobile Banking app
2. Select Deposit
3. Endorse the check, indicating for mobile deposit only
4. Take a picture of the check's front and back sides



Mobile Deposit is designed for business customers that have a minimal amount of checks to deposit — one or two per day, or a handful in a week.



Remote Deposit

If your business processes more than a handful of checks per week, we offer a different time-saving service that could be perfect for you: **Remote Deposit**.

From the convenience of your desktop computer, Remote Deposit allows you to scan your checks and make a lump sum deposit just as if you were in the bank lobby. It's quick, easy and secure.

To find out if either Mobile Deposit or Remote Deposit are a good fit for your business, contact our Customer Service department.

The Latest Business Scam Strategies

In 2018, we saw many new scam strategies. Be aware of these examples.

1. The scammers compromise a business's e-mail account. Then, they craft an e-mail that looks like it's coming from the business and send it to the bank with instructions to complete a fraudulent wire transfer.

2. The scammers prepare fraudulent checks that look just like checks used by an existing, legitimate business account. The scammers then deposit the checks into their own accounts at banks throughout the country. These fraudsters use the latest technology, so they never need to enter a bank and interact with a person to do their deed.

Preventing Check Fraud

Financial and identity fraud are an increasingly common challenge for all businesses today, but protecting your business doesn't have to be overwhelming.

As a community bank, Dairy State Bank has built a reputation for serving and supporting local businesses. That's why we offer services like Positive Pay.

Positive Pay, available to Online Banking customers, will help you better monitor and detect fraudulent check payment activity against your account. It's an electronic system where you upload a secure file listing checks you have issued. We compare that to checks coming into the bank for payment and let you know if there are discrepancies. It's that simple. The goal is to catch a fraudulent check before you've lost your money.

Positive Pay is one of many Online Banking services that can help your business save time and money. For more information, stop in or call any of our locations.

Freeze and Unfreeze Your Credit at No Cost to You

If you are concerned about incurring fraud on your financial accounts or if you've experienced a data breach, a new law makes it easier to freeze — and unfreeze — your credit.

Credit freeze

A **credit freeze** placed on your credit report enables the credit bureaus to control who gets access to your credit information in response to a credit application. For example, applying for a loan, credit card or even a new cell phone plan all require access to your credit report to complete the transaction.

A freeze prevents lenders and others from accessing your credit information. Sometimes referred to as a security freeze, a credit freeze

remains on your credit report until you remove it.

Act eliminates costs to you

Under the new Economic Growth, Regulatory Relief and Consumer Protection Act, passed earlier this fall, consumers can no longer be charged a fee to have their credit report frozen.

To place a credit freeze on accounts, consumers need to contact all three nationwide credit bureaus:

Equifax

www.equifax.com

Experian

www.experian.com

TransUnion

www.transunion.com

Fraud alert's duration extended

The new law also extends the duration of a **fraud alert** on a consumer's credit report from 90 days to one year. A fraud alert does not make your credit report inaccessible, but notifies potential creditors to take extra precautions to verify your identity before extending credit. You only need to notify one credit bureau to place an alert; they will notify the other two bureaus.

For more details about how a credit freeze works or to decide if it is right for you, visit www.ftc.gov and search for "credit freeze" or give us a call and we'll be happy to help. ➤

Let Us Know Before You Go

Once the holiday season concludes, many of our customers take vacations to warmer destinations or even temporarily move for a few months. If you have plans to be gone, let us know.

Snow birds

- If you're planning to spend a month or more in another location, notify us with a temporary change of address.
- Inform us of the dates you plan to be gone.
- Also, be sure we have an active phone number to reach you.

Vacationers

- Let us know the dates you plan to be on vacation.
- Make sure to share your cell phone or other contact number with us. Having your cell phone in our system will allow our fraud detection center to efficiently get in touch with you as they watch for suspicious transactions.
- If traveling abroad, consider a chip-enabled Travel Card.

Lastly, please don't hesitate to call us whenever questions arise.





16 South Main Street
Rice Lake, WI 54868

PRESORT STD
U.S. POSTAGE
PAID
EAU CLAIRE, WI
PERMIT NO. 1557

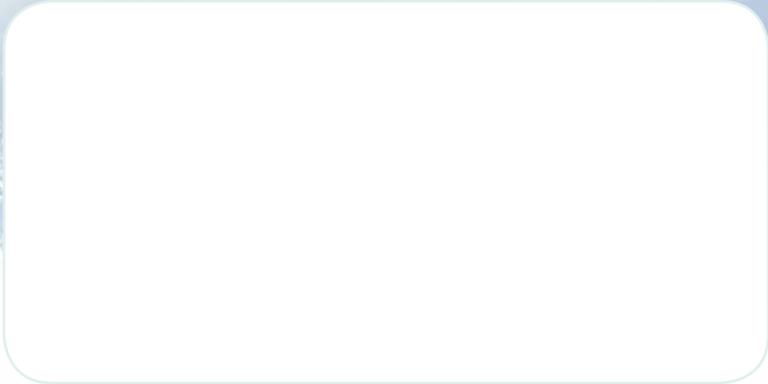


Find us on Facebook
facebook.com/dairystatebank



Follow us on Twitter
[@DairyStateBank](https://twitter.com/DairyStateBank)

www.dairystatebank.com



CEO's Message *(continued)*

protect your accounts. For consumers, continue to monitor your accounts by regularly checking Online Banking or by reviewing your bank statements. CardValet is another tool that can help prevent fraud.

We do our best to identify scam attempts, but we can't do it alone. We need your help to keep your money safe — using the various fraud prevention tools we offer could make the difference.

Maintaining a healthy community

As a community bank, we support many projects, events and organizations in our area. This is important to help keep our communities strong and healthy. I would ask each of you to support a local business or organization when you plan holiday events or do your holiday shopping. With a little help from many of us, we can help local businesses stay healthy.

Finally, thank you for allowing Dairy State Bank the opportunity to assist with your financial needs. We value each of the relationships we have and we look forward to working with you for years to come. Best wishes on a healthy and prosperous 2019. 

