

THE KEY



FEBRUARY 2012



**Farmers
STATE BANK**

MEMBER FDIC

Building Your Success

**UNLOCKING YOUR
FINANCIAL OPPORTUNITIES**

**NOW OPEN IN
La Porte City!**

In This Issue:

**Mobile Banking 101, 5 Ways To Be
A Financially Responsible
Valentine & Equity-Indexed
Universal Life Insurance**

CD Rates:

18 Mo. - 1.02%^{APY}*

60-67 Mo. - 2.05%^{APY}*

Bump Up Rate:

36 Mo. - 1.60%^{APY}*

Loyalty Rate:

24 Mo. - 1.50%^{APY}*

*APY=Annual Percentage Yield. Substantial penalty for early withdrawal, \$1,000 minimum opening deposit for 18 mo., 24 mo. loyalty, 36 mo. bump up and 60-67 mo. terms. 18 mo. interest rate 1.02%, 24 mo. loyalty interest rate 1.50%, 36 mo. bump up interest rate 1.60%, 60-67 mo. interest rate 2.04%. Interest compounds every 6 months for CDs with a term of one year or greater. To obtain the Loyalty CD rate the following qualifications must be met monthly: Have an existing or new primary checking account with FSB (Ultimate, Platinum, or Loyalty Checking) for the term of the CD (24 months), have more than 12 unique transactions (checks, ach, debit cards processed at different merchants/companies) with each transaction amount greater than \$10.00. Deposit and withdrawals done inside the bank do not qualify. If those items are not met a lower interest rate of 1.00% with an APY of 1.00% will be paid on that CD for that calendar month. One CD per person per checking account. Personal Accounts Only. For the 36 mo. bump up, at your discretion, you may elect to increase the interest rate and resulting APY once during the initial term of the CD to the prevailing 3-year CD rate for the remainder of the original CD. Early withdrawal penalty applies. 36 mo. bump up automatically renews into 3 year CD all other CDs renew for same term. Effective 02/01/2012. Rates subject to change daily.

Identity Theft Prevention

Identity theft is one of the fastest-growing types of financial fraud. Without stealing your wallet, a crook can steal your financial identity with as little information as your Social Security number. Use these tips to help avoid having your identity compromised:

Protect your computer. Install up-to-date anti-virus and anti-spyware protection. Use a firewall when you browse the Internet and encrypt and safeguard all of your portable devices and documents.

Protect your personal information. Opt for electronic delivery of your financial statements and other bills and shred paper documents before disposing of them. Review your monthly accounts regularly for unauthorized charges.

Create strong passwords. Never share your passwords with anyone, avoid using easy-to-guess common words, or your personal information. Change your password every 90 days and use a different password for each online account you create.

Avoid fraudulent websites. Only use legitimate sources to contact financial institutions, such as an

official website or the telephone number listed on statements or on the back of your debit or credit cards. When conducting business online, make sure your browser's padlock key icon is active.

Verify your credit score. Order free copies of your credit report once a year from each of the three nationwide credit reporting agencies to ensure accuracy. Go to the Federal Trade Commission's authorized website www.annualcreditreport.com for your free credit report.

Report any suspected fraud to local authorities, FSB at 877-372-1879 and the fraud units of the three nationwide credit reporting agencies immediately. The fraud unit numbers are:

Equifax: (800) 525-6285

Experian: (888) 397-3742

TransUnion: (800) 680-7289



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Mobile Banking 101

Nine out of ten Americans have a cell phone and, according to research by The Nielsen Company, more than half of them are smart phones. For a steadily increasing number of consumers, smart phones and other mobile devices can be used for banking.

The Federal Deposit Insurance Corporation (FDIC) reports that the most common way customers make use of mobile banking is by accessing their bank's website using the browser on their smart phone or mobile device. Farmers State Bank has developed a mobile web site so pages are formatted to fit on a mobile device's screen. Visit www.m.FSB1879.com on your mobile phone to quickly access to your account, maps to branch locations, find an ATM or send us an email.

To reduce fraud and protect your money, the FDIC recommends that your phone or the mobile-banking application you're using is password protected. In addition, make sure your phone isn't storing your passwords to automatically log you into your bank account. That way, if you lose your phone, someone else can't access your bank account without having your password. If your phone is lost or stolen, immediately notify your bank and/or mobile phone provider.

As with all products and services, make sure you understand how it works so you can make an informed decision about whether mobile banking may be right for you.



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5 Ways To Be A Financially Responsible Valentine

Want to be the perfect Valentine for your significant other? Here are some tips to show him or her how "fiscally" attractive you can be:

Spend a romantic evening on a budget. Relationship woes often can be traced to finances. If money's tight, don't stay at home and grumble about money trouble, and don't spend a night on the town with champagne and caviar. Instead, get creative and go to a free concert or exhibit, build a snowman or make some hot cocoa to enjoy with your Valentine.

Have a plan for long-term financial security. Does your long-term financial plan involve the latest "make your millions in your spare time" scheme or a handful of lottery tickets? Hopefully not. Fast money scams are a quick way to financial ruin, and your significant other probably won't be impressed if you're banking on luck. Rather, set aside a portion from each paycheck for savings. And nothing says "I love you" like keeping a budget—a written plan that accounts for fixed costs, variable expenses and once-in-a-while splurges.

Organize your financial records. Having a system in place for organizing your bills and financial statements helps you track your expenses and pay your bills on time. Shred what's no longer needed and keep the important stuff in a safe place. Being methodical is one thing, but holding onto papers you no longer need is an invitation to identity theft. Your Valentine doesn't want your identity stolen and neither do you.

Keep tabs on the accuracy of the information in your credit report. Exercise your legal right to receive free copies of your credit reports at www.AnnualCreditReport.com or by calling 1-877-322-8228. This is the only authorized source for a truly free credit report. Many of the "free" credit report services require you to sign up for expensive add-ons and then bill your credit card every month.

Beware of e-mails asking for verification on an account number. Banks and credit card companies never ask for account information in e-mails. Messages like this are likely phishing attempts sent by scammers. Be a savvy sweetie and delete it immediately.



Equity-Indexed Universal Life Insurance

Equity-indexed universal life insurance (EIUL) is a type of permanent, cash value life insurance. Like universal life insurance (UL), EIUL offers you the ability to change your level of protection, premium amounts, and payment frequency.

EIUL Background

Life insurance companies develop new products to meet changing insurance needs and demands. For many years, whole life insurance (WL) met the need for permanent life insurance protection by providing a permanent death benefit, fixed premium, guaranteed minimum interest, and sometimes dividends. But WL does not offer you much flexibility relative to premiums, death benefits, and earnings.

Universal life insurance adds flexible policy features not found in whole life. UL gives you options regarding the timing and amount of premium payments, and the opportunity to change your death benefit. UL policy cash values earn a minimum interest rate, and may earn higher interest if the policy issuer's investments perform favorably.



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Financial Advisor
FSB Warner Financial
319-235-6561

How does it work?

EIUL is a form of universal life insurance with excess interest credited to cash values. But, unlike UL, the amount of interest credited is tied to the performance of an equity index, such as the S&P 500. Like some UL insurance policies, most EIUL policies provide a minimum interest credited to cash values, even when the index produces negative returns. Some EIUL policies offer a minimum death benefit. As long as the premium is paid on time, the coverage will not lapse.

Cash value may be withdrawn

Cash values in EIUL grow tax deferred, meaning, in most cases, you do not pay income tax on interest credited to cash values within the policy. However, you can access the policy's cash value during your lifetime. You can take tax-free withdrawals up to your policy basis (premiums paid), and you can take policy loans against the cash value as well. Cash withdrawals may be subject to surrender or withdrawal charges that would reduce the policy's cash value. Also, cash withdrawals and policy loans may reduce the policy's death benefit and cash values.

FSB Warner Financial: Member SIPC. Investment and Insurance Products: Not FDIC Insured • No Bank Guarantee • May Lose Value

Your dreams are a *HOME EQUITY LINE* away

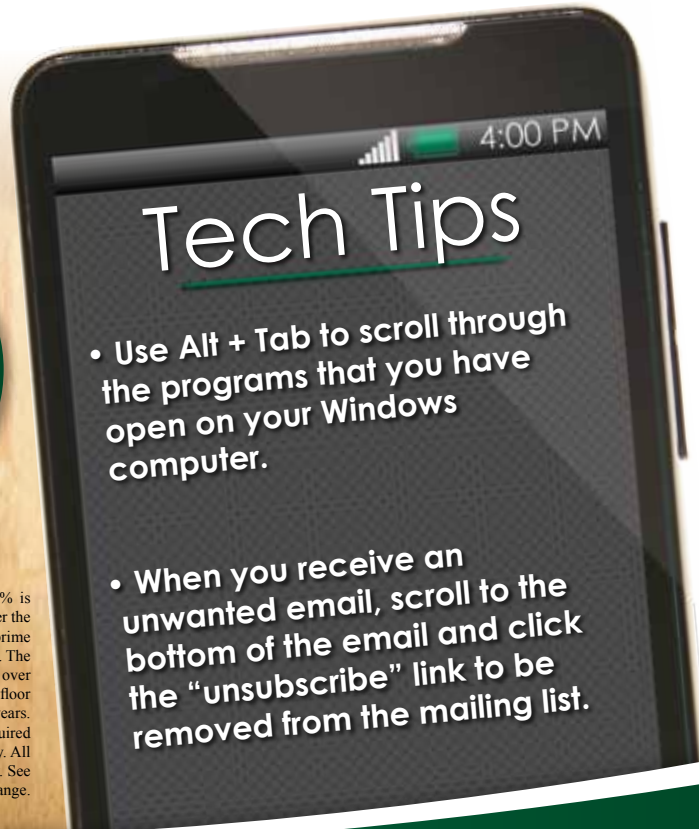


12 MONTHS
3.490% APR*

VARIABLE RATE THEREAFTER
4.250-18.000% APR*

CURRENT RATE
4.250% APR*

*An introductory Annual Percentage Rate (APR) of 3.490% is fixed for the first twelve months for qualifying applicants. After the introductory period, the APR will vary at Wall Street Journal prime (currently 3.250% APR) based on loan to value (LTV) of 90%. The APR will be 1% over prime for LTV of less than 80% & 2% over prime when financing 80-90% LTV. APR cap of 18.000%; floor 4.250%; may change daily after the initial 12 months. Term 15 years. The bank will take a mortgage on your home. Insurance is required on the home. Consult a tax advisor regarding tax deductibility. All loans subject to credit approval. Other restrictions may apply. See lender for details. Offer expires 5/01/12 and is subject to change.





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DESIGN YOUR
Custom Card

at
www.FSB1879.com

Branch Locations:

Cedar Falls
(319) 268-1879

Dunkerton
(319) 822-2521

Raymond
(319) 232-3070

Jesup
(319) 827-1050

Waterloo
(319) 287-3961

Gilbertville
(319) 296-1410

Waterloo - Downtown
(319) 274-1879

La Porte City
(319) 342-4505



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Golden Horizons

A Club For Farmers State Bank Customers 55 & Older



A Murder is Announced, Perry, IA - April 17th

Your Travel and tour Package includes: Hawkeye Stages luxury coach service, three course plated lunch served in the magnificent setting of Hotel Pattee, Murder Mystery play unfolds during lunch with high level of audience participation, tour several of the unique, themed bedrooms upstairs, guided tour of the winery and tasting of several wines at Snus Hill Winery. \$89/person



Christmas in Branson, Branson, MO - November 13-16

You may have been to Branson before, but if you haven't seen it during the Christmas holidays, you're in for a treat! Included in Your Branson Christmas Tour: Reserved seats for five of Branson's top Christmas music shows, Christmas shopping time in downtown Branson and Branson Landing, guided tour of Branson with expert local guide, 6 meals and three nights lodging. Package Fares \$769/person, double or twin occupancy, \$889/person, single occupancy \$739/person, triple or quadruple occupancy.

For more information or to register for any event, contact Cindy in Waterloo at (319) 874-4344 or cindy.patten@FSB1879.com or Mary Jean in Jesup at (319) 827-1050 or mary.bloes@FSB1879.com

Keep up to date on the latest events in four convenient locations:

1. Click Events at www.FSB1879.com
2. Branch Lobby Signs
3. Monthly Newsletter "The Key"
4. Facebook Posts

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