

AUGUST 2011



**Farmers
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Building Your Success

**UNLOCKING YOUR
FINANCIAL OPPORTUNITIES**



In This Issue:

**Is Your Estate Plan Up-To-Date?, A
Splash of Fun, Back to School on a
Budget & Should You Pay Off Your
Mortgage or Invest?**

CD Rates:

12-14 Mo. - 1.02%^{APY*}

60-67 Mo. - 2.50%^{APY*}

Bump Up Rate:

36 Mo. - 2.25%^{APY*}

Loyalty Rate:

20 Mo. - 2.00%^{APY*}

*APY=Annual Percentage Yield. Substantial penalty for early withdrawal, \$1,000 minimum opening deposit for 12-14 mo., 20 mo. loyalty, 36 mo. bump up and 60-67 mo. terms. 12-14 mo. interest rate 1.02%, 20 mo. loyalty interest rate 1.99%, 36 mo. bump up interest rate 1.99%, 60-67 mo. interest rate 2.49%. Interest compounds every 6 months for CDs with a term of one year or greater. For the 20 mo. loyalty CD to obtain the 2.00% APY the following qualifications must be met monthly: Have an existing or new primary checking account with FSB (Ultimate, Platinum, or Loyalty Checking), have more than 12 unique transactions with each transaction amount greater than \$10.00. Deposit and withdrawals done in person do not qualify. If those qualifications are not met a lower rate and APY of 1.00% will be paid on that CD for that calendar month. Automatically renews into a 2 year CD. 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 08/01/2011. Rates subject to change daily.

Show Your School Pride

A Farmers State Bank Check Card offers you convenience, safety, easy record keeping and now you can show your school spirit with one of FSB's School Pride Cards! The School Pride Cards are free to any FSB customer that has a checking account eligible for a debit card. To select your School Pride Card go to www.FSB1879.com, click on the Design Your Custom Card button at the top of the page, select Photo Gallery, then School Pride Cards and follow the simple instructions. Currently available are: Jesup J-Hawks, Dunkerton Raiders, Don Bosco Dons, Independence Mustangs, East Buchanan Buccaneers, Columbus Sailors, Union Knights, and Wapsie Valley Warriors. New schools are being added all the time, check our Facebook page for the latest additions.

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Dunkerton Raiders



Don Bosco Dons



Columbus Sailors



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Is Your Estate Plan Up-To-Date?

It's important to periodically check up on the plans you've set in place. Take a moment to look over your various legal and financial documents to make sure you still agree with what's in writing, and update as necessary.

Think about the recent changes in your life and how they might affect your estate planning. For example, if you have recently welcomed a new baby into your family, you might want to update your will sooner than later. Or, if a family member has special needs, consider a trust to provide for that person after you have passed.

If your estate planning attorney has a formal updating and maintenance program, be sure to participate in it. That way you'll be assured that at least once a year or once every few years you pull your estate plan off of the shelf and take another look to make sure that it still does what you want it to do. Otherwise, as the years go by and the time comes for the provisions of your estate plan to actually be put into action, chances are the plan won't work as expected because it will be out of date and therefore out of touch with your current family and financial situations.

One last note, be sure to tell someone about the plans you have in place and where your documents are located. Estate planning can often be a collaborative affair, and you'll want to make sure your loved ones know where you store these very important legal documents.



Tammy Fleming
Trust Officer
319-874-4321



A Splash of Fun!

Farmers State Bank is selling 1 day passes to Lost Island Water Park for \$21 each (normally \$25). Stop by any FSB branch to purchase passes. All purchases are cash only or FSB customers may have funds electronically transferred from their account.



Back to School On A Budget

Shop Off Season. Wait for school supplies to go 50% off and then stock up for the next year.

Set aside a supply stash. One way to conquer the "where is it?" chaos: designate a box or shelf as School Supply Central. Stock up on 9-cent boxes of crayons or a few packs of binder paper while they are on sale. Tuck them into the box; the kids will know where to find new crayons when they need them later in the year.



Stick to the list. The teacher's supply list at the start of a new school year is daunting enough, so don't waste time and money on unlisted items. Extra supplies, while they may be cute, will probably never get used and just leave your pockets empty.

Hold off buying trendier gear. Kids may love a lunch box they find in July, but once they start school and see that their friends are all using another kind, they'll beg you for another - and that only results in wasted cash.

Should You Pay Off Your Mortgage or Invest?

Owning a home outright is a dream that many Americans share, but competing with the desire to own your home is your need to invest for retirement and other goals. Putting extra cash toward one of these goals may mean sacrificing another. So, how do you choose?

Points to consider:

- What is your mortgage interest rate? The lower the rate on your mortgage, the greater the potential to receive a better return through investing.
- How long do you plan to stay in your home? The main benefit of prepaying your mortgage is the amount of interest you save over the long term; if you plan to move soon, there's less value in putting more money toward your mortgage.
- Will you have the discipline to invest your extra cash rather than spend it? If not, you might be better off making extra mortgage payments.
- Do you have an emergency account to cover unexpected expenses? It doesn't make sense to make extra mortgage payments now if you'll be forced to borrow money at a higher interest rate later. And keep in mind that if your financial circumstances change – if you lose your job or suffer a disability for example – you may have more trouble borrowing against your home equity.
- How comfortable are you with debt? If you worry endlessly about it, give the emotional benefits of paying off your mortgage consideration.
- Are you saddled with high balances on credit cards or personal loans? If so, it's often better to pay off those debts first. The interest rate on consumer debt isn't tax deductible, and is often far higher than either your mortgage interest rate or the rate of return you're likely to receive on your investments.
- Are you currently paying mortgage insurance? If you are, putting extra toward your mortgage until you've gained at least 20% equity in your home may make sense.
- How will prepaying your mortgage affect your overall tax situation? For example, prepaying your mortgage (thus reducing your mortgage interest) could affect your ability to itemize deductions (this is especially true in the early years of your mortgage, when you're likely to be paying more in interest).
- Have you saved enough for retirement? If you haven't, consider contributing the maximum allowable each year to tax-advantaged retirement accounts before prepaying your mortgage. Many employers offer a match to this type of account ranging from 2-6%. Prepaying your mortgage may not be the savviest financial move if it means forgoing that match or short-changing your retirement fund.
- How much time do you have before you reach retirement or until your children go off to college? The longer your time frame, the more time you have to potentially grow your money by investing.



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Golden Horizons

A Club For Farmers State Bank Customers 55 & Older



Jumer's Casino, Rock Island, IL - August 16th

Pick up in Waterloo at 8:00AM and Jesup at 8:30AM. Return to Jesup at 4:30PM and Waterloo at 5:00PM. Cost: \$35 - includes buffet lunch, \$5 Isle play, transportation and gratuities. Please RSVP to Cindy, 319-874-4344, or Mary Jean, 319-827-1050, before August 9th.



Warrens Cranberry Festival, Warrens, WI - September 24th

Warrens Cranberry Festival is the world's largest cranberry festival. For more information visit www.CranFest.com. Cost: \$45 - includes transportation, step-on guided marsh tour and munches on the bus. Please RSVP to Cindy, 319-874-4344, or Mary Jean, 319-827-1050, by August 15th.

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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