

# THE KEY



SEPTEMBER 2010

the family edition



**Farmers  
STATE BANK**

MEMBER FDIC

Building Your Success

.....  
**UNLOCKING YOUR  
FINANCIAL OPPORTUNITIES**

## IN THIS ISSUE:

**LESSONS FROM THE TOOTH  
FAIRY, CAMPUS CREDIT 101  
& NEW BABY...NEW BUDGET**

## CD RATES:

**9-13 Mo. - 1.30%<sup>APY\*</sup>**

**16-18 Mo. - 1.70%<sup>APY\*</sup>**

**25-30 Mo. - 2.00%<sup>APY\*</sup>**

**60-67 Mo. - 2.80%<sup>APY\*</sup>**

## IRA CD RATE:

**36 Mo. - 2.50%<sup>APY\*</sup>**

\*APY = Annual Percentage Yield. IRA = Individual Retirement Account. Qualified funds only. Substantial penalty for early withdrawal. Rates subject to change daily. \$1,000 minimum opening deposit for 16-18 month, 25-30 month, 36 month and 60-67 month terms. \$2,000 minimum opening deposit for 9-13 month term. 9-13 month CD interest rate 1.29%, 16-18 month CD interest rate 1.69%, 25-30 month CD interest rate 1.99%, 36 month IRA interest rate 2.48%, 60-67 month CD interest rate 2.78%. Interest compounds semi-annually for 16-18 month, 25-30 month, 36 month & 60-67 month CD's and every 3 months for 9-13 month CD. Effective 9/1/2010.

## SAVING FOR AN EDUCATION

A college education can be the key to success for many young adults across the country, but at what cost? The price of higher learning is rising every year.

The overall annual cost for a college education ranges from \$4,550 for community college to \$35,374 for a private school, according to US News & World Report. A recent national study revealed these costs are rising by about 6% a year.

Those are some scary numbers, but if you have the benefit of time, they're not as bad as they seem. Here are some steps you can start taking today:

- Go over your monthly finances and find a little extra money you can put away. Even \$50 or \$100 can make a big difference.
- Make a commitment to devote at least that amount each month,

and to add to it as your income increases.

- Shop around for the best interest return you can get for your money.

The cost of college is rising faster than inflation; so it may be smart to invest your savings to get a higher interest rate. Consider putting your money into stocks, mutual funds and bonds.

One important thing to keep in mind is that you won't necessarily have to come up with the entire cost of college. All higher education institutions offer financial aid in the form of grants and loans. These are most often funded by the federal government.

Often, there are aid offerings from the state and from the school itself. Be sure to look into all available options.

## NEW BABY...NEW BUDGET



When a newborn baby enters into the world, your financial picture is bound to change drastically. Now it's more important than ever to create, maintain and stick to a budget. You now have someone depending on you to keep the family financial matters in order. A well thought-out budget will be your most valuable tool in managing the family money.

If you already have a budget, you'll need to revise it to fit your new, expanded family. If you don't have a budget, create one right now.

Go through each of your expenses to see if they will change with your new baby. For example, your rent or mortgage will probably stay the same, but electric bills might increase if one person is planning to stay at home every day.

Add all the extra costs of raising a child into your budget. Another parent can help you identify what extra expenses might come up on a regular basis and what you can expect to spend on them.

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## CAMPUS CREDIT 101

College freshmen and young adults entering the workforce encounter many unfamiliar expenses – and temptations – so it's important to help them avoid early financial missteps that could damage their credit for years to come.

One way to build a good credit history is through responsible use of credit cards. The 2009 Credit CARD Act requires that people under age 21 now must have a parent or other responsible adult cosign on any credit card account unless they can prove sufficient income to repay the debt.

Although this new policy probably will prevent many young adults from amassing more credit card debt than they can afford, it may also make it more difficult for them to begin building a credit history. A couple of alternatives are available to parents:



- Make them an authorized user on one of your accounts. They'll get their own card and you can usually restrict the amount they can charge. Authorized users are not legally responsible to pay balances owed, that's your responsibility, so tread carefully.
- You can add them as a joint account holder to a new or existing account, preferably one with a small credit limit. Joint account holders are equally liable to pay off the account.
- Just remember, any account activity, good or bad, goes on both of your credit reports, so careful account monitoring is critical.

## LESSONS FROM THE TOOTH FAIRY

Thanks to cherished family traditions like birthday celebrations and presents from Santa and the Tooth Fairy, today's children are often bombarded with gifts from an early age. In fact, many kids begin cashing in on their baby teeth before they've even grasped the concept of what money is and where it comes from.

For many parents it can be difficult to know how much is appropriate to give, as well as how to best teach their kids to appreciate what they are receiving. Whether it's a gift, a necessity (like clothing or braces) or the allowance they earn, the goal should be to share the joy surrounding the exchange of gifts. At the same time use those occasions as teachable moments that will help kids learn how to manage their money in the future.



For example, when the Tooth Fairy visits have them give a small percentage to charity right off the top. Another portion can be put into their savings accounts to help them save for big-ticket items they want. The rest is theirs to spend or save as they please. Try to allow them to make financial decisions and mistakes on their own in a safe environment.

As your kids get older, start having discussions about:

- What earning money means, using your own job and their allowance as examples.
- How to budget for planned and unplanned expenses.
- Needs versus wants – and the concept of delayed gratification.

Remember that kids often mimic their parents' behavior, good and bad, so if they see you spending beyond your means to buy gifts, they may follow suit later in their own lives.

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## BANK WHENEVER, WHEREVER

Mobile banking is a great tool for young adults and parents to manage their money whenever, wherever. FSB's Mobile Banking gives you the freedom to access your I-Banking through your Internet capable device, no additional software or hardware is required.

Mobile banking allows you to manage your account in a variety of ways. You can check your balances, which allows you to view your accounts in real time and see both current and available balances. You can also keep track of recent activity by viewing your account history. Additional features available with Mobile Banking are: transferring funds from one account to another, making loan payments, checking account alerts, opening I-Banking messages, and submitting stop payment requests.

With Mobile Banking, you can bank with complete confidence that your personal information is protected by advanced encryption technology to prevent unauthorized access.





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AT

[www.FSB1879.com](http://www.FSB1879.com)

### BRANCH & ATM LOCATIONS:

#### Cedar Falls

(1<sup>st</sup> St & Hudson Rd) (Kimball & San Marnan)  
1710 1<sup>st</sup> St Ste A      1009 Peoples Sq  
(319) 268-1879      (319) 287-3961

#### Waterloo

#### Jesup

1310 6<sup>th</sup> St  
(319) 827-1050

#### Raymond

300 South 3<sup>rd</sup> St  
(319) 232-3070

#### Dunkerton

905 Jon Rd  
(319) 822-2521

#### Gilbertville

1306 5<sup>th</sup> St  
(319) 296-1410

### OTHER ATM LOCATIONS:

#### Cedar Falls

Prime Mart - 2827 Center St  
Prime Mart - 2323 Main St

#### Waterloo

Supervisors Club - 3265 DeWitt Rd  
Omega Cabinets - 1205 Peters Dr  
Court House - 316 E 5<sup>th</sup>  
Prime Mart - 1008 LaPorte Rd  
Prime Mart - 3535 Marigold Dr

#### Independence

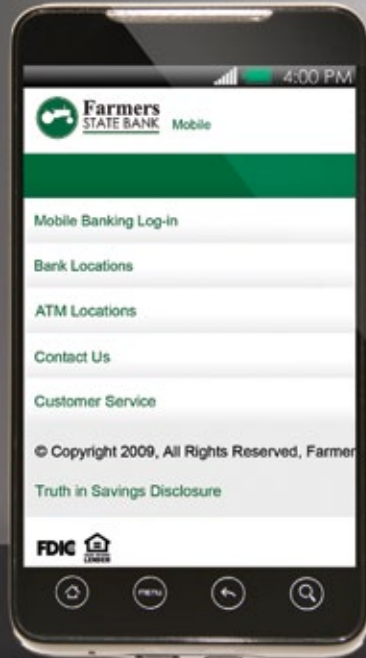
Starlight Cinema - 2401 Swan Lake Blvd

## FIND YOUR KEYS

N E E A S S C A I N S I A D  
A T D O T A N E E N S N U N  
P E O E F S V S G T N C N E  
U S L Y O A E I S S I A O R  
U A A A P S M C N C E P Y O  
C O M A N A G I N G H M E N  
O N S E O C R N L A T O N N  
L T P C I X R E S Y N K O S  
L X A S T U D E N T S I M L  
E D G E A M I M D T T D F U  
G S N A C E O Y Y I S S L N  
E G N C U Y Y S U B T G F T  
G I B U D G E T E I U O A E  
E N N C E M O C N I O P D E

### KEY WORDS

- BUDGET
- COLLEGE
- CREDIT
- EDUCATION
- EXPENSES
- FAMILY
- FINANCES
- INCOME
- KIDS
- MANAGING
- MONEY
- PARENTS
- SAVING
- SCHOOL
- STUDENTS
- TUITION



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## WHENEVER, WHEREVER.

