

# Newsletter

## State Bank of Kimball/Saint Augusta Bank Office

### Winter 2008

#### Individual Retirement Accounts

TyLynn Theis

Tax season and IRAs go hand in hand. It's a great time to review your financial goals regarding your retirement savings. We invite you to include an IRA review as part of your annual tax preparation process. Come in to the bank or use the retirement calculators on our web-site, [www.statebankofkimball.com](http://www.statebankofkimball.com).

#### New Contribution limits for 2008

*Give your retirement plan a boost by taking advantage of the highest contribution limits in history.*

| Maximum Contribution Limits |                         |                            |
|-----------------------------|-------------------------|----------------------------|
| Year                        | If you are Under age 50 | If you are Age 50 or Older |
| 2007*                       | \$4,000.00              | \$5,000.00                 |
| 2008                        | \$5,000.00              | \$6,000.00                 |

**\*You can make a contribution for the 2007 tax year until April 15<sup>th</sup> 2008**

The best way to insure that you meet your retirement savings goals is to start saving early and make regular contributions.

Traditional IRAs offer a potential up front tax deduction and tax deferred earnings. While Roth contributions are not tax deductible, Roth earnings can accumulate tax free. We also offer Simplified Employee Pension Plans and Simple IRAs for small businesses and self-employed individuals.

#### Lending the Right Way

Jesse George

We hear and read the news about the mortgage loan crisis and the record number of foreclosures taking place all over the country. This crisis is taking place mostly with subprime mortgages. Subprime mortgage loans carry high interest rates or adjustable rates that increase over time. These subprime mortgages are given to borrowers who may not qualify for the best interest rates and programs. When borrowers are unable to make their mortgage payments, often after the rate adjusts higher, they default on these loans. The consequence is foreclosure. Many of these borrowers could have waited to take out a mortgage loan; and many lenders could have used better discipline to recognize their vulnerable situation. A large number of mortgage interest rates are scheduled to adjust between January 1, 2008 and July 31, 2010, indicating that there could be more foreclosures and financial duress in the near future. Minnesota implemented stronger restrictions on subprime lenders this past summer and the federal government has recently considered similar new rules.

The State Bank of Kimball does not have any home mortgages that are in foreclosure. In fact, we have not foreclosed on any property for over ten years. Prudent lending practices are dictated by our bank's lending policy and these practices are followed by our loan officers. No doubt that some day we will have to use foreclosure as a means of recovering a loan, but our lending practices guide our bank away from this undesirable consequence.

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Equally important, our lending practice is designed to help borrowers and families avoid getting too deep in debt. This is the key to financial security for the borrowers, for families and for lenders.

The State Bank of Kimball offers many types of mortgage loans. We provide financing to construct, buy, improve or refinance a home, a business or a farm. Our lending philosophy is to match mortgage products to the borrower's financial conditions. If you currently have a mortgage and its rate is rising, we may be able to lower that rate. If you are thinking of getting any type of mortgage, call us today.

## **Scam Corner**

### **Bob Meyerson**

Every day seems to bring a new scam. A timely example is the fake IRS refund scam. You receive an email notifying you of an IRS tax refund. All you have to do is click the link, complete a form with the requested information and the money is yours. Or rather, the money is theirs. The scammers will use your account information to try to raid your account.

We have not had a customer loss yet. It may be that the scammers electronically lurk in your computer and then skim user names and passwords from your non-bank accounts. Since our online banking system does not allow for any debits other than those you have initiated (utility bills, for example), it is not possible for scammers to get into your account for their own benefit. They may try to initiate an electronic payment thru the electronic payment network (separate from our online banking system). But if they do that their bank (not ours) could be held liable. It may be that once you open the email the scammers gain access to your computer and then skim user names and passwords from your non-bank accounts. In any event, you don't want any of your account information in criminal hands. So, if

you get one of these tax refund emails, don't even open it up. Just delete it.

## **Other Scams**

**CANADIAN LOTTERY** – As an excuse to acquire bank account information or to induce a wire transfer under false pretenses, recipients will be told that they just won the Canadian lottery. All they have to do is wire the taxes payable in order to collect, or some variation. Some may go so far as to claim they have wired the funds to your account – when you check, it appears the funds are there. However, the funds weren't wired, they were mailed using a counterfeit check which takes several days to clear.

**NIGERIAN FAXES** – The recipient is sent a fax, presumably from the Nigerian Oil Ministry or some other agency. The writer claims that he need to transfer substantial amounts of money out of the country and is willing to pay a commission. All he needs is your account information.

**PHISHED SITES** – Websites identical to commonly used sites, such as EBAY, originate messages asking for your account information, or verification of your account. These sites can look quite legitimate. The key to the fraud is a slight change in the website address such as "[www.signin.ebay.com](http://www.signin.ebay.com)" instead of "[www.ebay.com](http://www.ebay.com)".

**MEMBER FDIC/EQUAL HOUSING LENDER**