

# MONEY MATTERS

A special supplement to the HAMPTON CHRONICLE

FEBRUARY 2018

**FIRST SECURITY** CHOSEN MEMBER OF THE YEAR

Understanding the **BITCOIN** PHENOMENON

NEW **TAX CREDIT** FOR FIRST-TIME HOME BUYERS

5 OPTIONS TO CONSIDER TO USE YOUR **2017 TAX REFUND**

FEATURING:

*First Security • Brad Scheideman, New York Life • First Bank Hampton • United Bank & Trust Company • Eric J. Brunsen C.P.A*

*As a team, we've worked more than 150 years in the Hampton office.*

*As a bank, we've spent over 1000 hours volunteering in local and national organizations.*

*As your banker, you can be sure we are dedicated to you and your community.*

 **FIRST SECURITY**  
1stsecuritybank.com | 1.800.272.0159  
Member FDIC



# Chamber of Commerce chooses First Security as a "MEMBER OF THE YEAR"

Though products and services evolve at First Security, one constant is the commitment employees have to the communities they serve and live in. Six of the ten employees currently working at the Hampton office have worked at that office for a combined total of over 150 years and they've lived in the area even longer. As a whole, the bank's employees spend more than 1,000 hours volunteering in over 75 different local and national organizations. First Security also provides monetary support to local events, projects and organizations each year.

Recently, the Greater Franklin County Chamber of Commerce chose First Security as a "Business of the Year" due to this monetary support and staff involvement in the community. Everyone at the Hampton office has spent many hours volunteering in various ways, whether it's through the Lions Club or helping out at the local theater. However, several employees have devoted years to helping the Chamber of Commerce by providing their time and input on various committees. Ron Raney, Market President, has been a Chamber Ambassador for many years and was a former Board Member, Chamber President and member of the RAGBRAI and Ag Committees. Don-

nis Borcharding, VP/Operations, has been a Chamber Board Member for the last 6 years and was Chamber President in 2016. She also served on the Tourism Board for the last six years. Michelle Schaefer, AVP/Retail Advisor, was part of the Design Committee for five years and the Historical Preservation Committee for 10 years. Karen Isley, Ag/Commercial Lender, joined the Chamber Promotional Board in 2018.

"We're grateful for the opportunities to give back to the communities we serve," commented Raney. "That's what community banking is about. Some of our employees were born and raised here, and we all live in the area now. We want Hampton to thrive and we will do whatever we can to help accomplish that."

Likewise, First Security wants their customers to do well.

"It's important for customers to know that we have the resources they need to save wisely and protect their finances and personal information," added Raney.

Many customers in the Hampton area may not be aware that First Security also employs a Certified Financial Planner™. David Jarvill, VP/Investment Services, has worked in the Charles City location for 25 years. However, he will travel to any of First Security's 13 locations to visit with



**George Winchester, of Hampton Hydraulics, and Ron Raney, of First Security Bank, accepted awards on behalf of their companies as the chamber's Members of the Year at the Greater Franklin County Chamber of Commerce's Chamber Appreciation Night on Saturday, Feb. 17.** TRAVIS FISCHER PHOTO

customers. Certified Financial Planners, like Jarvill, typically have earned a four-year degree and have completed a course of study in financial planning approved by the CFP® Board.

"Not only does Dave have the experience and the credentials to do well, his objective has always been to use the financial planning process to help individuals, families and businesses," said Kurt Herbrechtsmeyer, President/CEO. "His ethics align with First Security's; he's always had the customer's best interest at heart."

In addition to helping grow your savings and plan for your future, another of First Security's top concerns is protecting its customers' savings and information. They recently introduced FraudScout®, a credit monitoring service available at First Security. For just \$6 a month, customers can proactively protect their information from identity thieves and criminals. The service includes three-bureau credit monitoring. In other words, if a credit card is opened in a customer's name, the customer will be notified and can verify whether or not it was a legitimate transaction.

"It's definitely reassuring to have this extra tool available to both employees and customers when identity theft is a growing risk every day," commented Borcharding. "Six dollars a month is well worth the security that FraudScout provides."

From progressive products and knowledgeable staff to charitable contributions and volunteerism, it's clear that First Security employees are looking out for their customers and their community.

\*Identity protection services are available to a spouse and/or immediate family members who live in the household.

## Simple ways to CUT MORTGAGE COSTS

Monthly mortgage payments are the biggest single expense for many homeowners. So it's understandable why plenty of homeowners would love to trim those costs.

A host of factors determine how much homeowners pay for their mortgages each month. The cost of the home, the amount of the initial down payment and property taxes, which are often folded into monthly payments, will factor heavily into the cost of home ownership. While homeowners may feel as though there's little wiggle room to cut the costs of their mortgages, there are several ways to do just that and potentially trim years from the life of a home loan.

- **Make bi-weekly payments.** Making bi-weekly instead of once-a-month payments can save homeowners substantial amounts of money. A year's worth of once-a-month payments equates to 12 payments per year. But homeowners who pay on a bi-weekly basis will make 26 half payments, or 13 full payments, per year. That extra annual payment can be applied directly to the principal, dramatically reducing how much homeowners pay in interest over the life of their loans.

- **Stop paying PMI.** Homeowners whose initial down payments are less than 20 percent of the sale price will have to pay private mortgage insurance, or PMI. But once the balances on such mortgages falls below 80 percent, homeowners can cancel such insurance. Homeowners may also be able to stop paying PMI by having their homes reappraised.

- **Refinance the loan.** Refinancing a loan also can save homeowners substantial amounts of money each month. Homeowners are typically eligible for lower interest rates when refinancing their loans, meaning they will pay less in interest each month. However, refinancing is not free, so homeowners should first check the going home interest rates and examine their credit scores to see if the interest rate they're likely to get upon refinancing will save them money. The cost of refinancing might be more than homeowners can save.

- **Request a tax reassessment.** Real estate values increase and decrease, and homeowners who feel their homes have decreased in value can request that their homes be reassessed. Homeowners whose homes are assessed at a value lower than the current value can expect to pay less each month in taxes.

Homeowners hoping to cut mortgage costs have various options at their disposal.

## We'll help show you the way to financial security. No map necessary.



Contact me to make a plan that lets  
you focus on being good at life.



Brad A. Scheideman, CLU®, LUTCF®, MS  
Financial Adviser offering investment advisory services through  
Eagle Strategies LLC, a Registered Investment Adviser

Scheideman Financial Strategies  
Financial Representative offering securities through NYLIFE Securities LLC  
(member FINRA/SIPC), A Licensed Insurance Agency  
808 4th Street NE, Hampton, IA 50441  
(641) 456-4106  
bascheideman@ft.NewYorkLife.com  
www.scheidemanfs.com

Insure. Prepare. Retire.



## New Iowa law creates tax credit for FIRST-TIME HOMEBUYERS

**H**AMPTON – Home ownership is something many families strive for, but it is difficult to save for a down payment on a first home. Fortunately, the 2017 Iowa Legislature passed a law that created a new income tax credit for first-time homebuyers. Iowa residents will be able to take advantage of the new tax credit on deposits made after Jan. 1.

“One of the main goals for most banks – and that includes First Bank Hampton – is to help customers achieve their financial goals, and homeownership is often chief among those goals,” said Colleen Moritz, V.P. Consumer Lending Officer at First Bank Hampton. “Any tax credit that can help people achieve that goal is a good thing.”

### How it works

The tax credit can be accessed through the use of a homebuyer savings account, which can be set up and maintained at First Bank Hampton. To qualify for the tax deduction, the homebuyer must be a first-time homeowner who has not previously owned – either individually or jointly – a single or multifamily residence in the previous three years. Here’s how it works:

A qualifying first-time homebuyer savings account must be an interest-bearing savings account and established with a state or federally chartered bank, savings and loan association, credit union or trust company in Iowa.

The account holder can make unlimited deposits each year to the homebuyer savings account.

The income tax deduction is limited to \$2,000 per year when filing individually and \$4,000 per year when filing jointly. Interest earned on account balances is exempt from state income tax.

Accounts can be opened in another person’s name. For example, a parent could open an account and contribute to it as a gift to a child. As long as the funds are used toward the purchase of a first home, it will qualify for the tax deduction.

The maximum amount that qualifies for the exemption will be adjusted annually for inflation.

The money within an account is available for up to 10 years to be used for the qualifying purchase costs of a single-family residence.

### Learn more

Contact Colleen Moritz at 641-456-4793 or [cmoritz@firstbankhampton.com](mailto:cmoritz@firstbankhampton.com) today to learn more about homebuyer savings accounts and how they can help you achieve your dream of homeownership.



**Colleen Moritz**

## Good Credit is Key to Solid Financial Future

ICBA and First Bank Hampton offer tips for establishing and maintaining good credit

**W**hen establishing financial fitness goals, the Independent Community Bankers of America (ICBA) and First Bank Hampton want to remind customers: it’s easier to build a credit score than to repair a bad one.

“Having a good credit history is key to any financial plan,” said Tyler Heeren, Vice President at First Bank Hampton in Hampton, Iowa. “Credit scores take into consideration years of past behavior, so it’s important to establish a history of responsible credit practices and build your score by maintaining good habits.”

ICBA and First Bank Hampton offer the following tips to help build and maintain good credit.

If you are just beginning to establish your credit history, open a checking account and keep careful track of your balance.

Use debit and credit cards for convenience and safety, but not to overspend. Missed or late payments damage your credit and hurt your credit score.

A good mix of credit (a revolving credit line and installment loan) also boosts your credit score and further demonstrates that you can manage different types of credit.

Demonstrate stability in the three to six months before a major purchase. Avoid opening or closing accounts or moving large amounts of money around.

Build an emergency fund equal to at least six months of living expenses. If the unexpected happens, you will still be able to pay fixed expenses instead of falling behind.

Alter your credit focus as you approach lifecycle stages. As you near retirement, for example, start paying down major purchases (such as a mortgage).

Monitor your credit regularly so you can correct any errors and detect any potential signs of identity theft. Order a copy of your credit report annually from [www.annualcreditreport.com](http://www.annualcreditreport.com).

“Establishing good spending and saving habits, and sticking with them, is critical when times are tough and can go a long way toward helping you achieve your financial goals,” said Scott Heitkamp, ICBA chairman and president and CEO of ValueBank Texas in Corpus Christi, Texas. “Your local community bank can serve as a great resource to help get you started on the road to establishing good credit, which will serve as the foundation for a more secure financial future.”

### About ICBA

*The Independent Community Bankers of America®, the nation’s voice for more than 5,700 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services. For more information, visit ICBA’s website at [www.icba.org](http://www.icba.org).*

## What is a BUSINESS PLAN?

**B**usinesses large and small can benefit from drafting business plans before beginning operations. A business plan is a description of a business’ projected future, and this document will spell out exactly what a business owner plans to do and how he or she will put that plan in motion.

Forbes says that entrepreneurs can benefit from business plans because the process of developing them will help business owners understand which type of business he or she would like to create and the type and amount of funding and other resources that will be needed to get the business functioning. Although business plans may be optional, one instance in which they are often required is when entrepreneurs are seeking funding. That’s because lenders often require business plans to weigh the risks and benefits of investing in a potential business.

Entrepreneurs can use templates to draft business plans and then fill in specific details. Here are some components to include in the plan.

• **Executive summary:** This is a synopsis of the entire plan with all of the essentials briefly discussed. Include the reasons why the business will be successful.

• **Business description:** In this section, entrepreneurs can provide a profile of the company. Information can include location, size, planned operations and the target market.

• **Industry analysis:** Here business owners discuss the market in which the business will be competing, including how large the market is and whether or not there are any trends affecting this type of endeavor.

• **Marketing, products and sales:** In this portion of the plan, owners mention the products or services being offered. Strategies for branding, marketing and how the product/services will be sold also are included.

• **Operations:** The operations portion of the plan will detail the processes the business needs to address on a daily basis to be successful.

• **The team:** In the business plan, entrepreneurs should also identify the personnel who will be helping to run the company, including why these people are qualified for the job.

## Live Your Dreams...

### INVEST FOR YOUR RETIREMENT



**Contribute to an IRA today- It's never too early to start!**

**FIRST BANK  
HAMPTON**  
First for you!

Member FDIC

211 First Avenue N.W.  
Hampton, IA 50441

641-456-4793 | [firstbankhampton.com](http://firstbankhampton.com)

# The BITCOIN Phenomenon

The going rate of bitcoins continues to rise. As of September 2017, one bitcoin was equal to nearly \$4,000 USD and \$4,900 Canadian, according to the CoinDesk calculator. Considering bitcoin is such a highly valued yet volatile form of currency, many people have questions as to how bitcoins were created and how they are used.

Bitcoin is a relatively new currency that was created in 2009 by an anonymous person (or group) using the alias Satoshi Nakamoto. Bitcoins are produced and traded in the virtual world. In a relatively short period of time, bitcoins went from being worth pennies to thousands of dollars. Unlike other forms of currency, which are controlled by a central authority of a particular country, bitcoins are completely virtual.

**How to get bitcoins.** Bitcoins are not acquired in the same way as other currencies. Bitcoins can be bought and sold in marketplaces called "bitcoin exchanges." These online trading areas enable people to buy and sell bitcoins using various currencies, says CNN Money. Similarly, people can send bitcoins to one another using mobile apps or a computer, much like one would make digital transfers at a bank.

Bitcoins are not based on gold or another backing currency, but rather on mathematics. Instead of a federal reserve deciding on when to print and distribute money, bitcoins are created as a reward for mining. "Mining" involves a special open source software that is designed to solve math problems. As

a reward for solving these problems, people are rewarded with bitcoins.

Bitcoin mining is designed to require exertion and take time so that the rate resembles the rate at which commodities like gold would be mined from the ground, offers Bitcoinmining.com. According to ABC News, available bitcoins are hidden amid a complex encrypted computer program. Users' computers work around the clock to solve a complicated mathematical problem in order to release new coins. The system requires more work to get coins as time goes by.

**How are bitcoins stored?** Bitcoins are stored in a digital bitcoin wallet. Only 21 million bitcoins can be found by miners so the value of the system is preserved. To date, not all bitcoins have been mined. Every bitcoin transaction is completely transparent, which means they can be traced back to creation. The "block chain" is a public ledger where every bitcoin transaction that has ever taken place is registered.

**Anonymity.** Even though bitcoin transactions are recorded publicly, the names of buyers and sellers are never revealed. Only a wallet ID is recorded. This enables bitcoin users to buy or sell anything without it being traced back to them. While many legitimate businesses now accept bitcoins, bitcoins also are highly valued for black market ventures like purchasing drugs and illegal weapons.

Bitcoins are changing the way people see money and store their wealth. The concept decentralizes money and makes the bitcoin exchange a relatively transparent process.

# Stuck on how to use your 2017 TAX REFUND? Consider these 5 options

Tax season has officially arrived. While the thought of having to file taxes may elicit groans, the thought of receiving a tax refund can bring excitement and dreams of how to spend it. Before you plan any major purchases, it may be a good idea to examine other options for your tax refund.

"Life can be expensive," said David Heuberger, President and CEO of First Bank Hampton. "Oftentimes that means holding off on buying something we want to pay for something we need. For many, paying for necessary items or saving for the future can be the best option for that refund."

## Five ways to use your 2017 tax refund

• **Pay down debt.** This may not be the most exciting option for a tax refund, but paying off or paying down bills now means less of your monthly income will be used to pay bills in the future. Whether it's paying off credit card balances, a car loan, or making an extra mortgage or student loan payment, taking steps toward reducing debt is never a bad idea.

• **Put it in a rainy day fund.** If you're comfortable with your debt, putting your tax refund in savings may be a good idea. It is generally recommended to have between three and six months saved up in an emergency or rainy day fund. If you do not have that much in your savings, your refund will no doubt put you closer to that number.

• **Invest.** Putting your money to work for you is always a wise choice. Although this means you can't use it immediately, investing your tax refund – whether in a 401(k), Roth IRA or the stock market – may help make the amount grow faster, giving you more money to use in the future.

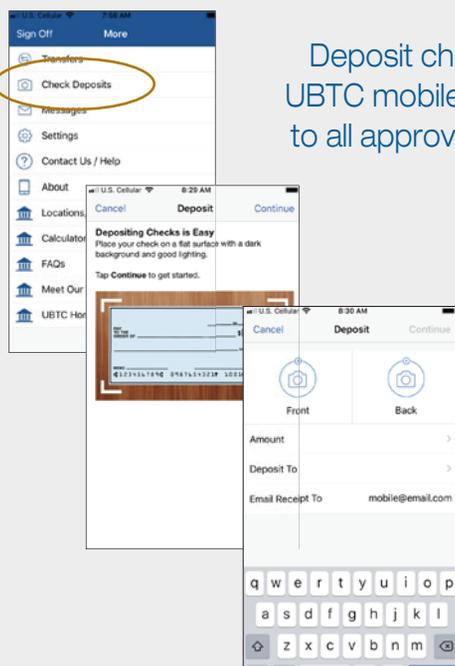
• **Use it for a large upcoming expense.** Everyone has projects, such as home repairs or renovations, to complete. Such projects can be costly, and we don't always have the funds immediately available to complete them. Saving a tax refund opens up the possibility of putting that money toward one of those projects and crossing it off your to-do list.

• **Donate it to your favorite charity.** If you are comfortable with your savings, debt and investments, and don't have a large project you want to complete, using your tax refund as a charitable donation can allow you to support a cause that is close to your heart. You can also receive a charitable tax deduction on next year's taxes, meaning you will owe less on your 2018 taxes.

## Want to learn more?

Contact David Heuberger at 641-456-4793 or [dheuberger@firstbankhampton.com](mailto:dheuberger@firstbankhampton.com) to discuss how First Bank Hampton can help you achieve your goals with your 2017 tax refund.

## Life is Mobile | So is UBTC



Deposit checks from anywhere with UBTC mobile check deposit. Available to all approved UBTC mobile iPhone®, iPad® and Android™ app users!

To download our UBTC mobile app simply search for **UBTC** from the App Store or Google Play.

Go mobile... today!!

[www.ubtc.net](http://www.ubtc.net)  
Member FDIC



Alden ■ Dows ■ Hampton ■ Sheffield

## Eric J. Brunsen, C.P.A.

- Financial Statements
- Payroll & Sales Taxes
- Individual & Business Taxes
- Payroll Check Writing
- Year End Payroll Processing (W-2's, 1099s, etc.)



PLEASE CALL FOR APPOINTMENTS

**641-648-6600**

[ebrunsencpa@mchsi.com](mailto:ebrunsencpa@mchsi.com)

703 South Oak

Iowa Falls, IA 50126

# TAX TIME

