

Kinderhook State Bank



Newsletter



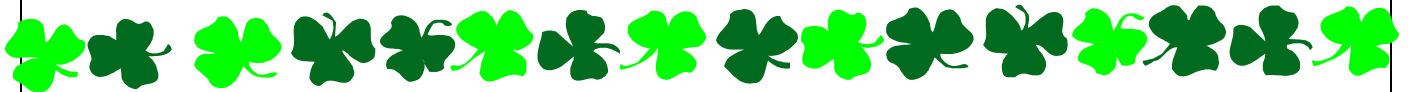
“Serving Our Community Since 1919”

www.kinderhookbank.com

Email: staff@kinderhookbank.com

217-432-8309

Happy St. Patrick’s Day



2005 Legal Holidays Observed

The bank will be closed these dates:

May 30 - Memorial Day

July 4 - Independence Day

September 5 - Labor Day

October 10 - Columbus Day

November 11 - Veterans Day

November 24 - Thanksgiving

December 26 - Christmas



FREE Credit Report

As of March 1, 2005 you may request your free annual credit report either on-line at: www.annualcreditreport.com, calling toll-free: 1-877-322-8228, or by mailing your request to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. The Fair and Accurate Credit Transaction Act was signed December 1, 2003 giving all Americans the right to check their credit report annually for free.

Community Banking Week

Community Banking Week will be held April 4 - 9, 2005 and we are planning an eventful week. Refreshments will be served throughout the week including ice cream from 3-6 on Friday. We have scheduled several fun activities. Included in these activities: matching baby pictures to the adult and a treasure hunt. Prizes will be given throughout the week. Be sure to stop in for free flowers and to sign up for door prizes.

During the week we have planned several theme days. Stop by and check out our crazy outfits. Community businesses will also be in throughout the week to display some of their products for everyone to see. A list of times and events will be available at the bank.

Quote

Go as far as you can see,
and when you get there
you will always
be able to see farther.
-Zig Ziglar



Need a Loan?

Are you looking at a new house, a new car, or new tractor? Stop in and talk with Jeff Longlett, Don Hoffman or Don Hilgenbrink . They can help you with your borrowing needs. Ask about our low interest rates or fixed mortgage rates.

Don't Get Scammed

A woman thought she was applying for a job, now police are investigating to see if she was scammed.

She answered a job ad in a newspaper. The ad listed an e-mail address, and she thought she would be delivering documents for a mortgage company.

The woman e-mailed her resume to the company. Then, the company wanted her to fill out an online contract, supply a voided personal check and give two forms of identification. She gave them copies of her driver's license and Social Security card. She was told the

information would be used for direct deposit of paychecks.

Several days later, she received a call from an out-of-town office. The company said they wanted her to help get the business up-and-running. She was asked to go to her bank and draw out money because furniture was being delivered from Mexico.

When she went to her bank, she found out someone had deposited three checks into her bank account. The checks were from another state, and all three checks bounced. The woman did not withdraw any money for the company.

Now, she's worried what might happen with her personal information. So far, there has been no unusual activity reported to her credit agencies.

Please be aware that you should check out the company before forwarding any information to them. Do not reply to any e-mails requesting information or verification of account numbers. Do not apply for mortgage loans or jobs unless you know the company exists and is reputable. Be careful what information is sent.



BUSINESS TAX PLANNING Bonus Depreciation

The 2003 Tax Act made life even sweeter for businesses needing to purchase certain assets. Known as "bonus depreciation," it's a favorable write-off that allows businesses to immediately deduct 50% of the cost of qualifying assets. The remaining 50% is then depreciated or amortized according to the normal tax rules.

The rule generally applies to qualified property acquired and placed in service between May 6, 2003 and December 31, 2004. The 50% depreciation applies for both regular tax and AMT purpose. You may elect out of this additional depreciation for any class of property for any taxable

year, or you can elect 30% bonus depreciation rather than 50%. In general, qualified property includes:

- ▶ Most property having a depreciable life of 20 years or less -- buildings will not qualify.
- ▶ Most computer software.
- ▶ Qualified leasehold improvements.
- ▶ Water utility property.

A written binding contract will be considered the acquisition date for purposes of bonus depreciation. And the property must be new-used property will not qualify.

Tax Tip

Plan your purchases to take advantage of the increased bonus depreciation and Section 179 expense amounts.

PLANNING FOR THE FUTURE

Coming Soon: Roth 401(k)s

The Roth 401(k) is a new retirement tool that will be available in 2006. Participants in an employer's 401(k) or 403(b) plan may designate all or part of their elective contributions as a Roth contribution. Although the contributions are made with after-tax dollars (unlike regular 401(k) contributions), all investment gains will be tax free. In addition, the money does not have to be withdrawn before death.

Tax Tip

If you won't need the accumulated Roth 401(k) funds for retirement, you can bequeath the funds to your heirs. They'll be able to draw the money out tax free over their lifetimes.

Gifts to Family Members

Gift and estate taxes can eat up a significant portion of your estate if you fail to adopt an effective plan to transfer your assets to others. One of the best ways to gradually transfer your estate tax-free is to use the annual exclusion and "gift" up to \$11,000 per person, per year, to an unlimited number of recipients. If you and your spouse choose to "split"

gifts, then \$22,000 per year can be given away without you or the other recipients ever paying a cent of transfer tax. (Gift-splitting isn't necessary in community property states.)

It's more important than ever to coordinate gifting with your overall estate plan. Because of recent tax law changes, there is now a difference between the amount that can be transferred free from gift tax during your lifetime and the amount that can pass free from estate tax upon death.

If you would like to make a gift to a grandchild (or anyone else), and not be limited by the annual exclusion amount, make a direct payment to the providers for education (tuition only) and medical expenses. Gifts of this nature don't count toward the annual limit. You can also exclude gifts of tuition or medical payments made now for future services.

Gifts may be made directly to the donee, or in trust for the donee's benefit. Many estates can be completely transferred to others in this way over time. There are special requirements when the trust beneficiary does not have a present interest (does not enjoy current benefits from the trust property). Gifts to such trusts do not qualify for the \$11,000/\$22,000 annual exclusions. In the case of trusts set up for minors, annual exclusion gifts are allowed, but not beneficiaries must have full access to the trust assets at age 21.

Happy Easter

