



Kinderhook State Bank



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Newsletter



February 2006

2006 Legal

Holidays Observed

February 20th - Presidents' Day

May 29th - Memorial Day

July 4th - Independence Day

September 4th - Labor Day

October 9th - Columbus Day

November 11th - Veterans Day

November 23rd - Thanksgiving

December 25th - Christmas



~Goals~

You measure the size of the accomplishment by the obstacles you had to overcome to reach your goals.

~Booker T. Washington, educator



Happy Valentines Day



Five New Commemorative Coins

In 2006, five new commemorative quarters are due to enter circulation to celebrate an additional five states. As with all new quarters in the 50 State Quarters Program, they continue to be issued in the order of their state's entrance into the Union. Therefore, they will debut as follows:

- Nevada (October 31, 1864)



- Nebraska (March 1, 1867)



- Colorado (August 1, 1876)



- North Dakota (November 2, 1889)



- South Dakota (November 2, 1889)



Valentine's Day Trivia

1. What percentage of American women send themselves flowers on Valentine's Day?
A) 5%
B) 15%
C) 30%
2. What percentage of American men buy flowers for a loved one on Valentine's Day?
A) 23%
B) 53%
C) 73%

3. In 1995, how many heart shaped boxes of candy were sold?

- A) 3.5 million
- B) 35 million
- C) 350 million

4. Over 90% of all flowers on Valentine's Day are purchased by men.

- A) True
- B) False

5. About how many roses, primarily red, will be sold and delivered for Valentine's Day?

- A) 9 million
- B) 90 million
- C) 900 million

6. People send the most greeting cards on which Holiday?

- A) Valentine's Day
- B) Christmas
- C) Mother's Day

7. Two out of every three Valentine's Day cards are accompanied by a gift.

- A) True
- B) False

8. It is estimated, that of Valentine's Day cards sold:

- A) 25% are humorous
- B) More than one third are romantic
- C) Both of the above

Answers are on the back!!

IRS Warns Taxpayers About Phishing Scam

The IRS issued a warning to consumers November 30 about an internet Phishing scam that informs consumers they are eligible for a tax refund and then directs them to divulge personal information such as their social security numbers and credit card information. The email purports to come from taxrefunds@irs.gov.

The IRS does not solicit personal information from taxpayers through email, and taxpayers do not have to complete a special form to obtain a tax refund. The IRS encourages anyone who suspects fraud to not open any attachments in the email and to contact the IRS at 1-800-829-1040.

Selling Your Home

Losses from the sale of a home cannot be deducted. Business or rental property is subject to different rules. You can take extra deductions by staying in the home and converting part of it to business or rental use. When you sell your home you can claim a business loss if the property declines in value below its current tax basis, but only on the portion of property that is actually used for business or rental purposes.

Married couples can exclude up to \$500,000 of gain when they sell their home (\$250,000 for singles). The home must have been the principal residence for at least two of the last five years. Homeowners can receive a portion of the exclusion based on how long they live in the home, as long as the sale is due to a change in place of employment or health, or is because of unforeseen circumstances.

For example, a married couple lives in a home for only a year and then sell it, due to unforeseen circumstances, for an \$80,000 profit. They are allowed to take up to 50% (because they lived in the home for 50% of the two years required) of the \$500,000. Thus, they can exclude every penny of their \$80,000 gain. The exclusion can be used once every two years and at any age.

Money Smart Kids Ages 3-5

The time to begin teaching money-management skills is whenever your kids start showing curiosity about money. Start by explaining what money is. Money can be defined as anything a group of people accepts in exchange for goods or services. Let your preschoolers handle different coins and bills, and point out the values of each. Show how money is exchanged for other things by playing "store" or "restaurant." Basic math skills are essential to money management, so make sure your kids have a strong math foundation. Play counting games and board games with play money to build math proficiency.

Build Responsibility

When your kids start kindergarten, start talking about adult obligations relating to money. For example, tell them why you go to work every day, and allow them to visit your workplace. Talk about other jobs people have, and point out workers you see (such as wait staff or police officers). Show your kids a check you wrote and explain that it functions as payment, just like money. Take them to the bank and ATM and demonstrate making deposits and withdrawals. Show them your monthly utility bills and how you pay them by writing and mailing a check. At tax time, explain how you have to submit a tax form. All of these activities will form a foundation for your children's money responsibility.

Money-Smart Activity

Give your kids a handful of pennies so they can "buy" animal crackers from you for 1 cent each. Show them how five crackers can be purchased with five pennies or for a nickel. Then eat the crackers together!



Time is Money

Make your IRA Contribution before the Income Tax Deadline

This age old advice is the key to assuring yourself a secure financial future. You have until the 2005 tax filing deadline to make your annual contribution to your Traditional or Roth IRA for 2005, even if you file for an extension.

For the 2005 tax year, you may be eligible to contribute up to \$4,000 or more to a Traditional IRA and deduct all or a portion of that amount on your 2005 tax return. Your contributions will earn tax-deferred interest, and your deduction may entitle you to a larger refund! Contributions to a Roth IRA are not tax deductible, but if you meet all the eligibility requirements, your distributions can be tax-free!

Don't procrastinate and wind up missing your opportunity to save for your secure retirement!

Current increased contribution amounts are not indefinite. If congress doesn't make existing rules permanent by December 31, 2010, contribution limits will revert to lower pre-2001 levels.

*The 2005 Federal Income Tax deadline is **April 17, 2006**. ***April 15th falls on a Saturday in 2006, so you get a little extra time to get your 2005 IRA contribution in!**

~Quote~

**You know you are in love
When you see the world
in her eyes,
and her eyes
everywhere in the world.**

~David Levesque~

Answers: 1. B; 2. C; 3. B; 4. A; 5. B; 6. B; 7. A; 8. C

