

Minnwest Message

New year. New goals. New rules.

A new year means a fresh start and even a new look at your finances. Perhaps you've vowed to save more with an Automatic Savings Account or wish to put an addition on your home with some financial help. Or maybe you've changed your health insurance to a high deductible and need a Health Savings Account (HSA). Minnwest can help you with all these new goals.

And, there are new federal financial regulations in place. We've discussed some of them in this issue of Community Connection. And, to start you on a new year, we're answering some questions about credit cards.

We're also telling you about a way to protect your online purchases with your Minnwest MasterCard ATM/Debit Card. It's easy to do.

Start your new year with help from Minnwest Bank.

Questions about Credit Cards

New rules, avoiding fees, cards for minors, liability, credit scores

This month, we're answering questions about credit cards. We'll tell you how to avoid credit card fees. And, do you know what your liability is if someone uses your card fraudulently? New credit card rules went into effect this year. We'll explain a couple of them. We've added source material for you with our "answers" so you can obtain additional information. If you have any credit questions, please contact your Minnwest Banker.



What's the best way to avoid credit card fees?

There are six ways you can avoid credit card fees:

- 1. Watch for membership or annual fees when signing up for a new card.** This is the first fee you could encounter. Card issuers must publish this on their advertising materials. Decide if the rewards or advantages of the card are worth these annual fees.
- 2. Read before you sign on.** Be sure to read the Pricing Information Sheet you receive with each credit card solicitation. Credit card issuers must reveal fees including membership fees and penalties on this form. Interest rates are also disclosed. It's your best information about the card.



Credit Card Fees

- 3. The best way to avoid fees is to pay on time.** You'll avoid late fees as well as penalty interest rates applied to your accounts. Paying on time helps you maintain a good credit record. A good credit record leads to a higher credit score, which helps you qualify for lower interest rates.

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4. Don't go over your credit limit on the card. Your card issuer could charge a fee and increase your interest rate to a higher penalty rate. If you have trouble staying below your credit limit, then keep a record just as you would with your checking account.

5. Pay attention to transactions that trigger fees. Remember, there are also fees for cash advances, transferring balances and having a payment returned. Some companies also charge a fee when you pay your bill by phone. If you need a cash advance, withdraw enough so you don't need to take a second advance later in the month and incur a second fee.

6. Watch for changes in the terms of your account. Don't dismiss those letters and messages you receive from your credit card companies. Open them and read them. Credit card companies can change the terms and conditions of your account. They will send you advance notices about changes in fees, interest rates, billing, and other features. By reading these "change in terms" notices, you can decide whether you want to change the way you use the card. For example, if cash advance fees increase, you may decide to use a different card for cash advances

Credit Card Act

I understand that the new credit card rules (Credit Card Accountability, Responsibility and Disclosure Act of 2009) require credit card companies to inform me of rate and fee increases. Is this true?

Yes and no. It all depends on the circumstances. Here's how it works.



YES, THEY NEED TO INFORM YOU WHEN:

Credit card issuers now have to tell you when they plan to increase your interest rate or other fees. . . or make other changes to your card agreement. You should receive these notices 45 days in advance of the change. The company must also give you the option to cancel the card before these fees increase. If you choose to cancel your card, however, the company may close your account and increase your monthly payment, subject to certain limitations.

For example, they can require you to pay the balance off in five years, or they can double the percentage of your balance used to calculate your minimum payment (which will result in faster repayment than under the terms of your account).

NO, THEY DO NOT NEED TO INFORM YOU WHEN:

Be aware that there are incidents when credit card companies DO NOT have to send you a 45-day advance notice. This happens if:

- you have a variable interest rate tied to an index – if the index goes up, the company does not have to notify you
- your introductory rate expires and reverts to the regular rate or what they call a “go-to” rate

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BY THE NUMBERS:

21 years old

The age when the average person under the age of 35 got their first credit card and debit card (Source: "The Survey of Consumer Payment Choice," Federal Reserve Bank of Boston, January 2010)

41%

The percent of cardholders aged 18 to 24 who made only the minimum payment on their credit card in some of the past 12 months (Source: FINRA Investor Education Foundation, "Financial Capability in the United States," December 2009)

3 in 4

The number of cardholders age 60 or older who always paid their credit card in full in the past 12 months.

(Source: FINRA Investor Education Foundation, "Financial Capability in the United States," December 2009)

83% of small businesses

The percentage of small business who used credit cards; 64 percent used small business cards, and 41 percent used personal cards. (Source: "Report to the Congress on the Use of Credit Cards by Small Businesses and the Credit Card Market for Small Businesses," May 2010)

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- your rate increases because you are in a workout agreement or debt management plan and you haven't made your payments as agreed

How do the new credit card rules affect college students?

If you are under 21, you will need to show that you are able to make payments, or you will need a cosigner, in order to open a credit card account. And, if you want an increased credit limit, your cosigner must agree in writing to the increase.

Is my business credit card covered under this new legislation?

Credit cards issued primarily for business or commercial purposes generally are not governed by the consumer protections in the Truth in Lending Act or the amendments to that act in the Credit Card Accountability, Responsibility, and Disclosure Act of 2009.

I heard that certain merchants can "bill" my credit card for services I haven't used yet. Is this true?

Some merchants, such as hotel and car rental companies put a "hold" on your credit card based on their estimate of the amount you will charge. This can reduce your available credit until the final charge is processed.

I have trouble keeping track of payment due dates.

Any suggestions?

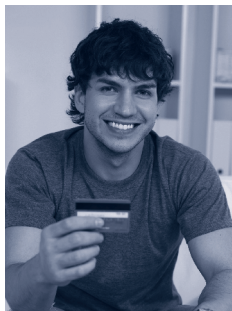
One really easy method is to sign up for Minnwest's Online Bill Pay. You can either schedule an automatic payment from your Minnwest account or you can go online and manually confirm that you want the payment made from your account. Either way, you can track your invoices easily. Better yet, you can receive email reminders so you never miss a payment. Just go to www.minnwestbank.com/billpay.aspx to learn more.

You can also ask your card issuer if they can change the billing date to a more convenient one.

I understand that free credit scores are becoming available to more borrowers, including credit card users.

Yes, beginning Jan. 1, 2011, you have a new right to see one of the most important indicators of your creditworthiness. And for free. The new federal regulation requires credit card issuers and other lenders to provide applicants with the reasoning behind the higher interest rate assigned to the new credit card or the loan. This usually means that they will be providing you with your credit score.

This rule applies to anyone and everyone who is assigned an interest rate higher -- even fractionally higher -- than the best rate offered to other consumers. This does not apply to applicants who are turned down entirely for a new credit card or other loan. Other relatively new federal rules permit those people to check information on the credit report that was used to deny them the loan. For more information go to <http://bit.ly/eFl5sn>



The Card Act of 2009 How it Impacts Young Adults

270.1 million

The number of Visa credit cards, down 11%
MasterCard credit: 203 million, down 22%
American Express credit: 48.9 million, down 9%
Discover credit: 54.4 million, down 6%
TOTAL CREDIT CARDS: 576.4 million (Source: Visa, MasterCard, AmericanExpress, Discover)

1950

The year the first credit card that could be used at multiple locations was offered. It was from The Diner's Club.

annual fee
\$2,500

That's the annual fee on one of the most exclusive credit cards in the world. You cannot apply for the American Express Centurion Black Card. You must wait for an invitation to use the card. Cardholders must spend a minimum amount of \$250,000 through the year.

ISO 7810

That's the international standard regulating the size for identification cards. Format ID-1 under this standard governs the size of most banking cards. ID-3 stipulates the size of passports.

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More credit card information:

If you'd like more information about credit cards, credit card terms and fees, and statements, go to www.federalreserve.gov/creditcard/. There's even an interactive calculator showing how long it takes to pay off a credit card debt. There's also an explanation of the new credit card laws which went into effect February 22 and August 22, 2010.

DISCOVER THE TAX ADVANTAGES OF A MINNWEST IRA



Talk to a Minnwest Banker about your situation today.

The key to building a retirement nest egg is beginning early and contributing annually. If you're eligible, IRAs can offer you some surprising tax advantages.

Every IRA is independently insured by the FDIC from other non-retirement deposits for up to \$250,000. And unlike risky Wall Street investments, Minnwest IRAs are safe and secure Certificates of Deposit.

At Minnwest, we offer both Roth and Traditional IRAs. A Minnwest Banker can explain the difference and help you choose the account that's right for you.

DID YOU KNOW that the interest earned on a Roth IRA is tax exempt and qualified withdrawals are tax-free? You may be able to convert your Traditional, SIMPLE, SEP or Non-Deductible IRA or 401(k) to a Roth IRA. Stop in today to see if a Roth IRA is right for you!

250 Third Street | Tracy
(507) 629-4780
www.minnwestbank.com



**MINNWEST
BANK®**

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Safeguard your online purchases

If you shop online, then you should be enrolled in MasterCard® SecureCode™ for your Minnwest MasterCard ATM/Debit Card. It's a free service from MasterCard and Minnwest Bank. SecureCode is a private code used to protect you against unauthorized use of your card when you shop online at participating merchants. The merchants will ask for your code at checkout. If you do not insert the code, your purchase could be denied at merchants using this system. This private code means added protection for you and your debit card.

There are three ways you can set up your SecureCode. One way is to go to www.mastercard.com/securecode. You can also go to the Minnwest website at www.minnwestbank.com/services.aspx and click on your bank. Another way is during your online checkout, a window from your bank will appear and ask you to activate your SecureCode before completing your transaction. After you've chosen your private code, known only to you and your bank, you'll be able to complete this and all future purchases at participating merchants with added security.

Protect your debit card today from unauthorized online purchases by enrolling in the free SecureCode system.

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