



in your Interest

Health Savings Account Q & A

Americans facing skyrocketing health care costs may be able to take advantage of a tax-favored savings tool known as a health savings account (HSA). HSAs were established to provide people covered by high-deductible health insurance a tax-free way to save for current and future medical expenses. Is an HSA right for you? Check out this quick reference guide to find out.



Who owns the HSA? An individual – not an employer – owns the HSA and makes decisions regarding contributions and distributions.

Who contributes to HSAs? The account can be funded by you, your employer or both, and accounts can be set up through Illinois State Bank or other approved administrators.

Contributions made by an employer are excluded from income and not taxable to the employee. Contributions made by an individual are treated as an “above-the-line”

deduction, which means there’s no need to itemize deductions in order to take advantage of the tax break.

What are the eligibility requirements?

- You must be covered by a health plan with a minimum deductible of \$1,050 for individuals or \$2,100 for families.*
- Your annual out-of-pocket expenses (including deductibles and co-pays) cannot exceed \$5,250 for individuals or \$10,500 for families.*

Continued on page 2...

Manage Your HSA Funds with Illinois State Bank

Illinois State Bank offers a convenient health savings account (HSA) that allows you to easily manage and access your HSA funds to pay medical expenses. Our HSA features competitive rates that are tiered by account balance, and your monthly statement will help you keep track of expenses.

Plus, we offer several convenient ways to access your HSA:

- **Check** – unlimited check-writing with no per-check charge.
- **Debit Card** – use your free HSA Debit Card to pay your service provider.
- **Online** – pay your medical bills online with ePay or All Pay bill payment service.
- **In person** – access your Illinois State Bank HSA at any of our convenient branches.

The minimum balance requirement is \$100, and there is a one-time enrollment fee of \$25.*

Find Out More

A health savings account can help you take more control over your health care expenses and save on taxes, too. To find out if you are eligible, check with your employer’s benefits manager or health insurance provider. Then call us at **800-236-4672**.

* For employer groups of five or more, enrollment fee is \$10 each with employer coupon. Please refer to our Fees & Services brochure for other fees that may apply.



Protect Your Family and Your Budget

Perhaps you recognize the important role life insurance can play in protecting the people you love, but have struggled to find a policy that fits your budget. Fortunately, term life insurance offers a cost-effective solution. That's especially important if you already have student loans, credit card debt, rent or mortgage payments or child-care expenses.

By allowing you to choose your coverage amount and the length of the policy, term life insurance offers you protection at a surprisingly low cost, especially when compared to other forms of life insurance or payment protection plans.

What's the Difference?

Popular types of life insurance include term life, whole life, universal life and variable life. All of these policies pay a benefit to the beneficiary in the event of the insured person's death. But with whole life, universal life and variable life insurance – or permanent insurance – the premiums are much higher than term life and go into an investment fund.

With term life insurance, the premiums generally start out at a much lower cost than with permanent insurance, and only death benefit protection is provided.

Because of this, an important feature to consider when examining term life insurance plans is whether a conversion policy is available, so that as your financial needs change, you can easily switch to permanent insurance.

Is Term Life Insurance Appropriate for You?

Because of the initial low cost of term life insurance, it might make the most sense if you're a person with limited income and substantial financial obligations. You



can purchase higher levels of coverage when needed, and the money you save on premiums can be used for other purposes, such as contributing to an IRA, building an emergency fund, paying down debt or saving for a down payment on a home.

At Illinois State Bank, we understand how important it is to protect your financial future and that of your loved ones. Let us help you review your insurance needs with a free, no-obligation consultation. To learn more, please call **877-672-2265**. ■

Health Savings Account Q & A ...Continued from page 1

- You cannot be covered by other health insurance.
- You cannot be enrolled in Medicare.
- You cannot be claimed as a dependent on someone else's tax return.

There are no eligibility restrictions regarding income level, and there is no requirement of earned income to make contributions.

What are the contribution limits? The maximum annual contribution for HSAs is \$2,700 for individuals and \$5,450 for families* or the amount of the health plan deductible, whichever is less.

Individuals age 55 and older can contribute an additional \$700 in 2006. This catch-up amount

increases by \$100 each subsequent year and plateaus at \$1,000 in 2009 and the years after.

What expenses are covered by an HSA? The account can be used to pay for qualified medical expenses, such as medical services (including dental and vision care), hospital costs, prescription drugs, over-the-counter drugs and long-term care insurance. Distributions used for these expenses are tax-free. The money can also be used to pay health insurance premiums during any period of unemployment.

Individuals can use money from an HSA to pay for the medical expenses of spouses and dependents, even if the spouse or

dependent is not covered by the same health insurance.

What happens to my HSA if I enroll in Medicare? You can no longer make contributions to the HSA, but may continue taking tax-free distributions for medical expenses and taxable distributions for non-medical expenses. Medical expenses include certain insurance premiums such as Medicare Parts A and B, Medicare HMO and the employee's share of retiree medical insurance premiums.

Visit the U.S. Department of the Treasury at www.ustreas.gov and click on health savings accounts for more information about HSA options available to you. ■

* Dollar amounts are for 2006 and will be adjusted for inflation each year thereafter.

On the Watch for Keylogging



Now that many Internet-savvy consumers are aware of “phishing” scams (where a victim responds to an e-mail with personal information), a new type of cyber crime is on the rise – keylogging.

How Does It Work?

With keylogging, criminals attempt to steal online banking passwords, financial account numbers and credit card numbers by using software that copies computer users’ keystrokes. The software typically infects computers through viruses attached to unsolicited e-mails or other downloads. Most of the time, computer users don’t even know it’s there.

A simpler and more direct type of online fraud than phishing scams, keylogging is rapidly growing as the cyber crime of choice among online scammers. A *New York Times* article reported earlier this year that a Brazilian theft ring stole approximately \$4.7 million from 200 bank accounts in less than a year.

What You Can Do

Awareness is one of the main protections from any cyber crime. Never open e-mails from sources you don’t recognize. Keep your anti-virus software up-to-date, and never provide personal or sensitive information unless you’ve initiated the transaction. If you are conducting business on a bank or shopping web site, make sure the site is a secure one. Look for the little padlock in the

corner. This indicates that the section that you are viewing is secure.

If you have reason to think you may be a victim of keylogging or another online scam, immediately review your credit card and bank statements for any suspicious or unauthorized activity. Contact us at **800-236-4672** if you have a question about your Illinois State Bank account statements. Likewise, contact your credit card issuer(s) if you detect anything on those statements.

You may want to consider closing and reopening different accounts depending on what information was compromised.

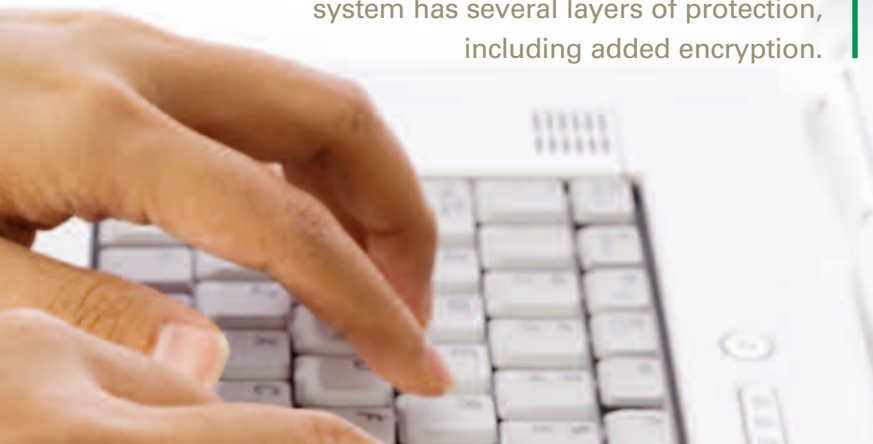
Ensuring Safe Online Transactions

Illinois State Bank wants to assure you that online banking remains safe. Our Online Banking system has several layers of protection, including added encryption. All customer information is also located behind a firewall and account numbers are masked. After you log in to your online account, your username and password are immediately cleared from their fields to prevent someone else from re-accessing your account after you have logged in.

Education is key in protecting our customers from the latest online scams. For more information about keylogging and other online fraud, visit www.illinoisstatebank.com using “security” in the search feature. In addition, *American Banker* and *Bankers Online* also have information on their web sites, www.americanbanker.com and www.bankersonline.com.* ■

* Web sites provided for information only. No endorsement is implied.

Illinois State Bank wants to assure you that online banking remains safe. Our Online Banking system has several layers of protection, including added encryption.



“TELL-A-FRIEND” OFFER

Just in Time for Holiday Shopping

If you enjoy holiday shopping – especially with a friend or two – now’s your chance to get a little extra spending money. Any Illinois State Bank customer who refers a friend to open a new checking or savings account, certificate of deposit, or money market account with us will receive \$25. The new customer (your friend) will also receive \$25 when he or she comes in to open a new account with us and mentions your name.

Act now while you still have time for a gift exchange with your friends!

Offer expires Jan. 13, 2007.



Happy Holidays from All of Us!

Wishing you and your family “North of Expected” holidays this season. Best wishes for a safe, healthy and prosperous New Year!

in your Best Interest

Online Banking: It's Easy and Safe to Use

Banking online can save you time and money – plus, it's easy to use. You'll be able to view the front and back of most check images with the click of a mouse at no charge. And, recent security enhancements have increased Online Banking safety even more. If you have a checking or savings account or personal loan with Illinois State Bank, Online Banking is *free* to you. Simply visit www.illinoisstatebank.com and click on Personal Services/Online Banking to sign up for free Online Banking.



Thank You for Joining in Our Celebration!

On Sept. 16, Illinois State Bank celebrated 10 years of serving our community. Festivities, held at our Lake in the Hills branch, included a free lunch, account specials, a home safety clinic by Home Depot and a live radio broadcast by Star 105.5. Children of all ages enjoyed the fire engine tours, crafts and a magic show. Plus, the bank's mascot, Seymour Savings, was on hand for our anniversary celebration. Thank you to all our customers for your business!

NOW AVAILABLE FROM ILLINOIS STATE BANK

Free Online Bill Pay with ePay



- *Pick up Annie from basketball practice.*
- *Drop off the dry cleaning.*
- *Don't forget the groceries on the way home.*

Life is hectic enough without adding more to your "to-do" list. Illinois State Bank can help with our convenient ePay bill payment service.

ePay is an easy-to-use, *free* online bill payment service for Illinois State Bank customers with checking accounts. ePay lets you pay bills electronically, e-mail money and even transfer funds. No need to spend hours writing checks, and you can cross that trip to the bank off your list of things to do, too.

Benefits You'll Appreciate

With ePay, you can set up payments to companies that typically send you monthly bills, such as credit card companies, utilities, cell phone providers and health clubs, to name a few.*

You'll save time and money making payments with ePay:

- Cut down on check writing and save on postage and check costs with your ePay payments. Simply log in to Online Banking and click on your ePay account link to access your account.
- Pay bills electronically by clicking on "Make Payments" and selecting whom you want to pay. Then simply enter the amount, frequency, date of payment, and send it on its way.
- Automate the entire payment process for recurring bills that have the same amount and due date every month.
- Review just one easy-to-access Online Banking statement that automatically includes all your ePay transactions with the rest of your banking detail.

Registering for ePay Is Easy

If you're already an Illinois State Bank Online Banking customer with a checking account and want to add ePay, you can log in to your Online Banking account and click on "ePay Enrollment" at the top of the page. To proceed with sign-up, follow the on-screen instructions.

If you do not have an Online Banking or checking account with Illinois State Bank, call us at **877-672-2265** or simply stop in at the Illinois State Bank branch nearest you.

To Learn More

Want to find out more about the advantages of ePay? Visit www.illinoisstatebank.com. We can't wait to make your life easier. ■

* Payee must be able to accept electronic payments.



Illinois State Bank Web Site
www.illinoisstatebank.com

E-mail Us at
contactus@illinoisstatebank.com

New Account/General Information

847-658-4848 (Lake in the Hills)
815-385-8300 (McHenry)

Consumer Loans

Apply 24 hours a day, seven days a week
800-292-9370

Mortgage Lending

New loan inquiry information
877-672-4663



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