South Dakota Banker

Your Premier Source to South Dakota's Financial Services Industry | **November 2016**

SDBA 2017 Health Plan Rate to Increase 9 Percent

40 Percent Reduction in Employee Group Term Life and Decrease in Short-Term and Long-Term Disability Premium

Page 6

INSIDE…

Cybersecurity Headlines Technology Conference
Page 10

ADA and the Bank's Website
Page 12

Is the Banking Industry Finally Ready to Explore Intrapreneurship?
Page 14

ASK A BOARD MEMBER

South Dakota Development Corporation Board Member Rob Fouberg explains SDDC programs

Q: How does the SDDC board advocate the MicroLOAN and SBA 504 programs and get the word out?

A: The South Dakota Development Corporation works closely with the South Dakota Governor's Office of Economic Development to market and advertise the SDDC's programs. We also rely on word-of-mouth advertising to grow our relationships within the banking community.

Q: How does the SBA 504 benefit borrowers?

A: The 504 is great for borrowers because it offers companies long-term, fixed-rate financing. The rates are low, and generally very competitive in today's market. For companies that are looking to purchase fixed assets, the 504 is a wonderful tool.

Q: How does the MicroLOAN benefit borrowers?

A: The MicroLOAN is a terrific option for smaller companies. In addition to offering borrowers a 3 percent interest rate, the funds may be used for working capital, which is an option that not many loan programs offer.

Q: How are the programs administered?

A: The South Dakota Development Corporation board meets regularly and votes on all loan applications. The Governor's Office of Economic Development loan officer presents the application and works closely with the partnering bank on due diligence, filing paperwork and funding.

Q: What kinds of businesses has the SDDC made loans to? Is there a variety?

A: In the SDDC's 24 years, we have helped finance all kinds of projects. Loan amounts have been as small as $1,000 with the MicroLOAN, and can be as large as $5 million with the SBA 504 program. Our borrowers are diverse – from retail operations to manufacturing.

Q: How did you get involved in economic development?

A: My father is a banker and I followed him into this business. Banks are often critical partners in economic development initiatives in their communities. It is exciting to play a part in the success of businesses and communities, small and large, and the people that make their living working with such companies.

SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

For more information, please contact Charlie Van Gerpen at charlie.vangerpen@state.sd.us; LaJena Gruis at lajena.gruis@state.sd.us; or call 605-773-3301.

WWW.SDREADYTOWORK.COM/FINANCE

South Dakota Bankers Association

Serving Bankers Since 1884

PO Box 1081 | 109 West Missouri Avenue
Pierre, SD 57501
Phone: 605.224.1653 | Fax: 605.224.7835
Website: www.sdba.com

SDBA OFFICERS

CHAIRMAN
Paul Domke, Heartland State Bank, Redfield

CHAIRMAN-ELECT
Dave Rozenboom, First PREMIER Bank, Sioux Falls

VICE CHAIRMAN
Karl Adam, First Dakota National Bank, Pierre

IMMEDIATE PAST CHAIRMAN
Rick Rylance, Dacotah Bank, Rapid City

SDBA BOARD OF DIRECTORS

David Bangasser, Dacotah Bank, Sioux Falls
Steve Bumann, BankWest, Pierre
Jeff Davis, Bryant State Bank, Bryant
Jerry Nachtigal, Citibank, N.A., Sioux Falls
David D. Nelson, First Fidelity Bank, Platte
Shawn Rost, First Interstate Bank, Rapid City
Kristina Schaefer, First Bank & Trust, Sioux Falls
Brad Seaman, First State Bank of Warner, Aberdeen
Kevin Whitelock, Pioneer Bank & Trust, Spearfish

SDBA STAFF

Curt Everson, SDBA President
ceverson@sdba.com

Mike Feimer, President of Insurance and Services
mfeimer@sdba.com

Deb Gates, Administrative Vice President
debgates@sdba.com

Alisa DeMers, Communications Coordinator
ademers@sdba.com

Nadine Kepford, IS/Business Manager
nkepford@sdba.com

Jeanine Dyce, Administrative Assistant
jdyce@sdba.com

Roger Larson, Commercial Lines Specialist
rlarson@sdba.com

Michelle Guthmiller, Licensed Insurance Specialist
mguthmiller@sdba.com

Robin Feimer, Licensed Customer Service Representative
rfeimer@sdba.com

EDITORIAL: Published monthly by the South Dakota Bankers Association, South Dakota Banker is dedicated to enhancing the state's banking profession by providing useful and timely information on important events and trends in the banking industry. Statements of fact and opinion are made on the responsibility of the authors alone and do not represent the opinion or endorsement of the SDBA. The magazine welcomes news from SDBA members. Articles may be reprinted with permission. Email ademers@sdba.com.

ADVERTISING: Advertisements within this publication do not necessarily represent endorsement of those products and services by the SDBA. The editor reserves the right to refuse any advertisement or editorial copy deemed to be unsuitable. For advertising details, see the SDBA 2017 Media Kit at www.southdakotabanker.com.

SUBSCRIPTIONS: Member banks, branches and associate members receive one complimentary subscription. Additional subscriptions are $45 per year for members or $90 for non-members. Call 605.224.1653 or email ademers@sdba.com.

South Dakota Banker

Your Premier Source to South Dakota's Financial Services Industry | **November 2016**

features

8 **Agriculture**
Is Farm Lending Still Good for SD Community Banks?

10 **Technology**
Cybersecurity Headlines Technology Conference

12 **Compliance**
ADA and the Bank's Website

14 **Innovation**
Is the Banking Industry Finally Ready to Explore Intrapreneurship?

18 **Industry News**
● ABA Unveils Fintech Playbook for Bank CEOs
● OCC Publishes Framework for Responsible Innovation

in every issue

4 **Message from the Chairman**
Fighting Off Future Regulations

5 **From the Executive Office**
Hope for the Future

6 **SDBIS Update**
SDBA 2017 Health Plan Rate to Increase 9 Percent

17 **IRA Update**
What Do You Do When the IRS Comes Knocking?

20 **Bank Notes**

21 **Classifieds**

22 **Education Calendar**

BY PAUL DOMKE | President/CEO/CCO | Heartland State Bank, Redfield

Fighting Off Future Regulations

What a beautiful fall we are having. Harvest seems to be a good one in terms of yield for producers, and for those of us in ag communities, that sure helps the attitude as a whole in our communities.

As I write this, I do so in anticipation that it finds you soon to be free of and moving on from the election circus we have had this year. Financial institutions will have lots of items to discuss with elected officials this next year, and a big one arose when the Consumer Financial Protection Bureau (CFPB) lost its appeal for the constitutionality of its structure.

I have read some of the comments made by current lawmakers on the path that they see this going, and the one that troubles me the most is statements by Sen. Elizabeth Warren (surprise surprise) as she is making this an issue of big banks trying to cripple the agency. The political means for politicians to justify the regulations are usually issued in a tone that is meant to divide the institutions, and yet all are affected. I have been in banking for 30-plus years in a small bank and have not met a consumer protection regulation that didn't affect our institution.

Our industry was also in the news regarding Wells Fargo. I think ABA President/CEO Rob Nichols summed the situation up in a letter on Sept. 23, 2016.

"Let me start by stating the obvious—that everyone in our industry condemns any dishonest or unethical practices at any bank, anywhere, any time. Trust is the very foundation of banking; any action that undermines that trust hurts not only a bank and its customers, but the entire industry."

It can be easy to confuse the issues. To me in this case, the issue is documented and isn't regulation or the size of the institution. There have been banks of different sizes and business models whom have had the very things Nichols stated brought up against them. I feel it important that we all recognize that and come together to fight off future regulations as I feel there are other regulatory and legal means to rectify injustices. ■

Paul Domke is president/CEO/CCO of Heartland State Bank in Redfield. Domke can be reached at 605.475.5500 or pdomke@hsbsd.com.

Court Tightens Reins on CFPB Director's Authority

The Consumer Financial Protection Bureau's leadership structure—a single powerful director who cannot be removed at will by the president—is unconstitutional, according to a ruling by a panel of judges on the D.C. Circuit Court of Appeals on Oct. 11, 2016. Under the ruling, the bureau may continue to operate, but its director may be removed not just "for cause" but at the president's discretion.

"The CFPB's concentration of enormous executive power in a single, unaccountable, unchecked director not only departs from settled historical practice, but also poses a far greater risk of arbitrary decision-making and abuse of power, and a far greater threat to individual liberty, than does a multi-member independent agency," the court said in PHH Mortgage v. CFPB.

The case arose in 2015, when CFPB Director Richard Cordray overruled an administrative law judge's recommendation for a $6.5 million fine against mortgage lender PHH for allegedly requiring unlawful kickbacks from mortgage insurers in violation of the Real Estate Settlement Procedures Act. Cordray demanded that PHH pay 18 times more—or $109 million—for each time it accepted a kickback on or after July 21, 2008.

In addition to its constitutional claims about the bureau's structure, the court ruled in favor of PHH on all its statutory claims. PHH argued that the CFPB misinterpreted Section 8 of RESPA in forbidding the kind of captive reinsurance arrangement that PHH used and that the bureau changed prior RESPA interpretations issued by the Department of Housing and Urban Development and applied them retroactively—even though the mortgage industry had relied on them for decades. The court thus rejected the bureau's expansive application of a criminal provision.

The court held that retroactive applying of a new RESPA interpretation violated PHH's due process rights and that the bureau is bound by the three-year statute of limitations for RESPA violations, even in administrative actions. The case is expected to be appealed, however, and may be heard by the full D.C. Circuit and appealed to the Supreme Court. ABA will continue to monitor the case.

"We've long believed that a five-member, bipartisan commission, as originally proposed, would strike a reasonable balance between independence and accountability," said ABA President/CEO Rob Nichols. "A commission would broaden the perspective on any rulemaking and promote fair enforcement activity at the bureau, and it would provide necessary and appropriate checks and balances in the exercise of the CFPB's authority. ■

BY CURT EVERSON | President | South Dakota Bankers Association

Hope for the Future

As I write this month's column I must admit that I am feeling a bit disappointed on a couple of fronts.

As the 2016 ***presidential*** campaign draws to a close, like many Americans, I am profoundly disappointed in the quality of the Republican and Democrat Party candidates who are asking for my vote in the presidential election. How this nation's two major political parties each managed to place fundamentally flawed candidates at the top of the general election ballot in the same year is a question for the ages. I very much want to vote for a discerning leader who has the kinds of skills needed to bring a badly-fractured electorate together. I want to be able to vote for someone I can trust. Unfortunately, it appears that I will be voting instead for the lesser of two evils. Between now and election day, I will decide which candidate has the shorter list.

Recent news regarding operational and managerial deficiencies that prompted some Wells Fargo employees to take unauthorized actions involving customer accounts is, to say the least, disappointing. Whether shortcomings involved flawed structuring of sales incentives, poor day-to-day management, lack of appropriate c-suite or board oversight, or otherwise, the absence of a sound ethical rudder on the part of some has created ongoing problems for many, both within and outside of that organization.

Wells Fargo employs more than 3,300 South Dakotans, and I have had the pleasure to get to know and work with many of them. I would never think it appropriate to paint them or their organization in a negative light because of the actions of others. While there is no room in our industry for unethical or dishonest practices, we must be careful to not let this incident overshadow the great work that two million of this nation's bankers do every day in support of their customers and communities.

Dorothy Savarese is the president and CEO of Cape Cod Five Cents Savings Bank based in Orleans, Mass. She is also the newly-elected chairman of the American Bankers Association. In remarks that followed her election on Oct. 18, 2016, Savarese offered a poignant reminder of what it means to be a banker, stating in part:

"It is a privilege to be a banker—a profession that demands we earn and honor our customers' trust. For me, this is a daily responsibility and a daily joy."

Those are simple, powerful words by which we all should live.

Even before the Wells Fargo situation was examined a few weeks ago in hearings before the Senate Banking and House Financial Services committees, partisan politics in Washington, D.C., was coloring the debate over changing the regulatory paradigm for our nation's banks. During its waning days, the Obama administration continues to exhibit no interest in regulatory reform for our nation's banks.

« I intend to approach the banking industry's public policy agenda with a renewed sense of optimism in the year ahead. »

Many who were members of Congress in 2010, including the namesakes of the Dodd-Frank Act, no longer hold elected office. But six years later, most Congressional Democrats remain reluctant to re-open any provisions of that complex act in an attempt to remedy its unintended negative consequences for banks or bank customers. And so, it is unlikely that Congress will seriously consider any substantive regulatory relief measures during the short remainder of the 2016 term.

That said, I intend to approach the banking industry's public policy agenda with a renewed sense of optimism in the year ahead. On Jan. 20, 2017, we will inaugurate the 45th President of the United States of America. Whether our new president is Donald Trump or Hillary Clinton, my sense of optimism is rooted in that small, but very important word—"NEW." By that date, some of the partisan and personal acrimony of a hotly-contested election will have died down. The victorious candidate will have already started moving away from campaign mode toward a focus on sound governance that is, when done well, bipartisan.

Importantly, a significant change will also occur in the United States Senate. Senate Democrat Leader Harry Reid is retiring and will likely be replaced as party leader by New York Senator Charles Schumer. While it remains to be seen whether Sen. Schumer will be the majority or minority leader, it is highly likely that the party in control will have a very thin advantage. Likewise, it remains to be seen how the rest of the caucus leaders in the House and Senate will approach their roles in the new term of Congress with a new president.

It is my hope that for the good of the nation and its citizens, Washington, D.C., will re-emerge as a place where important public policy issues can be addressed in a logical, productive manner. I am ever hopeful and remain 100 percent committed to our cause. ■

Curt Everson is president of the South Dakota Bankers Association. Everson can be reached at 605.224.1653 or ceverson@sdba.com.

BY MIKE FEIMER | President | South Dakota Bankers Insurance & Services Inc.

SDBA 2017 Health Plan Rate to Increase 9 Percent

40 Percent Reduction in Employee Group Term Life and Decrease in Short-Term and Long-Term Disability Premium

Across South Dakota, group health plans are seeing on average a 10 percent rate increase for 2017. The SDBA Large Group Health Plan has experienced rate increases below BCBS' medical trend the past five years—most recently 10, 3.7, 3.4, 2 and 2 percent increases.

We are continuing to build our reserves, and at this time last year we had $2,722,299 in reserves. This year, our health reserves are at $3,564,622. Our total claims paid are up 9.4 percent, however our inpatient utilization is down 8.4 percent, outpatient utilization is down 4.8 percent, and Rx utilization is down 3.4 percent. The fact that utilization is down is good for our risk pool, however the negative is that Rx costs are up 16 percent, and outpatient costs are up 23 percent.

Prescription drug manufacturers have found creative ways to increase the cost of long-time generic drugs by as much as 8,000 percent. In 2015, we experienced a 22.7 percent increase in the cost of Rx and a 16 percent increase last year. We are keeping the generic Rx copay at $10 for 2017; which in 2016 resulted in our plan utilizing generics at 89.3 percent—higher than the Blue Cross Blue Shield (BCBS) book of business at 82 percent.

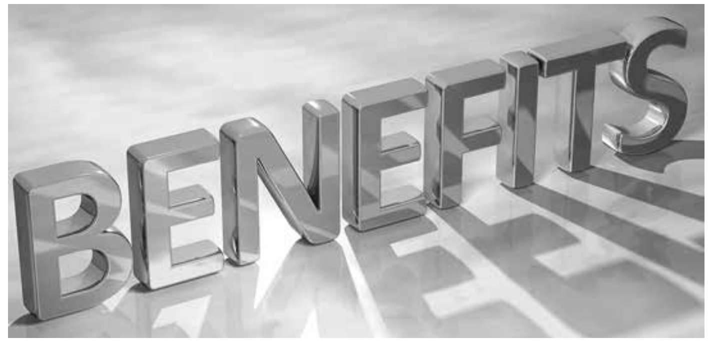
All six SDBA health plans offered meet and exceed the federal Obamacare minimum requirements.

Medical trend is a projection that insurance companies develop each year based on the previous year's experience. It is derived from costs that providers (medical community and Rx) charge for services, and the insurance company studies the increases to project the next year's inflation on medical costs. For 2016, the medical trend for the same procedures is up 7.8 percent and prescription drugs are up 16.68 percent. This medical trend is added to our actual claims experience of the group to develop the next year's premium, and because we did experience higher-than-expected increases in cost of services, the SD Bankers Benefit Health Plan was in line for a projected 12 percent rate increase for 2017.

There are two main cost factors that go into developing the medical trend projection. For 2017, BCBS' projection for South Dakota medical trend is 9.3 percent.

1. Prescription Drugs: 2017 projection increase is 16 percent
2. Medical Facilities Charges: 2017 projection increase is 7.25 percent

Based on these factors, BCBS applies an equalization of usage to project medical trend for 2016. That rate is 9.3 percent, and it is added to our 2016 experience, which



equaled a projected 12 percent rate increase for 2017.

We then implemented the SD Bankers Benefit Plan Board of Trustees' recommendations to eliminate fourth quarter carryover, add virtual visits at a $15 copay, and eliminate Rx coordination of benefits. These changes resulted in a final 9 percent rate increase for 2017.

We will continue utilizing BCBS, the best South Dakota provider, as our third-party administrator and stop loss carrier. There is no change to our provider network, and we will still have all the provider discounts we currently experience.

One important part of being self-insured is the ability to build reserves for future use. Reserves are used to pay excess claims or reduce premiums for all banks in future years. We continue to build reserves and will be doing that each month by measuring our claims-to-premium ratio. The SDBA Benefit Plan Trust is projected to increase reserves by $750,000 in 2017. Once we meet our maximum reserve limit, there are a number of cost-saving options that become available, along with premium holidays when we can justify them. Holiday premiums can only take place once we meet $5.5 million in reserves and would be realized in December of the given year.

Obamacare Taxes

We now have only one Obamacare tax to pay for 2017. The Patient-Centered Outcomes Research Institute Tax (PCORI) will be $2.28 per member per year in 2017. The Transitional Reinsurance Fee (TRF) will be going away in 2017. Remember, by being self-insured we are saving more than $750,000 in additional Obamacare taxes that fully-insured plans have to pay each year.

Being part of the SDBA Benefit Plan Trust supports the South Dakota Bankers Association, which continues to work with and for the banking industry of South Dakota. We are committed to your interests, and with your participation in this unique health plan, we are able to better meet your bank's needs. A benefit to being part of a large group plan is that it provides a cushion when your individual bank has greater-than-average claims. Health insurance is a cyclical business; there may be years where your claims are catastrophic, and then there may be years when your experience helps others.

Reporting Requirements

We will again all be required to report coverage to the IRS. The 2016 IRS Employer Shared Responsibility reporting requirements for each bank are done on one of two forms—1095-B for banks under 49 employees and 1095-C for banks with more than 50 employees.

You must provide your employees with this information by Jan. 31, 2017. For calendar year 2016, forms are required to be filed with the IRS by Feb. 28, 2017, or March 31, 2017, if filing electronically. SDBIS will again supply a data set to each bank on each employee that will help in completing these forms such as SSN, months covered on the health plan, employee family members on the plan, etc.

New Electronic Disclosure Procedures

This is a new requirement this year. In order for SDBIS to electronically send health documents and information, your bank must give us permission to do so. We will be requiring an updated Employer Participation Agreement to be signed by each bank beginning with the 2017 plan year. Secondly, in order for your bank to share the electronic health documents with your employees, you will need to get permission from each employee before you send it to them. SDBIS' Michelle Guthmiller has prepared a form for your employees to complete, and it is important that you keep this signed document in your file as acknowledgment. This consent only needs to be completed once.

SDBA Large Group Features

The SD Bankers Large Group Health Insurance Plan continues to provide health, vision care, life and disability coverage for bank employees and their families. By forming a multiple employer trust, we are able to negotiate large group rates for all of our products. If you are not part of our current plan, we encourage you to take a few moments to look at your current benefits and rates and compare them to the SDBA benefits. The SDBA plan is designed to provide rate stability—especially in today's volatile market it is risky to stand alone when it comes to your health coverage. The plan offers:

● **SDBA Benefit Health Plan—Administered by Wellmark:** This plan is designed to provide flexibility to the employer and employee. The employer may allow their employees to choose from five different deductibles. The deductibles available are $500, $1,000, $1,500 $2,000, $3,000 and one HSA plan. Employees can choose the deductible that fits their needs and budget.

● **Early Retirement Option:** Another outstanding benefit for all the SDBA health plans is the early retirement option. This benefit allows employees with five-plus years of employment in their bank and age 60 or older to remain on the health plan until they reach Medicare-eligible age (spouse included). We have had numerous employees take advantage of this benefit, and they are thankful it was available to them.

● **BluesEnroll:** This system allows our banks to manage their benefits online and eliminates the transfer of paperwork back and forth. Our banks are able to enroll new employees, add dependents and terminate employees online in real time. BluesEnroll encompasses not only the Wellmark health benefit plan, but also the flex savings accounts and Delta Dental. If you have not taken advantage of BluesEnroll give Michelle Guthmiller a call, and she will help you utilize this powerful tool that can make your life easier in eliminating paper and knowing that changes are expedited and final.

● **Out-of-State Coverage:** Wellmark's network extends to all 50 states and includes 200 countries.

● **No-Balance Billing:** All the plans have a $30 PPO office visit co-pay and no-balance billing. No-balance billing means that the in-network providers have already agreed to accept the claim payment from our partner Wellmark as payment in full for their services.

● **Excellent Benefits:** Along with outstanding inpatient health benefits, all SDBA plans include coverage for routine exams, well-child services, chiropractic care, outpatient services and prescription drugs.

● **Rx Benefits:** Generic prescriptions cost $10.

● **Emergency Room Co-Pay:** An additional benefit is the $250 emergency room co-pay. This is not followed by a deductible or coinsurance.

● **Life Insurance and Accidental Death & Dismemberment (AD&D) Benefit:** For the 2017 plan year, we are moving from Dearborn Life to EMC National Life Company, which will result in a 40 percent decrease in premium. Along with a health plan, each employee will still have the minimum $5,000 of life insurance coverage with a matching $5,000 AD&D coverage. Banks can still elect the amount of coverage for all employees up to five times salary up to $150,000 of basic life with $150,000 AD&D. The new rates will be $0.128 per $1,000 for basic life and $0.02 for AD&D. We have been able to secure a three-year rate guarantee on this premium. Banks with under 20 employees will now qualify for $150,000 of coverage as well.

New for 2017 from EMC is a guaranteed issued $30,000 of voluntary life coverage (employee paid) and $10,000 for spouse and children.

For short-term and long-term disability coverage, we have been able to secure a two-year rate guarantee at competitive rates.

● **Vision Care:** This is our 10th year of offering VSP Eye Care, and rates will remain the same for 2017. The SDBA VSP Vision Plan offers three coverage options to your employees. All employees and their families will be provided with the $3.60 Plan A that covers an eye exam and provides discounts on frames and lenses. Employees can upgrade their coverage to Plan B or Plan C with a four-tier rating that matches the health insurance plan.

Continued on page 21

BY JOHN BLANCHFIELD | Agricultural Banking Advisory Services

Is Farm Lending Still Good for SD Community Banks?

USDA projects that 2016 net cash farm income will settle in around $94 billion, down from the record $135 billion received in 2012. Historically high prices for farm commodities like corn, beans, wheat, dairy and others are now nearing lows that have not been seen by many bankers in their entire careers. Is this the time to shed farm assets from your portfolio, or is this time to step up your bank's credit risk management?

There is no doubt that agriculture faces additional pain as farmers and ranchers adjust to what may be an extended period of low prices. Farmers are trying to right size their business models to meet this new reality. They are trimming family living expenses as quickly as they can. Farm equipment manufacturers are reporting reduced sales. Machinery dealers are seeing a glut of used equipment on their lots as farmers have stopped trading up their machinery lines. USDA reported that cash rents declined slightly between 2015 and 2016. All of these developments are evidence that farmers are getting the message and are quickly adjusting spending.

Following the wreck of the farm economy in the 1980s, the agricultural banking industry changed greatly, and as a result, it is much better positioned to meet an economic downturn than it was three decades ago. Banks will not escape all pain during this period of economic re-set, but there are four key elements in place today that will help bankers mitigate the painful economic adjustments that are occurring.

1. Despite political turmoil over the creation of the last farm bill (Agriculture Act of 2014), ag ended up with a fairly conventional piece of farm legislation that has some serious money in it for farmers if prices continue to stay low. In 2015, the first year that there was a payout, the Farm Bill paid $5.2 billion to more than 976,000 farmers. In October, USDA announced that the Farm Bill would pay out more than $7 billion in 2016. Payments started to be received by farmers in October. South Dakota farmers received more than $240 million in 2015 and are expectation to receive closer to $300 million in 2016.

2. Congress created a unique lending tool just for ag lenders at the end of the 1980s—a secondary market for farm real estate mortgages known today as Farmer Mac. Farming has become a very expensive business, and the demands for credit have grown exponentially. In many cases, community bankers have seen their farm customers grow beyond what they can accommodate due to risk management concerns and legal lending limits. For some bankers who have been unwilling to change, this has meant that ag lending has left their portfolios. Innovative community bankers have turned to the secondary market created by Farmer Mac, and they now originate and sell their farm real estate mortgages, thus preserving income and the relationship with their farm customers while shedding credit and interest rate risk. More information about Farmer Mac can be found at www.farmermac.com.

> Is this the time to shed farm assets from your portfolio, or is this time to step up your bank's credit risk management?

3. USDA, through the Farm Service Agency, now provides a credible guaranteed loan program that has enabled banks all over the country to extend credit to more than 35,000 farmers who would not qualify for credit without the guarantee. If you do not have someone on your staff who understands the Farm Service Agency Guaranteed Farm Loan programs and you are lending money to farmers, you need to educate your staff and quickly. Visit www.fsa.usda.gov to learn more.

4. Bankers have access to better farm financial statements than ever before. Following the farm financial crisis in the 1980s, a group of bankers and others got together to try to standardize what constituted a standard set of farm financial statements and to reach some agreement on how to analyze them. The result, under the stewardship of the Farm Financial Standards Council, is an industry-agreed-to set of financial statements for agricultural producers and an agreed-to set of financial ratios that bankers use to analyze the information. Learn more about farm financial statement at www.ffsc.org.

Community bankers have rolled with the punches thrown by agriculture over the decades, and they have always emerged stronger than before. Agricultural lending is a key component of the success of many banks, and it will remain so; it is too important to community banks in South Dakota. ■

John Blanchfield owns Agricultural Banking Advisory Services, an independent consultancy that is dedicated to helping ag bankers and their customers better understand the intersection of ag policy and the real agricultural economy. He oversaw agricultural banking policy for the American Bankers Association in Washington, D.C., for more than 25 years. In 2015, he was recognized by the ABA with a new award named in his honor for his commitment to agricultural banking. Blanchfield can be reached at john.blanchfield@verizon.net.

THE NATION'S *FIRST* BANKERS' BANK

First For Your Success

United Bankers' Bank is proud to be the nation's first and the upper Midwest's largest bankers' bank, covering 14 states and serving over 1,000 community banks from the Pacific Northwest to the Great Lakes. We can't wait to share our passion for community banking with you!

For more information, contact your South Dakota Calling Team:

Pete Switenki	Doyle Hardie	Todd Holzwarth
VP, Investments	VP, Lending	VP, Correspondent Banking Officer
952.885.9485	605.681.5020	605.214.0957
pete.switenki@ubb.com	doyle.hardie@ubb.com	todd.holzwarth@ubb.com

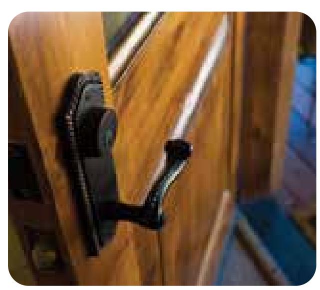
UBB

First for Your Success™

www.ubb.com • Member FDIC

800.752.8140

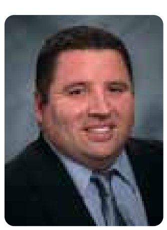





Titles of Dakota Appraisal Services

Agricultural | Commercial | Residential | Right-of-Way & Condemnation | Rural Residential

Wade Buck



Calvin Gerry Conroy

Our experienced appraisers are committed to providing high quality and prompt turnaround, every time. Expect clear language, accurate details and a thorough examination of your agricultural, residential, or commercial property.

TITLES of DAKOTA
APPRAISAL SERVICES

Get Started | **See our Appraisal Request Form at www.titlesofdakotaappraisal.com**

605-399-4128 | 325 Omaha St. Ste. 7 Rapid City, SD 57701

Cybersecurity Headlines Technology Conference

Exhibitor and sponsor Chris Aeilts, SDN Communications, Sioux Falls, and Tricia Miller, Wells Fargo Bank NA, Sioux Falls.

Russ Tiensvold, Security First Bank, Rapid City, visits with exhibitor Rich Hagel, Xigent Solutions, Sioux Falls.

The SDBA 2016 Bank Technology Conference held Sept. 20-21 in Sioux Falls hosted 24 bankers and 20 representatives from 10 vendor companies.

Keynote speaker David Peterson with i7 Strategies, Hahira, Ga., visited with bankers about how millennials are driving changes in banking. Speakers Jack Vonder Heide with Technology Briefing Centers in Chicago, Secure Banking Solutions speakers Jon Waldman and Ashton Hanisch, and Bryan Ansley and Jessica Mashburn with Secure Identity Systems focused on what every IT administrator needs to know about cybersecurity (including a helpful handbook), teaching customers about cybersecurity, and revenue opportunities in identity theft monitoring.

October was cybersecurity month, and Forbes published an article on Oct. 4, 2016, titled “Why Online Social Sites Say They Can’t Protect You From Identity Theft and What You Can Do About It.”

Vonder Heide was highlighted in the story. “America’s leading authority on technology-related risks, Jack Vonder Heide, suggested the following protocols. Regularly conduct search engine and Facebook queries using your name to see if multiple profiles exit. And run your legit profile against Google Images to see if the same photo is used elsewhere. You can do this by dragging and dropping your photo into the search bar.”

Exhibit Booth Prize Winners

Winners of exhibit booth prizes were:

- $50 Amazon gift card provided by Convergint Technologies: Mike Scott, Farmers State Bank, Parkston
- $50 VISA gift card and coffee mug provided by Vantage Point Solutions: Mark Law, DNB National Bank, Clear Lake
- Samsung external portable SSD T-3 storage provided by Xigent Solutions: Russ Tiensvold, Security First Bank, Rapid City
- Bluetooth Harmon speaker provided by Modern Banking Systems: Mark Law, DNB National Bank, Clear Lake
- Power brick provided by SDN Communications: Mike Scott, Farmers State Bank, Parkston

Exhibitors and Sponsors

Thank you to the exhibitors and sponsors for contributing to the success of this year’s conference.

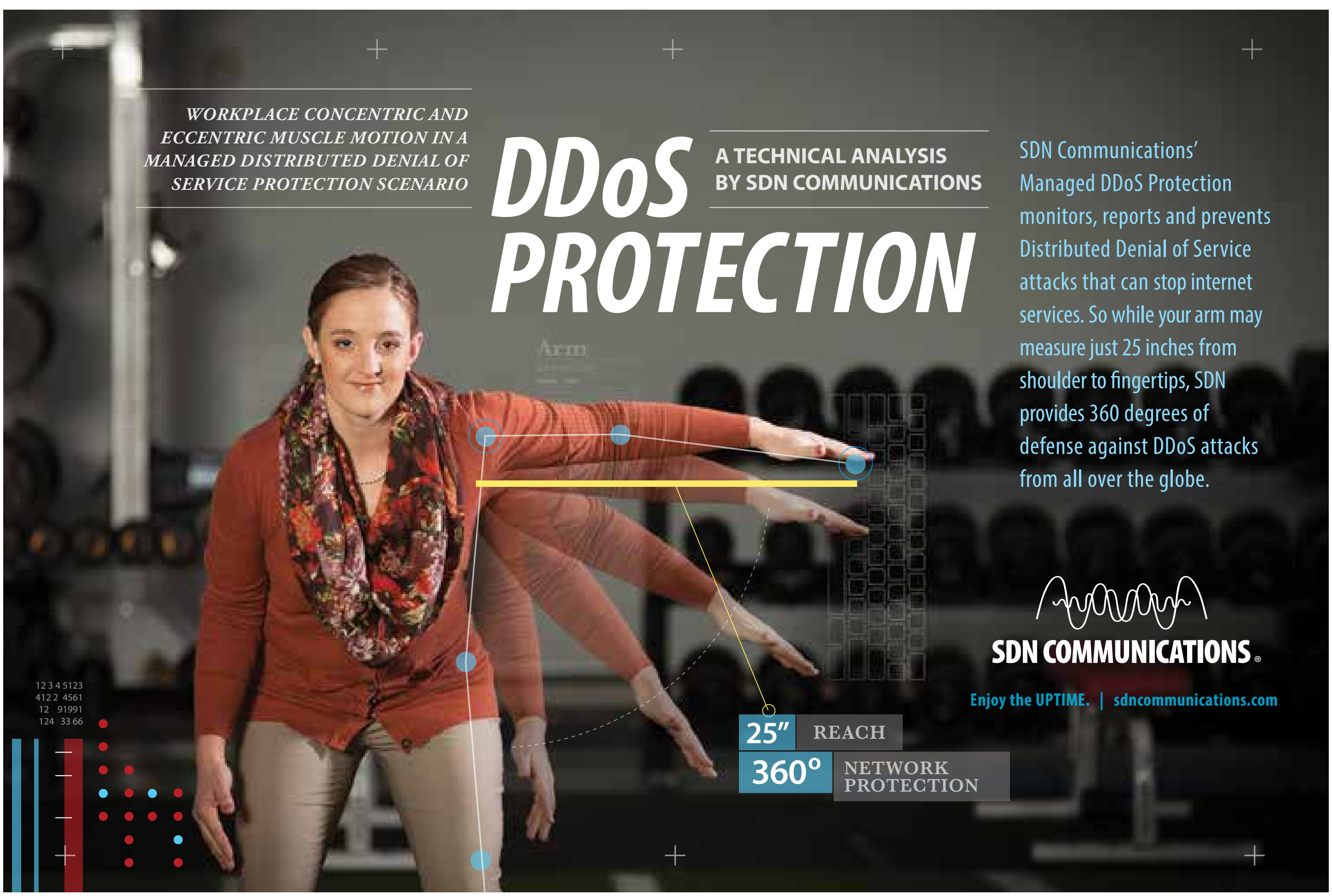
- Convergint Technologies, Sioux Falls—exhibitor
- Graduate School of Banking at the University of Wisconsin-Madison, Madison, Wis.,—sponsor
- Journey Technology Solutions, Sioux Falls—exhibitor
- Modern Banking Systems, Inc., Ralston, Neb.—exhibitor
- Money Handling Machines, Omaha, Neb.—exhibitor
- Secure Banking Solutions, Madison—exhibitor and sponsor
- SDN Communications, Sioux Falls—exhibitor and sponsor
- Sycorr, Fargo, N.D.—exhibitor
- Vantage Point Solutions, Mitchell—exhibitor
- Xigent Solutions, Sioux Falls—exhibitor ■

Exhibitor Arden Sustad and staff from Journey Technology Solutions, Sioux Falls.

Secure Banking Solutions' Ashton Hanisch with BankWest employees Terry Kuxhaus, Pierre, and Patti Broer, Rapid City.

Russ Tiensvold, Security First Bank, Rapid City, and exhibitor Rob Quillen, Modern Banking Solutions, Ralston, Neb.

Exhibitor Jeremy Neuharth, Sycorr, Fargo, N.D., visits with bankers.



BY DIMITRIS ROUSSEAS | Compliance Alliance

ADA and the BANK'S WEBSITE

It wasn't but just a few years ago that banks were getting hit with claims that their ATMs did not meet Americans with Disabilities Act (ADA) compliance. A tidal wave of class action lawsuits against banks began in 2012 when the new ADA standards on ATM accessibility became effective. Rather than have a protracted court battle and the high litigation cost that comes with it, most banks decided to settle the cases, often for several thousand dollars.

Just as the dust is settling on the ATM lawsuits, a new crop of lawsuits are being levied against banks (and other businesses alike)—non-compliance with ADA standards for website accessibility.

Website Accessibility

Back in 2012, banks had the benefit of a two-year warning before the standards for ATM accessibility became effective. The standards for ATM accessibility were issued in 2010, with an effective date of March 15, 2012. The rule was clear and gave banks ample time to upgrade their ATMs. While that is cold comfort for banks that were hit by the slew of class actions, there was at least a clear standard and rule.

That isn't the case with the recent spate of lawsuits targeted at website compatibility. There have been proposals and rumblings of standards. The Department of Justice (DOJ) issued a proposed rule back in 2010 (75 FR 43460) that would affect websites entities, including banks, subject to Title III of the ADA. The DOJ has since backed off and not issued a final rule or any subsequent guidance for Title III entities.

Whether websites are even subject to the ADA had been a hotly-debated subject for more than a decade now. For the most part, it is generally settled that websites can be subject to ADA accessibility standards. There is a court split on whether the ADA applies to eCommerce or not. The Ninth Circuit adopted a nexus test for whether the ADA applies to websites.

In Weyer v Twentieth Century Fox Film Corp, the Ninth Circuit concluded that there had to be some connection between the website and an actual physical place. Therefore, a service offered at a website would also have to be offered in a brick-and-mortar store for the ADA to apply to that website. The decision would imply that eCommerce-only stores, without a physical place of business, would be exempt from ADA regulations.

Case law on this is still evolving, and other courts have come out to state that even website-only businesses are subject to the ADA. In either event, most banks would be affected since the vast majority of banks have at least one physical branch in addition to their online presence.

Website Standards

The biggest issue now is what the website accessibility standards are. The DOJ has issued a new proposed rule for Title II entities, which include state and local governments (81 FR 28657). The rule doesn't affect banks directly, but does set a standard for what the DOJ considers an accessible website. The DOJ is proposing to adopt a Level AA compliance with the WCAG 2.0 standards for government websites.

While there is some clarity coming for Title II entities, the standards are still unclear as to what the DOJ or courts will use as a standard for Title III "places of public accommodation," which includes financial institutions. The

DOJ declined to announce a final rule on Title III website applicability in 2015, and they aren't expected to do so until at least 2018.

The lack of action by the DOJ has inspired a spate of lawsuits to settle the question. More specifically, the lawsuits are claiming non-compliance with the WCAG 2.0 standards and requesting that the courts should adopt those standards when determining whether a website meets ADA requirements.

The WCAG standards (Web Content Accessibility Guidelines) have been around since 1999 with the recent iteration of the WCAG 2.0 issued in 2010 (guidelines available at www.w3.org/WAI). There are four basic principles to the WCAG 2.0 standard for website functionality: perceivable, operable, understandable and robust.

The principles come with a litany of guidelines and standards, and have different levels of compliance ranging from Level A to Level AAA, depending on the assistive technology embedded in the website. Some requirements include captions for audio, text alternatives to non-text content (i.e. images), and ability to resize text without assistive technologies. All functionality of the website should be operable through a keyboard without the required use of a mouse or specific timings of keystrokes.

Financial institutions would be well advised to review these WCAG principles and determine if their websites have such functionality. Any new website or updates to current websites should incorporate these guidelines as well.

Avoiding Litigation

But the WCAG 2.0 standard isn't law, at least not yet. Courts are still unsettled about this, and it is unclear whether providing an alternative, such as a connection to a live person or the use of a TTY relay service, would be sufficient. Since most of the lawsuit claims have come in the past year or two, it will take some time for those claims to snake their way through the courts. A court opinion on the matter may not come out for several years. In the meantime, disability attorneys will continue to issue demand letters.

The Internet has become an indispensable tool for commerce and our everyday lives. Access for persons with disabilities is crucial for such persons to function in modern times, and so businesses should endeavor to make their online services available to everyone.

The problem, however, is the uncertainty of the standards to which businesses are held. The lack of clarity in the rules has invited unnecessary litigation and with it unnecessary legal costs. The DOJ needs to get on top of this and provide clear guidance on what is expected. Until then, we can expect the plaintiffs' bar to continue to try and settle the debate in courts.

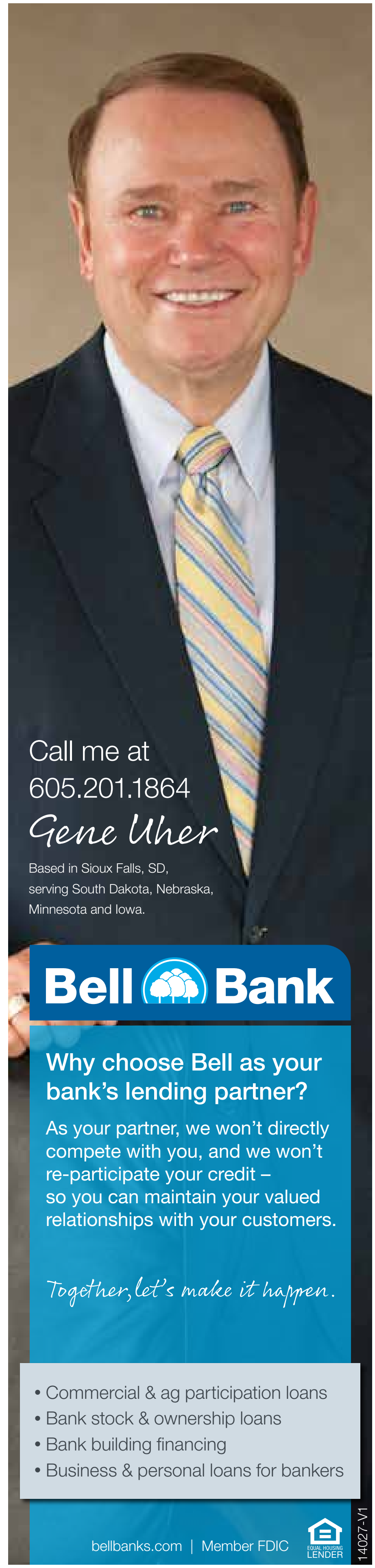
Leaving the online community isn't really an option, so that leaves community banks with essentially two choices: settle the claim or take your chances in court. Banks should keep an eye on the evolving litigation and how courts are dealing with these issues. To avoid possible litigation, banks may want to consider taking the prudent approach and voluntarily comply with WCAG 2.0 Level AA guidelines. It's expected that the DOJ will adopt these standards in 2018 as well. ■

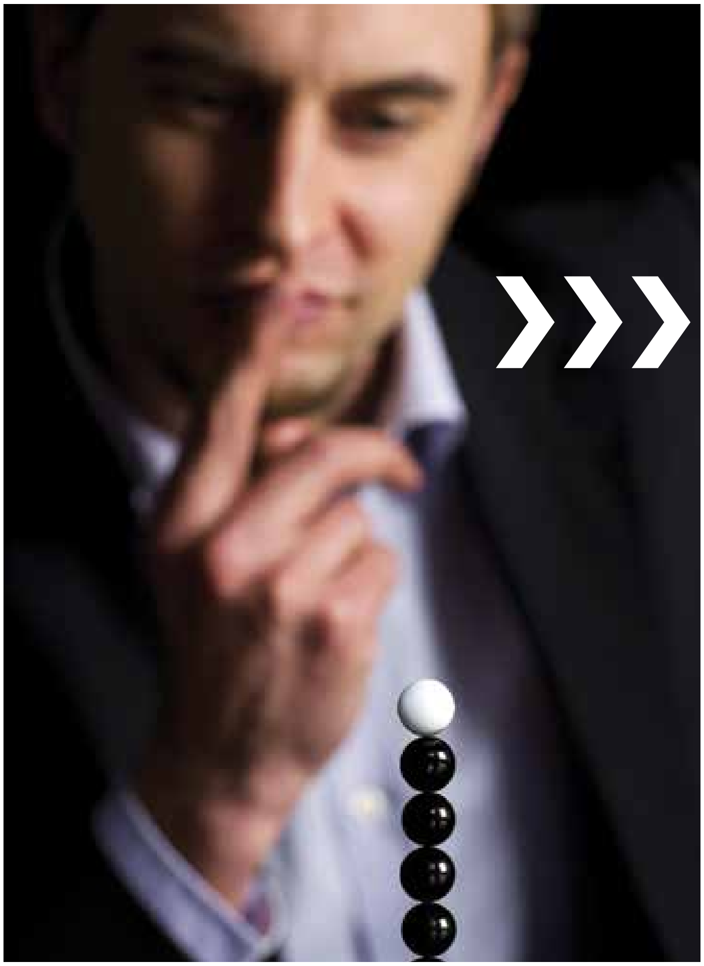
Dimitris Rousseas has worked with deposit and lending departments of financial institutions on both the production and compliance side. He is a graduate of the University of Illinois Law School and has been with Compliance Alliance since September 2012. Rousseas has fielded questions on a wide range of legal and compliance issues faced by community banks. He has written numerous articles for banking publication and presented on a variety of banking topics.

Compliance Alliance, an SDBA endorsed vendor, offers a wide variety of compliance support resources. To learn how to put Compliance Alliance to work for your bank, call 888.353.3933 or visit compliancealliance.com.

COMPLIANCE ALLIANCE

An SDBA Company

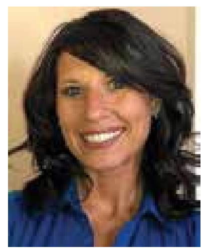




innovation

BY AMIEE BALL | Deluxe Financial Services

Is the Banking Industry Finally Ready to Explore Intrapreneurship?



Recently, Fortune reported on Citigroup's creation of Citi FinTech, a skunkworks organization within Citi aimed at taking on fintech challengers by mimicking many of the tactics that have made the banking industry disruptors so very successful to this point.

Anyone outside the financial services industry may well wonder what the excitement is about; after all, big companies like IBM, Intuit and GE have been using an intrapreneurship approach to innovate for a while now.

However, this is relatively new ground in the banking industry. What can banks learn from successful intrapreneurship operations outside the industry?

Understanding Intrapreneurship

Intrapreneurship focuses on driving innovation within an existing company and seizing market opportunities, through the application of entrepreneurial and startup approaches. It's not just about research and development—although research and development is often a component of intrapreneurship. It's not discovery for the sake of discovery, either. Rather, intrapreneurship seeks to fulfill a specific customer desire or need in a way that generates profit for the company.

Intrapreneurship can be a major win for a company when it works. Often, an organization's most creative, driven people will leave it to strike out on their own—typically founding companies that become competitors to their former employers. We've definitely seen this happen in fintech, with some of the banking industry's brightest stars founding and/or decamping to startups.

Instead of letting these people "get away," intrapreneurship leverages their talent, innovation, skills and passion to create a company within a company. These innovators gain the autonomy and resources they need to apply entrepreneurial principles to business and product development, and the organization gets to retain those creative people, create value, build market share or plumb new markets.

Intrapreneurship in Banking

In creating Citi FinTech, one of the world's largest banks hopes to tap the agility, speed and innovation that have typified many fintech startups. Their objective is to retain or reclaim the customers being wooed by fintech firms.

The fintech challenge to traditional banking is very real and growing. Fortune's article throws out some eye-popping statistics, including:

- Finance startups drew $19 billion from investors in 2015.
- More than 1,300 fintech companies have a combined $33 billion in funding.
- Fintechs have siphoned $9 billion from the banking industry so far.
- Citi analysts predict fintech will be a $203 billion industry within just six years.

However, Citi's approach could be seen as part of a sea change that's begun in the relationship between traditional banks and fintech startups. Adopting fintech approaches through intrapreneurship and collaborative relationships like the deal between Lending Club and Citi indicate both parties may be moving toward a more "can't beat 'em, join 'em" attitude.

Applied Intrapreneurship

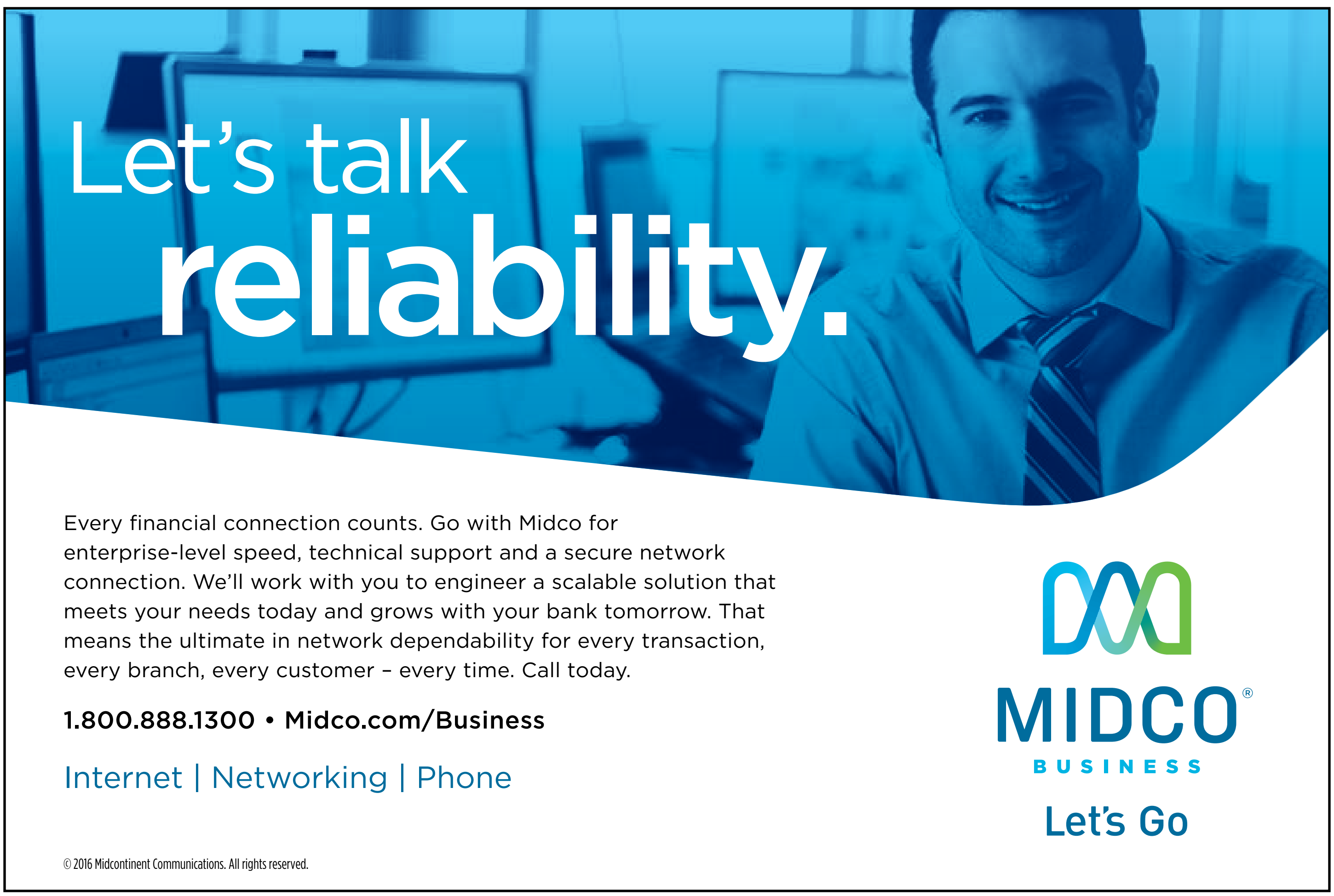
Still, many in the banking industry continue to feel threatened by fintech. They'll continue to look for tactics to remain competitive. While they'll almost certainly be watching Citi's progress, banks that want to test intrapreneurship within their own organization can find plenty of success stories—and insight—outside the industry.

Successful intrapreneurship operations exhibit several common traits, including:

- **They take a customer-centric approach.** Intrapreneurship is about fulfilling customer needs and wishes, something that should be easy for banks. But financial institutions that focus innovation efforts on beating disruptors, rather than improving customer experience, are missing the point—and opportunities—of intrapreneurship. Financial institutions need to leverage the customer data they have, while finding new sources of data and insights, in order to guide intrapreneurial forces toward profitable success.

- **They foster a balance of internal cooperation and competition.** Successful intrapreneurial operations receive the funding, personnel and

Continued on next page



Continued from previous page

autonomy they need from the main company. At the same time, they support intrapreneurship teams with cooperation, and smart companies also foster the competitive spirit that helps entrepreneurs succeed.

- **They provide clarity and commitment.** While companies may allow intrapreneurial teams autonomy, they're not without authoritative oversight, either. Senior executives remain involved and committed to the effort in much the same way investors and venture capitalists are involved in entrepreneurial startups.
- **They establish strong teams.** Successful intrapreneurships begin with strong teams. To create these teams, companies may draw internally from a pool of the most talented, innovative, driven stars in the company, as well as bring in outside talent.
- **They don't fear the unconventional.** If there's one aspect of intrapreneurship that traditional banks will struggle with most, it's likely this one. Banks are deeply entrenched in legacy processes and attitudes. Yet creating an internal startup is useless if the organization doesn't allow the team to act like a startup. That means accepting that innovation may require unconventional approaches, radical ideas, leaps of faith and freedom from bureaucracy.

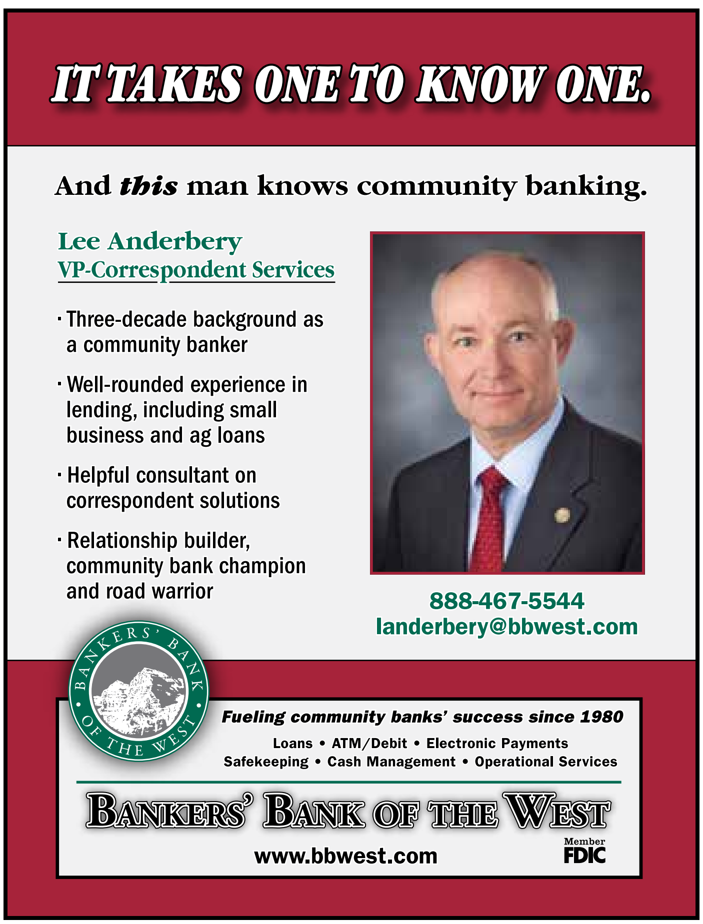
While Fortune's profile paints a picture of a strong beginning, only time will tell if Citi's approach—creating a startup within an established financial institution—will succeed in putting the megabank ahead of fintech competitors. ■

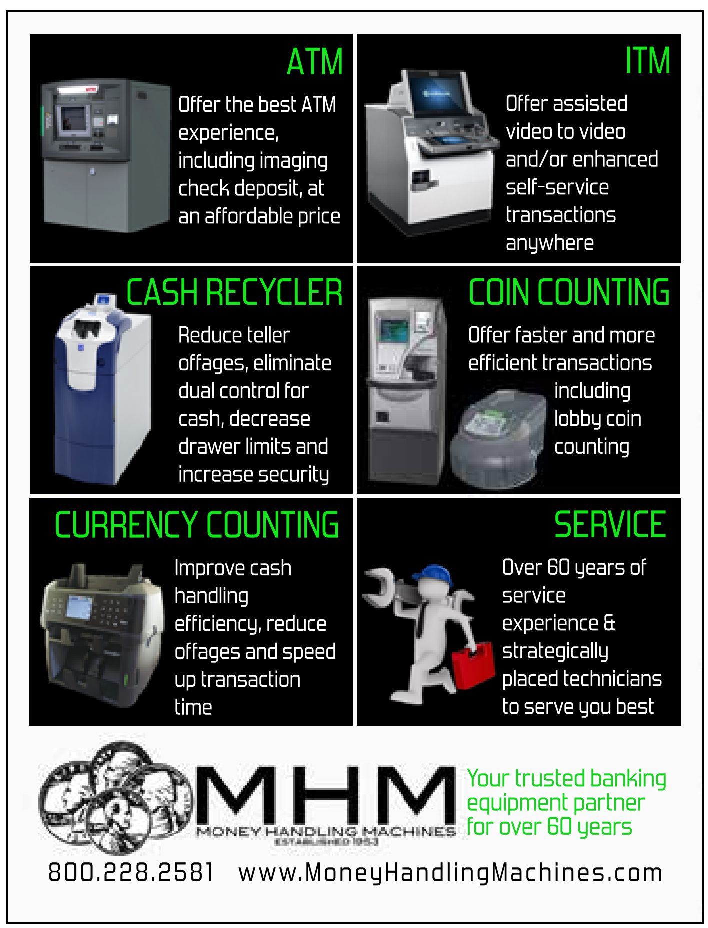
Amiee Ball, sales executive at Deluxe, partners with financial institutions to drive profit and enhance shareholder value through improved efficiency in financial management. She also provides consulting services to C-level executives and boards of directors as the subject matter expert on financial analysis and reporting software.

Deluxe Financial Services, an SDBA endorsed vendor, is a trusted partner to more than 5,100 financial institutions across North America. Deluxe helps its clients increase customer engagement and turn those relationships into profitable revenue through a diverse portfolio of financial technology solutions. To learn more, visit www.fi.deluxe.com.

Deluxe Exchange 2017 will be held at the Arizona Biltmore in Phoenix, Ariz., Feb. 6-8, 2017. DX17 will provide timely, relevant and compelling content from a broad range of speakers and financial industry experts. To learn more and register to attend, visit http://dx17.deluxe.com.

DELUXE





BY MIKE NELSON | President | JM Consultants | Baxter, Minn.

What Do You Do When the IRS Comes Knocking?

The IRS is still conducting IRA audits. Sometimes they call them "surveys." Sometimes they call them "reviews." Sometimes they give advance notice. Other times, not so much.

Whatever they are called, whatever notice or not is given, all financial institution IRA consultants/trustees are subject to all penalties for errors and omissions.

So what should the IRA custodian/trustee do?

The first thing is to contact your internal audit and/or compliance departments.

Then you need to think like an auditor, more precisely, an IRS auditor. You need to think about what you think they will be looking for.

Unless the IRS has received information about a specific problem*, they usually start with the areas easiest to check. Namely, the annual reports—Year-End Fair Market Value (FMV) Statements, Required Minimum Distribution (RMD) Notice, Form 1099-Rs and Form 5498.

* IRS agents have told JM Consultants that they do get "tips" about potential audit problems. Where do they come from? All sources, but many are disgruntled customers, disgruntled employees and former employees, even from neighbors of disgruntled customers/employees/former employees.

Usually, the annual reports will be the first to be audited. The financial institution will be expected/required to produce the reports for the past three years, at least to start with. Yes, you may have sent them into the IRS, but you will need to prove to the IRS that they were sent correctly and timely to both the IRS and the IRA owner. The files must be easily accessible and understandable.

NOTE: If a pattern of noncompliance is seen, the IRS can demand records back as far as they want, not just the usual three years.

Year-End Fair Market Value Statements

With the Year-End Fair Market Value (FMV) Statements, you must be able to prove they were sent timely. Do you have a written certification from your data processing department or third-party processor/administrator? Do the totals for the IRA balances agree with your year-end trial balance? Have the proper year-end statements been produced for the IRA accountholders who died during the year? Have all the beneficiaries with balances in the inherited IRAs received the FMV Statements? Is the complying RMD notice included with the Form 5498-Complying Year-End Statement?

Required Minimum Distribution Notice

If not included on the Form 5498 (sent in January) on/with the FMV Statement, is a complying notice sent to all IRA accountholders attaining or having attained age 70.5? Does the notice properly identify those attaining age 70.5 in the coming year? Those must be specific as to the due date being next year's April 1, **NOT** this year's December 31.

Form 1099-R

SEP and SIMPLE distributions must balance. Do you have a system to check those totals? Not just the totals from the "printing" of the Forms 1099-R, but a total from your trail balance.

Can you verify federal tax withholding? Can you verify the deposits of federal tax withholding? This is an important area with the IRS.

Check IRS distribution codes. Time can be better spent checking the more unusual Codes, 2, 3, 4, 5, 8, G, J, K, N, Q, R, S and T because they are the ones most likely to be audited.

Form 5498

Make sure Roth and Traditional IRA contributions are properly reported. Rollovers, conversions and recharacterizations are sure to be audited. Be sure you have the proper paperwork. Can you verify SEP and SIMPLE contributions? If the Form 5498 is used for the RMD Notice make sure it is completed correctly. Check all documentation for Boxes 13a, 13b, 13c, 14a, 14b and especially Boxes 15a and 5b.

IRA Auditing

With year-end reporting approaching faster than anyone wants, now would be a good time to prepare for your year-end process.

It has been said that "an ounce of prevention is worth a pound cure." That is never truer than when talking about IRS penalties. It also is a good idea to seek professional, outside help when auditing IRAs. Whichever method you choose, the important thing is to do something **BEFORE** you are facing an IRS IRA audit.

If your financial institution is considering having an IRA audit, **REMEMBER**, the objective of the audit is to

Continued on next page 21

ABA Unveils Fintech Playbook for Bank CEOs

The ABA unveiled a Fintech Playbook for bank CEOs at its annual convention in Nashville on Oct. 17, 2016. In collaboration with Accenture, ABA developed the Fintech Playbook to help bankers build and execute a strategic plan to leverage new technologies and remain competitive.

"This is clearly a transformative time for the financial services industry. The rapid convergence of banking and technology is reshaping how banks and their customers interact," said Rob Nichols, ABA president and CEO. "This tool will help banks, particularly community banks, navigate the dynamic field of technological innovations."

The Fintech Playbook, available only to ABA bank members, analyzes digital technologies at all levels and in all areas of the business: channels, lines of business, and bank platforms and processes. It also recommends a four-phase approach to implementation.

The playbook describes 18 technologies and, based on an analysis by Accenture, their potential dollar value for banks. It also features a prioritization matrix to help bankers understand the level of potential benefits and the difficulty of implementation for each of the 18 technologies.

This project is the result of a recommendation made by the ABA Fintech Task Force. In an initiative announced earlier this year, Nichols convened two staff task forces to bring together ABA's work on fintech and millennials and make recommendations that can benefit the entire industry. The task force recommendations were presented to ABA's leadership at a meeting in July.

"These teams have been at work for several months, reimagining our role in helping banks connect with millennials and fintech, and I'm proud to share the first tangible result," said Nichols.

ABA also rolled out aba.com/fintech, which brings together all of ABA's fintech resources, including the playbook, ABA endorsed solutions providers and advocacy efforts. Additional resources will be added to the page as they are available.

To see the Fintech Playbook executive summary visit, www.aba.com/Press/Documents/2016_FintechPlaybook_ES.pdf. ■

OCC Publishes Framework for Responsible Innovation

The OCC will create an office dedicated to "responsible innovation" and take steps to provide technical assistance to banks as part of its ongoing effort to support the safe exploration of new technologies and practices in financial services, the agency announced on Oct. 26, 2016.

"The OCC supports responsible innovation that enhances the safety and soundness of the federal banking system, treats customers fairly, and promotes financial inclusion," said Comptroller of the Currency Thomas Curry. "By establishing an Office of Innovation, we are ensuring that institutions with federal charters have a regulatory framework that is receptive to responsible innovation and the supervision that supports it."

ABA previously encouraged the OCC to leverage its knowledge of the banking system to create a central resource to facilitate innovation, particularly for community banks that may not have the resources to hire their own internal expertise. Through this new office, the OCC will facilitate requests and inquiries from banks and other industry stakeholders, direct research and outreach efforts, monitor trends and developments in financial services and collaborate with other agency partners.

The OCC said it will place "innovation officers" in New York and San Francisco, as well as in the OCC's headquarters in Washington, D.C. In addition, the agency said it would work to improve staff awareness and expertise about innovation across the organization.

The OCC made a commitment to providing technical assistance to banks in the form of resource materials on regulatory principles, process and expectations, as well as success stories and lessons learned. This assistance would include help for community banks in developing innovation strategies and better managing relationships with third-party vendors.

While the framework stopped short of establishing a regulatory "sandbox," it acknowledged widespread industry support for a process that would provide banks and fintech companies a way to test innovative products, services and processes. The OCC said that it would develop an optional program that would allow the agency to participate in bank-run pilot programs.

ABA President/CEO Rob Nichols welcomed the OCC's commitment to helping banks innovate safely and successfully. "The OCC's efforts to test innovative financial products in a controlled environment are a step in the right direction," Nichols said. "Ultimately, banks should be able to pursue innovative initiatives to serve their customers in an environment that provides regulatory flexibility and clarity. We look forward to continuing our collaboration with OCC to ensure banks remain leaders of financial innovation." ■


YOU DON'T NEED TO BE A COMPLIANCE EXPERT...
YOU JUST NEED TO KNOW WHERE TO FIND ONE.
SIGN UP FOR A FREE 48-HOUR TRIAL TODAY!
Owned By State Bankers Associations
C/A COMPLIANCE ALLIANCE
For more information about who we are and what we do, please visit www.compliancealliance.com, or call (888) 353-3933.

SD Humanities Council Honors Four for Contributions

Librarian, author, law scholar and South Dakota bank receive awards

Three people and one South Dakota-based bank were recognized at the South Dakota Festival of Books for their contributions to humanities in the state.

Ann Smith, a librarian from Sioux Falls; Ted Kooser, a Pulitzer Prize-winning poet from Nebraska; First Bank & Trust, headquartered in Brookings; and Frank Pommersheim, a USD law professor and scholar; each received the 2016 Distinguished Achievement in the Humanities from the South Dakota Humanities Council.

The four received their awards during the 14th annual Festival of Books in Brookings in late September.

First Bank & Trust has sponsored the SDHC and the Festival of Books since 2010, putting books in the hands of school children, area residents and employees. First Bank & Trust's charitable giving arm—the Fishback Financial Corporation (FFC) Community Fund—supports projects that provide an ongoing benefit for the community, including those that elevate liberal arts and education.

The South Dakota Humanities Council has previously recognized 43 people with the Distinguished Achievement in the Humanities Awards. The council and the board of directors select and approve the nominees for the award each year, which is presented at the Festival of Books.

The honorees demonstrate a commitment to scholars and cultural advocacy around South Dakota. They present humanities-related events and programs, write books and publications important to the humanities, and provide funding or partnerships to sustain a vibrant cultural landscape.

The nonprofit South Dakota Humanities Council, founded in 1972, delivers humanities programming to the South Dakota people. The council celebrates literature, promotes civil conversation and tells the stories that define our state. Learn more at www.sdhumanities.org. ■

L-R: Sherry DeBoer with the SD Humanities Council, Ted Kooser, Ann Smith, Frank Pommersheim and Tom Fishback.

Tom Fishback, First Bank & Trust, Brookings, and Sherry DeBoer, executive director, South Dakota Humanities Council.

Zane Schumacher Selected to Receive Scholarship

Zane Schumacher, a business finance major at the University of South Dakota in Vermillion, was awarded a $1,500 scholarship from the South Dakota Bankers Foundation.

A junior from Dell Rapids, Schumacher plans to pursue a career as a financial advisor or financial analyst. He carries an accumulative GPA of 3.6.

"By awarding me the South Dakota Bankers Foundation Scholarship, you have lightened my financial burden which allows me to focus more on the most important aspect of school—learning," Schumacher said. "I hope one day that I will be able to assist my brothers and sister, as well as others, attain their goals in higher education supporting them in the same way you have helped me."

The South Dakota Bankers Foundation annually awards a scholarship to a junior at the USD School of Business. To learn more about all of the South Dakota Bankers Foundation scholarships, visit www.sdba.com/college-scholarships. ■

Agriculture/Commercial Lender, Pioneer Bank & Trust, Sturgis and Buffalo, S.D.

Our client, Pioneer Bank & Trust, has two openings—one in its Sturgis, S.D., location and one in its Buffalo, S.D., location—for an agriculture/commercial lender. The successful applicant will be responsible for developing, servicing and retaining profitable customer relationships. Qualifications include a bachelor's degree in accounting, finance or business. The individual must demonstrate strong communication and leadership skills and be committed to participate in and promote community activities. A minimum of three years of experience as an ag and commercial lender is preferred. Pioneer Bank & Trust is a locally-owned, totally-independent community bank that has been serving the banking needs of Western, S.D., since 1913 and offers a comprehensive compensation and benefits package. Pioneer Bank & Trust is proud to be an affirmative action/equal opportunity employer. EOE AA M/F/Vet/Disability. To apply, please visit – www.eidebailly.com/careers/positions-with-clients. ■

Mortgage Underwriter, Fishback Financial Corporation, Brookings, S.D.

Fishback Financial Corporation is looking for an individual to fill a mortgage underwriter position. This person should have a bachelor's degree plus three years of experience in all mortgage loan types or the equivalent. This position's responsibility includes: providing mortgage loan underwriting in accordance with secondary market standards, training mortgage loan operations staff, assists the mortgage loan processing function, and provides mortgage loan processing support for the mortgage loan officers. This person must have the ability to exercise independent and sound underwriting judgment and effectively apply knowledge of regulatory and industry guidelines to loan decisions. Good communication skills plus the willingness to work with others is required. For more information and to apply online, please visit our website at www.bankeasy.com/careers. ■

If you have a job opening at your bank or something to sell, send your classified listing via email to ademers@sdba.com and we will post it on the SDBA website, print it in one issue of South Dakota Banker and include it in the SDBA eNews. This service is free to member banks and associate members (200 word limit). The fee is $50 for nonmembers. Questions, call 605.224.1653.

Health Plan Rate...*continued from page 7*

● **Delta Dental:** SDBA offers dental coverage through Delta Dental, which has the largest dentist network in South Dakota and even spans nationwide. They offer no-balance billing, it is easy to use, and they provide coverage for a great value with rate stability. Delta Dental has also been interfaced with BluesEnroll. For the 2017 plan year, rates have increased 1.6 percent. The new monthly rates are $44.20 for single and $121.38 for family.

Our SDBA plan continues to grow and offer new benefits. This plan is available now for entry, and the effective date will be Jan. 1, 2017. The combination of these plans is exclusive to the SDBA and not available from any other source. You can be confident with your selection, because you will be working directly with people you know who are focused on serving the needs of all SDBA members first. We were able to develop these high-quality, affordable health insurance plans with the cooperation of our partner BCBS because of the strength of our Association.

In the health care business, size matters. It is now up to all members of the SDBA to join together and support these outstanding benefit plans and provide you and your employees with quality, affordable health insurance. For more information contact me at 605.660.2341 or Michelle Guthmiller at 800.221.7551. ■

Mike Feimer is president of the South Dakota Bankers Insurance & Services (SDBIS), Inc. Feimer can be reached at 605.660.2341 or mfeimer@sdba.com.

IRS Knocking...*continued from page 17*

find out how your financial institution is doing in the IRA department and what areas of IRA procedures can and should be improved. The written audit report your institution will receive as a result of the audit will be divided into three areas.

The report will reinforce all the things that are being done correctly and indicate areas that need improving and areas that must be changed. The audit reviews all paperwork that the financial institution staff completes to open and handle IRA transactions, plus all IRS reporting procedures and compliance issues will be reviewed.

JM Consultants is the SDBA's endorsed provider for performing audits. For more information contact:

Mike Nelson, JM Consultants
6930 Glory Road, Baxter, MN 56425
218-831-1858
m88nelson@hotmail.com

JM Consultants' goal is to help the IRA operations in your financial institution be in compliance and be more efficient while providing management with a peace of mind that IRAs are being handled correctly. ■

Mike Nelson is the SDBA's endorsed IRA training and audit provider. He is president of JM Consultants, which offers all IRA products and services. Nelson can be reached at 218.831.1858 or m88nelson@hotmail.com.

Seminars/Conferences/Webinars/Schools

SDBA Events

Call Report Seminar
Nov. 17, 2016: Hilton Garden Inn Sioux Falls Downtown, Sioux Falls

IRA Basics
Dec. 8, 2016: Ramkota Hotel, Sioux Falls

Onsite Certified Banking Security Manager
Dec. 13-14, 2016: Ramada Inn, Sioux Falls

2017 SDBA State Legislative Day
Feb. 8, 2017: Ramkota Conference Center, Pierre

IRA Update
Feb. 24, 2017: Ramkota Hotel, Sioux Falls

2017 SDBA Agricultural Credit Conference
April 12-14, 2017: Ramkota Conference Center, Pierre

2017 FDIC Directors' College
May 2, 2017: Sioux Falls Convention Center, Sioux Falls

IRA Basics
May 2, 2017: Ramkota Hotel, Sioux Falls

2017 Quad States Convention
June 4-6, 2017: Rushmore Plaza Civic Center, Rapid City

2017 National School for Beginning Ag Lenders
June 19-22, 1017, Black Hills State University, Spearfish, S.D.

Webinars

The following are available as live webinars and/or recorded seminars. For more information and additional webinars, visit www.sdba.com/webinars.

- Nov. 14, 2016: The Major Performance Factors for Success in Banking
- Nov. 15, 2016: Ratio Analysis to Determine Financial Strength
- Nov. 15, 2016: Employment Records and How to Keep Them
- Nov. 16, 2016: Dealing with Appraisals: Regulations and Requirements
- Nov. 16, 2016: Lending 101
- Nov. 17, 2016: Structure Your Sales & Service Culture Right
- Nov. 17, 2016: Compliance Perspectives: A Monthly Update
- Nov. 17, 2016: Opening High Risk Customer Accounts: More is Better
- Nov. 29, 2016: Teller Compliance Issues: CTRs, Reg CC and Checks
- Nov. 29, 2016: Signature Cards and Account Agreements: Understanding Account Titling, Ownership and Access
- Dec. 1, 2016: IRAs: Way Beyond the Basics—Beneficiaries and Distributions
- Dec. 6, 2016: 10 Simple Rules for Tellers to Save You Thousands
- Dec. 6, 2016: Understanding Commercial Loan Documentation
- Dec. 7, 2016: Excel Explained: Introduction to Spreadsheets
- Dec. 7, 2016: Seven Habits of Highly Successful Supervisors
- Dec. 8, 2016: Business Accounts: Advanced Issues
- Dec. 8, 2016: Lending Compliance: 2016 Year-End Wrap Up
- Dec. 9, 2016: IRA Audit and Compliance
- Dec. 13, 2016: Core Management Skills
- Dec. 14, 2016: IRS Information Reporting: Rules and Forms
- Dec. 14, 2016: E-Sign Compliance and the Account Life Cycle

Banking Schools

GSB Bank Technology Management School
March 19-24, 2017: University of Wisconsin-Madison

GSB Human Resource Management School
March 26-31, 2017: University of Wisconsin-Madison

2017 National School for Beginning Ag Lenders
June 19-22, 1017: Black Hills State University, Spearfish, S.D.

Graduate School of Banking at Colorado
July 16-28, 2017: University of Colorado-Boulder

Graduate School of Banking at Wisconsin
July 30-Aug. 11, 2017: University of Wisconsin-Madison

GSB Financial Managers School
Sept. 10-15, 2017: University of Wisconsin-Madison

GSB Bank Technology Security School
Oct. 15-20, 2017: University of Wisconsin-Madison

For more details and to register for a training, visit the SDBA's online event calendar at www.sdba.com.

2017 **Educational Programs**

Graduate School of Banking
at the University of Wisconsin – Madison

For details, online application or enrollment deadlines, visit gsb.org.

Graduate School of Banking | July 30 - August 11, 2017

This 25-month leadership development program provides the tools you need to be successful in your banking career. Explore a broad range of electives, learn from talented faculty and participate in hands-on learning projects that challenge you to put key concepts to work in the real world. At GSB, you'll develop the critical thinking skills and leadership talents to manage change and motivate people by drawing on a clear understanding of all areas of financial services management. Plus, you'll earn a Certificate of Executive Leadership from the Wisconsin School of Business in addition to a GSB diploma.

Bank Technology Management School | March 19 - 24, 2017

Created especially for financial services IT professionals, this popular and respected program explores critical banking and technology issues. Through expert instruction and hands-on labs, you'll gain an in-depth understanding of bank profitability, technology management, security and more.

Bank Technology Security School | October 15 - 20, 2017 in Dallas, Texas

Especially for IT security officers, this program will broaden your understanding of the business of banking along with an in depth, interactive and hands-on study of the latest IT security techniques and strategies.

Human Resource Management School | March 26 - 31, 2017

Designed specifically for financial services HR professionals to help tie together important banking and HR issues, this respected one-week school will expand your knowledge of the business of banking, human resource management and employee performance. Plus, you will return to your organization with a network of colleagues with whom to interact and exchange ideas for years to come.

Financial Managers School | September 10 - 15, 2017

This one-week school goes beyond the basics to present best practices and solutions to today's most critical financial management decisions. Designed by experienced CFOs for financial institution finance managers, this school provides the tools you need to build a solid foundation in asset/liability management.

Bank Management Forums | Ongoing Throughout the Year

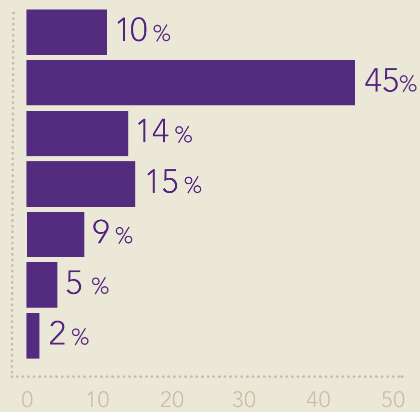
From one-day workshops with our state association partners to customized in-bank training resources, in-depth seminars and more, GSB offers today's senior bank manager various opportunities to remain on the leading edge! Contact gsb.org for details.

Online Seminar Series | Ongoing Throughout the Year

Offering a convenient and cost-effective way to participate in educational opportunities, these programs are designed specifically for financial professionals and delivered by some of today's top industry experts. Live and recorded programs offer maximum flexibility for your busy schedule; see our site for a complete list of topics.

GSB ATTRACTS STUDENTS FROM ALL EXPERIENCE LEVELS

Bank asset range for 2016 students:



Less than $100 million	10%
$101 to $500 million	45%
$501 million to $1 billion	14%
$1 billion to $5 billion	15%
Over $5 billion	9%
Regulatory	5%
Non-bank	2%

For details on GSB programs or to request a catalog, call 800-755-6440 or please visit

gsb.org

Sponsored by: South Dakota Bankers Association

Educating Professionals, **Creating Leaders**

NOW & NEW

NCCB 2017
ABA NATIONAL CONFERENCE FOR COMMUNITY BANKERS

FEBRUARY 19–22, 2017
JW MARRIOTT ORLANDO, GRANDE LAKES
ORLANDO, FLORIDA

REGISTER NOW

With shifting customer demographics, new technologies and growing competition, community banking must continue to evolve. Join us as we develop strategies that will work for your bank now—and also look ahead to what's new.

aba.com/NCCB

American Bankers Association®