AFM News and Views
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Alltrust Financial Management(sm)

Trusted Financial Guidance - Exceptional Personal Attention

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***Our mission** is to serve our clients, in an atmosphere of trust, to help grow and preserve their wealth. We provide personal attention and comprehensive strategies, striving to enable our clients to live and retire with stability. Alltrust Financial Management serves clients seeking comprehensive financial guidance, with a team approach, in a manner that continuously exceeds our clients' expectations. We are a recognized and respected financial management firm delivering trusted, personal attention.*

FAMILY PHOTO COUPON

The holidays are approaching fast!! Family photos make a great gift. Bring your family in to our office and receive a coupon for a free, no obligation 15 minute family photo session with one 8X10 - on us. Don't keep us a secret – let us help continue to build your legacy!

IRA ROLLOVER GUIDE (SOURCE: LPL FINANCIAL)

Most workers in the United States count on employers to help them save for a financially secure retirement. Employer-sponsored retirement plans such as 401(k) plans and profit sharing plans hold more than $24 trillion in retirement savings.[1] One of the most important financial decisions workers will make is what to do with assets they have accumulated in their employer's retirement plan when they leave their job. Traditionally, this decision needed to be made when workers retired, but it's not just a retirement issue anymore. Today, most workers will change jobs several times during their working years. Unlike past generations that may have spent most of their career with a single employer, the median tenure for a worker today is only 4.6 years.[2] Each worker who decides to go to work for a new employer may be faced with the decision of what to do with the retirement plan assets in the prior employer's plan. The choices workers make each time they change jobs will have a significant impact on their retirement nest eggs. In addition to job changers, more than 70 million baby boomers will reach retirement age and will likely leave the work force over the next 20 years. Each of these baby boomers will need to decide what to do with the funds they have saved through their employers' retirement plans. If an individual decides a rollover is the best option, they need to select an eligible retirement arrangement to receive the rollover. An IRA is not the only option. In an effort to preserve retirement plan assets for retirement, the laws and regulations allow for fairly free movement of assets among different types of retirement plans.

1 Investment Company Institute (ICI), *The U.S. Total Retirement Market, Third Quarter 2014*, www.ici.org
2 U.S. Bureau of Labor Statistics, *Employee Tenure Summary*, September 18, 2014, www.bls.gov

The following chart, created by the IRS, lists the types of plans and IRAs that can accept rollovers.

ROLLOVER CHART

Roll From	Roll To: Roth IRA	Traditional IRA	SIMPLE IRA	SEP-IRA	Governmental 457(b)	Qualified Plan[1] (pre-tax)	403(b) (pre-tax)	Designated Roth Account (401(k), 403(b) or 457(b))
Roth IRA	YES[2]	NO	NO	NO	NO	NO	NO	NO
Traditional IRA	YES[3]	YES[2]	NO	YES[2]	YES[4]	YES	YES	NO
SIMPLE IRA	YES,[3] after two years	YES,[2] after two years	YES[2]	YES,[2] after two years	YES,[4] after two years	YES, after two years	YES, after two years	NO
SEP-IRA	YES[3]	YES[2]	NO	YES[2]	YES[4]	YES	YES	NO
Governmental 457(b)	YES[3]	YES	NO	YES	YES	YES	YES	YES[3,5]
Qualified Plan[1] (pre-tax)	YES[3]	YES	NO	YES	YES[4]	YES	YES	YES[3,5]
403(b) (pre-tax)	YES[3]	YES	NO	YES	YES[4]	YES	YES	YES[3,5]
Designated Roth Account (401(k), 403(b) or 457(b))	YES	NO	NO	NO	NO	NO	NO	YES[6]

1 Qualified plans include, for example, profit sharing, 401(k), money purchase, and defined benefit plans
2 Only one rollover in any 12-month period
3 Must include in income
4 Must have separate accounts
5 Must be an in-plan rollover
6 Any amounts distributed must be rolled over via direct (trustee-to-trustee) transfer to be excludable from income
For more information regarding retirement plans and rollovers, visit Tax Information for Retirement Plans (http://irs.gov/Retirement-Plans)

As always, call us with any questions, we are here to help!!

For a copy of the IRA Rollover guide, please email Melissa.arbisi@lpl.com or call us at (309) 266-5400.

CHIP CREDIT CARDS ARE COMING TO THE USA: HERE'S WHAT YOU NEED TO KNOW (SOURCE: WWW.HOWTOGEEK.COM)

After years of use in other countries around the world, chip-enabled credit cards are coming to the USA. Credit cards with only magnetic strips are being phased out ahead of an October 1, 2015 deadline. If you have a credit card, you'll probably get a replacement with a chip at some point soon. The entire country won't switch to chip cards by October 1, but retailers and banks that don't will assume more financial liability.

How to Use a Chip Card

To use a chip-enabled credit card, you insert it in the bottom of a payment terminal and leave it there for the duration of the transaction. Importantly, the card needs to remain in the reader until the transaction finishes, not swiped like a magnetic strip. While you'll encounter payment terminals with support for both the magnetic strip and chip on modern credit cards, you can't necessarily just use the magnetic strip. Try to swipe a chip-enabled card on such terminals and you'll probably be asked to insert the card and pay via the chip method.

EMV Card Basics

Credit cards with chips use the EMV standard, which stands for "Europay, Mastercard, and Visa." EMV is a global standard allowing chip cards to interoperate at point-of-sale systems and automated banking machines. (Despite the name, American Express and Discover are also participating.) Know that the old magnetic strip isn't going anywhere anytime soon. A chip-enabled credit card has an EMV chip as well as a magnetic strip. If you ever find yourself somewhere that only accepts magnetic strips — either in the USA or elsewhere in the world — you'll still be able to use your card. The magnetic strip can easily be cloned by swiping it, and that magnetic strip data can be copied to another card and used to make fraudulent purchases. A chip card works differently — it has a small computer chip in it. When the chip card is inserted into a payment terminal, it creates a one-time transaction code that can only be used once. In other words, chips can't be duplicated as easily as magnetic strips. Any payment details would be stored with the one-time code. If the USA had transitioned to chip cards earlier, the disastrous Target breach could have been averted. All those leaked credit card payment details wouldn't have been so useful to criminals.

The October 1 Liability Shift

US banks have been issuing chip cards over the past year ahead of an October 1, 2015 deadline. After this date, a "liability shift" will take place. Any retailers that choose to accept payments made via a chip card's magnetic strip can continue doing so, but they'll accept liability for any fraudulent purchases. Any credit card issuers (this means banks issuing credit cards by Visa and Mastercard, for example) that don't issue EMV credit cards will be on the hook for any fraudulent purchases, too. In effect, Visa and Mastercard are telling banks and retailers that they can continue using the old system at their own financial risk. Not everyone will be transitioned over by October 1, but everyone who hasn't will assume additional liability — that will encourage them to migrate as soon as possible. This doesn't affect your own personal liability — if your bank doesn't issue you a credit card with a PIN before October 1, they're assuming liability. That's their problem, not yours. These details are all between retailers, banks, Visa, and Mastercard. But they explain why chip cards are getting rolled out so quickly.

Chip and PIN vs Chip and Signature
Many other countries switched from magnetic strip transactions to a "chip-and-PIN" system. You insert the chip card in the bottom of a payment terminal and enter a numerical PIN code on the terminal to authenticate yourself. It's a bit like paying with a debit card and PIN — no signature is necessary. The USA, however, will largely be switching to a "chip and signature" system. You'll now be inserting the chip card into the bottom of a payment terminal, and you'll then have to sign your signature — just like you do with a standard credit card today. As we all know, credit card signatures are not secure at all — few people ever check to make sure a signature matches the one that appears on the back of a card. If someone gets a hold of your chip-and-signature card, they can still use it to make a purchase at a chip-enabled terminal. Annoyingly, these chip-and-signature cards won't necessarily be compatible with the EMV systems in other countries where chip-and-PIN cards are expected. One credit card issuer explained why chip-and-signature was adopted over chip-and-PIN:

> "We don't really think we can teach Americans to do two things at once. So we're going to start with teaching them how to dip, and if we have another watershed event like the Target breach and consumers start clamoring for PIN, then we'll adjust."

The chip-and-PIN system would require customers remember a PIN for each of their credit cards. The initial switch to chip cards in the USA won't require a new verification method — just a new way of using the card at payment terminals and the same old signature. While retailers would probably prefer chip-and-PIN, banks don't want to use chip-and-PIN. When you insert the card into an ATM to withdraw money, you need to enter the PIN. If this is the same PIN you're constantly entering when using your card, it's easier to eavesdrop on and capture. If the PIN is something you only enter at ATMs because you use a signature when making most payments, that protects banks from fraudulent ATM transactions.

EMV Cards Don't Eliminate Fraud
Chip cards don't eliminate the problem of fraud. In particular, these cards still have numbers, expiry dates, and three-digit codes on their backs. Someone could copy this information and use it to make purchases online. A chip-and-signature card could be used at a point-of-sale terminal along with a forged signature. The magnetic strip can still be used in the old way at many terminals around the world. But, although chip cards won't eliminate all fraud, they will make fraud more difficult. This will also help prevent future breaches of payment systems — like the one that happened at Target — from being so damaging. Some chip-enabled cards may also support contactless payments using NFC. This tap-to-pay functionality works similar to the way you'd pay with Apple Pay or Google Wallet on a smartphone — tap the card on the reader. NFC payments like these don't require a signature or PIN, so they only work for small, inexpensive purchases.

TECH CORNER
Old Tech Lingo
Ever wonder where these common phrases originated from? If you're older than thirty, you may remember some of these:

1. *Hang up.* We "hang up" a phone because phones used to consist of two parts: a base and a receiver. To end a call, you had to place or "hang" the receiver on the base.

2. *Online.* In the early days of computers, when one machine needed to "communicate: with another, we connected them with a physical cable or "line," which meant they were "on line." Processes that didn't require this communication were "off line."

3. *Cc.* When we cc someone in an e-mail, we send them a copy of the message. Those letters are an abbreviation for carbon copy, a method for creating on identical copy of a document by using carbon paper.

OFFICE HAPPENINGS
Lots of babies!!
Crystal Hartseil is going to be a grandma!!! Her and John's son and daughter-in-law, Jon and Leanne, are expecting a baby in February.

Lisa Moser is going to be a grandma!! Her and Kevin's son and daughter-in-law, Adam and Kelli, are expecting a baby in January.

WEEKLY UPDATES ARE AVAILABLE

Look for the links to the ***Weekly Market Commentary*** and the ***Weekly Economic Commentary*** on the sidebar of our website (www.alltrust-financial.com) under the "**Information**" heading. We also welcome suggestions on topics you would like us to cover.

OTHER UPDATES AVAILABLE FROM LPL RESEARCH DEPARTMENT

- Daily market update: http://LPLresearch.com
- YouTube Channel: http://www.youtube.com/lplresearch (which can also be found on our website)

CLIENT CONNECT

Are you anticipating an e-mail change? Let us know. We want to make sure you receive all of our e-mail communications. Send your new e-mail to melissa.arbisi@lpl.com

If you have any input or comments about our newsletter, let us know. We love to hear from you!!

Your referrals mean a great deal to our business. If you know of a friend or family member who might benefit from our service, please let us know. We will work hard to ensure that your referrals feel it was a wise investment of their time – and their future- to have met with us.

Don't keep us a secret!! Share this with your family and friends.

Till next month,

The Alltrust Team