

# BankNotes



Commerce  
National Bank

A Division of First Merchants Bank, N.A.

The Bank for Business™

3RD Quarter 2013

Welcome to Commerce National Bank's BankNotes newsletter! We think you will find BankNotes to be a useful tool for you and others in your company, and we encourage you to share our newsletter with staff and colleagues. Questions or comments about BankNotes? Contact Jody Shonk at (614) 583-2077.

## JENN'S CORNER

### Introducing Dr. Michael Hicks

by Jennifer Griffith, President and CEO



Are you planning to grow, shrink or stabilize your work force in the second half of 2013? Are you investing in the skills of your current staff or looking outside to attract new skills? What is the

current demand for your goods or services and what do you anticipate it will be next year?

These are just a few thoughtful questions we know you consider routinely. First Merchants Corporation and Commerce National Bank have partnered with Michael J. Hicks, Ph.D., the director of the Center for Business and Economic Research at Ball State University to bring you valuable insight to current economic data.

Dr. Hicks' research has focused on issues affecting local and state economics. He studies such diverse issues as local telecommunication de-regulation, state tax incentives and most notably his research on Wal-Mart's effect on local economies.



He has authored one book on Wal-Mart and papers on the subject in the *Eastern Economics Journal*, *Atlantic Economics Journal*, *Economic Development Journal*, *Regional Economic Development*, *Journal of Private Enterprise*, and *Review of Regional Studies*.

Hicks earned doctoral and master's degrees in economics from the University of Tennessee and a bachelor's degree in economics from Virginia Military Institute. He is a retired infantry lieutenant colonel in the U.S. Army Reserves, having served in combat and peacekeeping operations in North Africa, Southwest Asia, Korea and Japan.

As director of the Center for Business and Economic Research, Dr. Hicks has been providing businesses and communities with relevant research and resources. His analysis for the remainder of 2013 is included in this edition of BankNotes and I invite you to formally meet Dr. Hicks' in January to share his economic outlook for the New Year. We are thrilled to partner with Mike and his research team. We trust you'll find his work insightful and valuable as you navigate your business. We look forward to introducing you next year!



## Highlights In This Issue:

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## Coming Soon! Customer Survey!

We will be sending out customer surveys soon and when you fill them out and return to us you will receive a \$5.00 gift card to Starbucks.

# Mobile Phone Malware Alert For You and Our Customers

by Clyde Hague, CISM, CISSP, Information Security Officer, First Merchants Bank

RSA is reporting a new malware that begins by infecting your PC and then tricks you into downloading malware to your smart phone. The malware is designed to intercept text messages that pertain to bank accounts. Here is what to watch for:

- If you are on a banking site from your computer and a message comes up telling you to download an app or update to your smart phone. It may be presented as a needed security update or app to protect you when banking on your phone. This is a good clue that your computer is infected and needs attention.
- The message will ask for your mobile phone number and what type of phone you have (Apple, Android, Blackberry, etc.).
- It will then send a text to the phone with a download link.
- The download is to a non-iTunes, non-Google Play Store.

- Once installed, it asks permission to use SMS messaging (text) and then begins to run in the background and steal the texts it needs.

## What should you do?

1. Never click on unexpected e-mails with links or attachments, no matter the sender and normally go to established, well known websites.
2. Do not give your mobile number, phone information or even personal information to unexpected requests. Call your banks Customer Service Center to verify and ask.
3. First Merchants will never have an app or update to download from a non-iTunes or non-Google Play Store site. Never trust an unexpected text or e-mail. Again, you can call your banks Customer Service Center to verify.
4. Be careful of Apps that want to use different services on your phone. 🏠



## Malware:

Short for "malicious software," malware refers to software programs designed to damage or do other unwanted actions on a computer system. In Spanish, "mal" is a prefix that means "bad," making the term "badware."

It is unfortunate that there are software programmers out there with malicious intent, but it is good to be aware of the fact.

## Did You Know...

by Joe Sauline, FVP, Director, Business Banking Services



As a business customer of Commerce National Bank, you have come to depend on the many commercial banking products, services and technology that allow your business to perform more efficiently while containing your overall costs. You have most likely consulted with your relationship manager about the correct

mix of products and services that would work best for your particular business needs. Also, I am sure that you rely on the personal customer service provided by the employees of Commerce National Bank to take care of your day to day needs.

**Did you know...** however, that Commerce can also handle all of your personal banking needs. We have a wide variety of personal checking and savings accounts and we can help find the best fit for you. We also have all of the ancillary products to help make your personal banking easier such

as a gold standard rewards debit card, personal credit cards, on-line and mobile banking, e-statements and overdraft protection. In addition, we offer a full line of consumer loans that include home equity, auto, boat, RV, motorcycle and deposit secured loans. Let us help you make your personal banking as easy as your business banking.

Also, **Did you know...** that we can handle your HSA account plan. If your business utilizes a high deductible health insurance plan, we can set up and manage the individual health savings accounts for everyone that qualifies at your business. The process is quick and easy and our product is very competitively priced. Why not have your HSA plan where you do your everyday banking?

If you would like to know more about any of our personal banking services, please give us a call at (614) 583-2200, where now the "Bank For Business" is also the bank for your personal banking needs!



# Community Corner

## Commerce's 2013 Operation Feed Campaign

by Zo Sellers, Administrative Officer

Commerce's 2013 Operation Feed campaign was held during the month of June. Our goal this year was to raise \$3,700, which equates to 11,100 meals.

Last year's campaign was such a success that Commerce received one of twenty-five Awards of Excellence presented to outstanding campaigns by Mid-Ohio Foodbank.

Commerce's 2013 campaign focused on raising money, since the Foodbank is able to purchase larger quantities of products with its funds than the average person can. The Foodbank has made a concerted effort to provide fresh produce to its clients, so Commerce came up with a "'Lettuce' Help!" logo to help keep this focus at the forefront of our minds.

Fundraising activities included Princess Purple Saber's Beverage Cart, which traveled throughout the building selling non-alcoholic beverages on June 5 (anyone visiting the bank can see Princess in person!). We also sold hot dogs and cupcakes in the building lobby on Flag Day. A silent auction was held in our café on June 20, which was a huge success. The ever-popular Jeans Fridays, where employees could pay \$5 to wear jeans, was made even more popular when Jennifer Griffith declared every day in June Jeans Day!

While we do not yet know the results of our campaign efforts, we are confident that we have met our goal. We are humbled by the generosity of our employees and customers. We cannot do this without you! We treasure our relationship with Mid-Ohio Foodbank and the services it provides to individuals in our communities. We are pleased to be able to help them in their efforts, "Because no one should go hungry."



Barb Atherton and Lisa Higginbotham



Barb Atherton and Cathy Dieckman



Mid-Ohio Foodbank

## Contact Info

You may call (614) 583-2200 and ask to be transferred to the appropriate individual.

Our Customer Call Center at **888-716-1514** is available

extended hours:

Monday–Friday 7:00am–7:00pm

Saturday 9:00am–1:00pm

### Fax

614-583-2201

### Account Inquiries & Research

#### ACH

#### ATM & Debit Card

#### Online Banking

Customer Call Center,

888-716-1514

### Courier Pickup

614-583-2150

### Credit Cards & Merchant Services

Alicia Murphy

Kelly Robinson

### Customer Suggestions

Cathy Dieckman

### Deposits, Loan Accounts, Inquiries, Stop Payments

Patty Davis

Jan Patton

Logan Boone

### Loan Payoff Requests

Darlene Willens

Tina Smith

### Lockbox

614-583-2155

### Security Concerns

David Benjamin

### Telephone Banking

614-583-2155

### Wires

Mindy Beck

### Wires Fax Line

614-583-2157



## Consumer Corner

Did you know that Commerce National Bank offers personal checking and savings accounts for you and your employees? We also have loans for all seasons and any reason; great rates on vehicle, mortgage, personal, and home equity loans.

Call us today at 614-583-2200 to find out about our low interest Home Equity Line of Credit Loans.



### Serving Up Home Equity Loans

**3-YEAR FIXED RATE 2.99% APR\***

We've got great rates on home equity loans cooking all summer! With low, fixed rates, it's a smart, affordable way to:

- Improve your home, cover tuition, consolidate debt, take a vacation, and more!
- Enjoy set monthly payments over a fixed term!
- Save hundreds upfront with no closing costs!

Is a home equity loan right for you? Contact us today to learn more or explore other great loan options.

**(614) 583-2200**

[FIRSTMERCHANTS.COM/CNB](http://FIRSTMERCHANTS.COM/CNB)



**Commerce National Bank**

A Division of First Merchants Bank, N.A.

THE STRENGTH OF BIG.  THE SERVICE OF SMALL.



**Disclosures and Limitations:** \* 2.99% APR (Annual Percentage Rate) fixed for a 3-year term loan is based on automatic payment from a First Merchants Checking account, 700 Credit Score, 80% Loan to Value, appraisal, title work and normal underwriting standards. Other rates and terms available. Terms of repayment: 36 monthly payments of \$29.11 per \$1,000 borrowed. See banker for details. Certain restrictions apply. Offer ends 9/30/2013.

# At the Core of a True Leader

by Todd Fulton, Vice President



I found it interesting when I was asked to put together an article on leadership. Interesting, since I have no official direct reports, and no official management duties.

With that said, leadership has very little to do with management. Management concerns itself with resources and logistics while leadership is more about behaviors and attitudes.

The study of leadership, and the resulting multitude of books on the subject, has been going on for many years. Take a walk through the business section of your local book store and you will see what I mean. All of these studies, and all of these books, agree on one main point: truly great companies have truly great leaders at the helm.

To define what constitutes a truly great company most say that the best place to start at is at the end – strong profitability. Many studies in recent years suggest, or perhaps better stated, confirm that the most profitable companies have highly engaged employees. Engaged simply means employees that have energy, enthusiasm and commitment to the company they work for. These behaviors and attitudes are no accident. They can only be cultivated, and sustained, through quality leadership. So what is it that engaged employees see at the core of truly great leaders that encourages them to help build great companies?

## 1. Integrity

The quality of owning and adhering to high moral principles and professional standards. Without this quality, all other efforts to lead your team to being engaged employees will fail. There can be very little argument against the importance of this trait. If you can not be trusted, you will not be followed.

## 2. Humility

The quality of putting others first. Sharing credit when things go well – sharing the blame when they don't. Allowing others

to have the spotlight. If you use your position as an opportunity to lord it over your employees, you will soon see what it looks like to have an un-engaged team – or no team at all.

## 3. Patience

I find this one to be one of the toughest. The Encarta Dictionary defines it as the ability to endure waiting, delay, or provocation without becoming annoyed or upset, or to persevere calmly when faced with difficulties. When I find my patience running thin all I have to do is look in the mirror and realize the patience others must have for me. If they can be patient with me, surely I can find ways to be patient with others.

## 4. Inclusiveness

Allowing others to be part of the process. There are very few businesses or groups that can succeed without the help of multiple people. Including the actions, ideas and input from others is the best way to achieve success. This also speaks to the need to have an inner circle of advisors from your team that can provide a much needed sounding board for ideas and direction.

## 5. Balance

Last weekend I watched Nik Wallenda walk a two inch wire across a 1400 foot span over the Grand Canyon. This was true balance. What made this walk so incredible was not so much the physical aspects of the feat, but the mental strength required to step out onto the wire and continue moving forward until the task was completed. His strength was



greatly aided by living a life of balance. Before the walk he was surrounded by friends and family – actually playing on the floor of his trailer with his young nephew. He also spent time exercising his faith through prayer. Having a healthy balance in your life - between family, faith and work – provides you the strength to accomplish truly incredible feats. Finding ways to allow your team to seek their own personal balance will free them up to do the same.

These five traits, although not inclusive of all that is needed to be considered a strong leader, represent a solid starting point for creating and nurturing a great company. The ability to inspire and lead an engaged group of employees, starts and ends with your core traits. Employees want to be part of something great. Being a great leader will allow this to happen – and will allow you to enjoy a more prosperous and meaningful company. 

## Meeting Space Available!

Are you looking for extra meeting space for your next business gathering? CNB would like to help. As a value-added benefit to our clients, Commerce National Bank has meeting space available to use at no cost. If you are interested in getting more information or making a reservation, please contact Barb Atherton at (614)583-2200.

# A Slow Moving Labor Market in 2013

by Michael J. Hicks, Ph.D., Ball State University/Center for Business and Economic Research



An inaugural column is a fine place to explain how I approach analyzing the economy. For starts, I believe the twists and turns of this post-Great Recession economy must be confusing for a thoughtful observer. It certainly has been for trained economists. Frustratingly, the models we use have not yielded clear forecasts. Equally injurious to clear understanding of the current economy is the incessant political spin attached to economic policy. If we are to be honest with ourselves, no economic policy is wholly good or bad, no matter how it stands in the balance. So, beyond a requisite honesty, how does an economist approach describing the economy?

Most economists, including me, use models of the economy to place economic or business news into context. These underlying models are usually very dense mathematical simplifications of the world. Still, when you hear such familiar phrases as "an increase in consumer sentiment bodes well for GDP growth next quarter" this is an explicit link of consumer expectations to spending, to GDP growth in an economic model. Of course this is a trite example, but with hundreds of different data points, a formal model should give an economist an edge at putting together all the pieces. Still, there are cautions with models that everyone should be aware of.

First, the newest data is just not especially reliable. Worse still, it appears that economists just don't agree on some basic issues. Another way to say this is that the models that economists use tend not to perform well just at the point of maximum interest. This is not an accident nor should it be too surprising. Economists agree on the vast majority of issues, and this does not make the news. The real problem with this is that we are asked our opinions most frequently in the areas in which we, as a profession disagree because we know the least. The lesson for readers is simply to expect some humility from economists.

So, with honest humility I have to report

that the U.S. economy in the summer of 2013 is deeply troubled. Labor markets tell the most important story. Job growth over the past few years has barely kept pace with the net growth of working age adults, and we are spared from an unemployment rate of say 16 percent solely due to the exodus of workers from the labor force. Worse still, as of May, all the net job growth in the United States was in part time employment. The economy has actually lost full time jobs this year. These are daunting facts, since at this rate we will not return to pre-recession levels of employment until sometime late in the next decade. It should go without saying that lengthy periods of unemployment are injurious to worker skills and bring with it all sorts of expensive social pathologies. We are undoubtedly at that point, and that is what is so troubling.

Why we find ourselves in this condition is the looming policy question. We know why the recession came about, but there is sharp disagreement as to why labor markets have yet to recover. At least part of the problem is that many workers find themselves without the skills businesses want in the places they want them. My research and that of others finds that about half of unemployment can be explained by a skills gap. One telling bit of evidence that a skills gap cannot be our single biggest problem is that wages for many occupations have not changed since the end of the recession. Without big wage increases, there can be no real skills gap.

Explaining the other half of high unemployment comes down to two competing explanations. One is that demand for goods and services is so depressed that businesses will not hire. The policy remedy for this is a boost in Federal spending accompanied by more aggressive efforts by the Fed to boost the money supply. The other is that uncertainty about future taxes, labor and health care costs combined with increased support for the jobless combine to keep employers from hiring and potential employees from seeking work.



The policy remedy for this explanation is less government intervention in labor markets, and increased policy certainty at the Federal level.

Evidence in support of either approach is mixed. Beginning in 2008, the TARP, the Stimulus, increased Federal Budget spending and the Federal Reserve's multiple

actions combine for the single biggest stimulus program in U.S. history. Most of the weight of this spending did not materialize until the recession ended, and so many models used by its proponents (most famously including those of the Federal Office of Management and Budget) argued that unemployment should now be in the high 5 percent range. Stimulus proponents bear a heavy burden in this debate, which is why they seem to be losing it in Congress and the Federal Reserve.

Policy uncertainty is nothing new to businesses. While the Affordable Care Act is fraught with unclear rules and the Federal budget deficit frightening, it is tough to argue that millions of American businesses are fearful of hiring millions of workers solely due to these worries. While unemployed workers and their households have been showered with benefits during this recession, there are now millions without benefits looking for work.

A synthesis argument is less flashy, but might fit the data better. What if a big part of our slower labor market recovery is demographic? We are a nation filled with older workers living in more two-earner households. These make us less likely to move to new jobs. Moreover, over the past generation migration has slowed noticeably, perhaps because of troubles in the housing market, but also because a larger share of us lives in the places we want to live.

Sadly, all three of these explanations lead me to predict that the remainder of 2013, and well beyond will see the U.S. and Midwestern economies growing at no more than an agonizingly slow rate.

*Dr. Hicks views do not necessarily reflect the opinion of Commerce National Bank or First Merchants Corporation.*

# Understanding What It Means To Be a Plan Fiduciary

by Jim Keene, Vice President, Personal Trust Officer



Are you a plan fiduciary? Many activities involved in operating a qualified retirement plan may make the person or entity performing those activities a plan fiduciary.

As a plan sponsor, it's important for you and other fiduciaries of your plan to fully understand your responsibilities and the consequences of not fulfilling them.

## Who is a fiduciary?

With limited exceptions, under ERISA, a fiduciary is anyone who: exercises any discretionary authority or discretionary control over the management of the plan; exercises any authority or control with respect to management or disposition of the plan's assets; has any discretionary authority or discretionary responsibility over the administration of the plan; gives investment advice to the plan for a fee or other direct or indirect compensation or has the authority or responsibility to do so. Thus, fiduciaries may include, but aren't limited to, the plan's trustee, investment manager, administrator, administrative committee, and the plan sponsor.

## What are a fiduciary's duties?

A plan fiduciary must follow the plan documents (unless they're inconsistent with ERISA) and act solely in the interests of the plan participants and their beneficiaries and for the exclusive purpose of providing benefits to them. In addition,

a plan fiduciary must act with the care, skill, prudence, and diligence that a prudent person would exercise under similar circumstances. Fiduciaries must also make sure the plan's investments are diversified (unless it's clearly prudent not to do so under the circumstances) and pay only reasonable plan expenses.

## Does the pension law prohibit any specific actions?

Yes, ERISA prohibits certain types of transactions between the plan and specified related parties (called "parties in interest"). As employer/plan sponsor/fiduciary, you are considered a party in interest to the plan. Other parties in interest include employees of the plan, any other fiduciaries (such as the plan's administrator, officer, trustee, or custodian) the plan's counsel, plan service providers, a direct or indirect owner of 50% or more of the sponsoring company, and relatives (as defined under ERISA) of 50%-plus owners.

## What transactions are prohibited?

Examples of prohibited transactions between the plan and a party in interest include selling, exchanging, or leasing property; lending money or extending credit; and furnishing goods, services, or facilities. The law contains exceptions that protect the plan in conducting necessary transactions that would otherwise be prohibited and for many dealings with financial institutions that are essential for the plan's ongoing operations. For example, a plan can hire a service provider, as long as the services are

necessary to operate the plan and the contract or arrangement with the provider and the compensation paid for the services are reasonable. And plans may offer loans to participants as long as certain requirements are met.

## Are there any other prohibitions?

Fiduciaries also are prohibited from self-dealing. Various restrictions prevent a fiduciary from deriving personal gain from actions that involve the plan. Because of the complexity of the prohibited transaction rules, you should consult your plan's ERISA attorney for advice before engaging in transactions involving plan assets.

## What happens if a plan sponsor breaches its fiduciary duty?

Fiduciaries that breach their responsibilities may be personally liable to restore the plan to the condition it was in prior to the breach, including restoring any monetary losses and returning any profits made through the use of plan assets. A fiduciary also may be subject to excise taxes for violating the prohibited transaction rules.

Often times, it seems these fiduciary duties are not completely understood or are taken lightly by the plan sponsor because they have delegated responsibilities to an "expert" consultant. Even so, plan sponsors are responsible for the selection of the consultant. Please feel free to call Jim Keene at 765-962-7696 if you have questions about retirement plan administration.



**Come By and Find Your New Best Friend!**



## CNB Pet Adoption Day

On Monday, July 15 from 10am to 2pm CNB is hosting a pet adoption day! Stop by to visit with the cats and dogs from Pets without Parents and maybe take a new family member home with you!



FDIC



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## Columbus Dental Society's Annual Golf Outing

The Columbus Dental Society's annual Presidents Golf Invitational in honor of Dr. Tara Haid was held on Monday, June 24th at the prestigious Jefferson Country Club. The outing started at noon with lunch provided and a 1pm shotgun start. It was such a fun day for the doctors and this year there were some dental students who joined in the fun! At the 10th hole, Commerce National Bank had a Plinko game set up with a raffle. Each player was given two tokens to drop in the Plinko Board and that determined the number of tickets received for the raffle. It didn't take long for some of these dental professionals to drop their demeanor and treat us like the authentic Price is Right team. We didn't give away any new cars but the players went after the Ipod touch, \$250.00 or a Cameron Mitchell gift card like it was a new car! The winners were drawn at the dinner at the end of the evening.

The outing participants were awarded over \$2,000 in prizes for both their golf skills and the old "name draw from a hat". Two of the awards presented were inaugurated by great golfers from the society, Dr. Robert Gardner and Dr. Jerry Chess. Each of these member dentists founded awards in their name specifically for those in the age 55 and 65 and over categories, respectively. The foursome of dental students ended up winning the scramble and unseeded the place of the current scramble winners who had held that title for 10 plus years. One of the dental students even walked away with the Plinko Grand Prize of \$250.00.



*Dr. Larry Hutta presenting dental student Christopher Parker with a gift certificate. Christopher was one of the winners of the scramble.*

The Columbus Dental Society puts a great effort into this event each year, and a great time was had by all who attended.

