

Your Money

Each week a group of Iowa financial experts answers your money questions at DesMoinesRegister.com/yourmoney.

WEEKLY MARKETS

Track stocks all week at DesMoinesRegister.com/business

DOW
30 Industrials
13895.98
+246.28

NASDAQ
Composite
3149.71
+15.00

S&P
500
1502.96
+16.98

RATES

BankRate.com daily rate (overnight) averages. Calculated after the close of business on Friday.

Date	30-year	15-year	5-year ARM
This week	3.52	2.88	2.82
Last week	3.46	2.84	2.88
6 mos. ago	3.60	2.99	3.01

Who owns digital assets when you die?

Social networks, email services usually won't turn over content

Ever sit up in bed in the middle of the night, in a cold sweat, and wonder aloud, "If I die tomorrow, what happens to my Facebook page? How do I leave my kids the 1,394 songs I've downloaded from iTunes? Can my mother read the diary I've been keeping online for seven years? (I hope not.) And do all my old emails disappear? (I hope so.)"

Of course you don't ask yourself those questions. Nobody does, but we all should. The issue of who owns and controls our digital assets will be

increasingly important as we age, and as digital assets become increasingly important and meaningful parts of our lives.

Here's where things stand now.

A 1986 federal law forbids consumer electronic communications companies from disclosing content without the owner's consent or a court order. So although there are small differences among them, Google, Microsoft, Yahoo, Facebook, Twitter and almost all other social networking and email



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services won't disclose passwords or turn over the contents of users' accounts after death without consent from the user as documented in estate plans or by court order.

That's a good thing. After all, if you'd wanted them to read your emails,

you would have shown them your emails while you were alive.

And the days of finding the handwritten diary in the back of the closet in a shoebox are gone. Your mother won't be able to read that online diary unless she works fast and hires a hacker before the account disappears.

But what if your family wants to keep your memory alive through your Facebook page or your Google+ account? Perhaps they'll want to keep the photographs you stored on Yahoo or remember you through your hundreds of pithy and moving Twitter tweets.

Facebook will "memo-

rialize" your page, which allows friends to post remembrances and memorials, but prevents anyone from logging into the account. Family members can close accounts at other services with proof of death, but they can't keep them open and continue to use them. After death, you're gone.

And what about all the digital music, books and movies on Amazon, iTunes and other services? As opposed to physical CDs, books and DVDs that you own, digital media are licensed to you, and only you may use the digital copy. You don't own them, and there's little or no case law saying you can pass

on the licenses to your heirs.

One intensely practical solution is to pass along the iPod or computer, along with passwords, before you die. That's neither legal nor illegal, and given that many people now have music libraries with thousands of songs they bought at 99 cents per song, it seems justifiable.

The takeaway from all this is to consult with your estate-planning attorney and create a plan for your digital assets, just as you've created plans for your physical and financial assets. It's an easy step that will save your heirs from unexpected grief and hassle.

BANKS

Continued from Page 1D

Dave Nelson, chief executive officer of West Bancorporation, already is starting to see signs of the increase in activity. The West Des Moines-based banking company, which does business as West Bank, has \$1.27 billion in assets and 11 locations in Iowa.

"A lot of people want us to be buyers, and we've been getting a lot of inquiries from bankers looking to sell," Nelson said, noting that he's expecting an exponential increase in bank mergers this year. "We have the critical mass to absorb all these new regulations and the costs that go with them. We can survive, but some other community banks cannot. Clearly, the smaller you are, the more difficult it is."

Suku Radia, chief execu-

tive officer of Des Moines-based Bankers Trust, estimated the tipping point between the haves and the have-nots at \$250 million in assets. Bankers Trust has more than \$3.6 billion in assets.

"We could see scenarios in which one community bank is buying another — that's really what's going to happen," Radia said, noting that the nation's largest banks have been shedding branches in small Midwestern communities and are unlikely to be buyers this year.

Traditional bank merger and acquisition activity averaged 174 per year in the U.S. from 2008 through 2011, according to data NCP gathered from the Federal Deposit Insurance Corp., the Standard & Poor's rating agency and the Iowa Division of Banking. That's a 46 percent drop-off at the national level from the 324 average compiled from 2005 to 2007. Average ac-

tivity in Iowa fell to 6.6 per year from 6.7 during the same period.

Traditional merger and acquisition activity does not include the assisted mergers orchestrated by regulators after a bank failure.

Banking sector turmoil generated 414 bank failures in the U.S. from 2008 to 2011, according to NCP, compared with only three failures from 2005 through 2007.

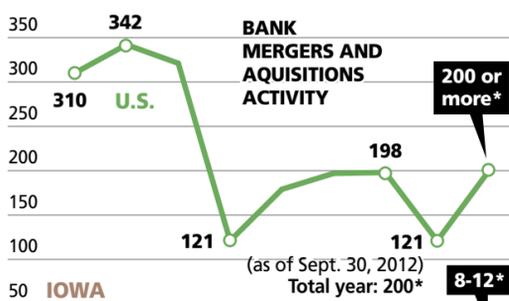
"Compared to what we've seen, conditions will be more conducive to M&A activity," said FDIC Chief Economist Richard Brown, noting that activity has been somewhat muted in recent years. "The numbers of failed banks have declined pretty markedly as well."



Brett Peterson

2013 a busy year for bank deals

NCP Inc., a Des Moines-based investment banking boutique that specializes in mergers and acquisitions, is forecasting more than 200 bank deals across the nation this year — the most since 2007. Here in Iowa, it's predicting eight to 12 deals — the most in a decade.



*Estimate
Source: NCP Inc. These charts do not reflect bank takeovers orchestrated by federal regulators to save distressed financial institutions.

Jim Chessen, chief economist of the American Bankers Association, said the irony of this year's merger and acqui-

sition market is that small bank owners are being forced to sell by regulations meant for larger banks. Some of the tactics big banks employed in the pursuit of profit growth just don't work in rural America, where one dissatisfied customer can have a much larger impact on a bank's reputation than in heavily populated urban areas.

"We have seen an avalanche of new regulations on the banking industry the past several years, and while the impression was that the legislation was targeted at the largest institutions, the fact is that it's had a widespread impact on the smallest banks in the country," Chessen said. "There's going to be more interest in finding merger partners because you need to be bigger to manage the compliance burden."

The biggest banks have agreed to billions of dollars in civil settlements to put the past be-

hind them. They've agreed in the past year to spend more than \$33 billion for alleged foreclosure abuse and more than \$2.8 billion for alleged money laundering.

The new regulations prompted by their questionable conduct remain.

"One of the unintended consequences of the government response to the behavior of the too-big-to-fail banks during the Great Recession is a compliance burden that's too heavy for some of the smaller banks," NCP Vice President Brett Peterson said. "An extra \$300,000 to \$500,000 of annual compliance expense is prohibitive for a bank with less than \$100 million in assets and may cut their profit in half."

NCP also is forecasting a rebound this year in bank valuations. Peterson expects bank prices to average 1.5 times the cash equity on their balance sheets, also known as "owner's equity" or "price-to-book." That means a bank with \$10 million of cash equity is likely to fetch \$15 million this year, vs. \$11 million from 2008 through 2011, when the bank-valuation multiple was 1.1.

The lower multiple created pent-up demand by prompting some bank owners to delay sales, much as some homeowners have delayed selling their homes until home prices recover. The multiple peaked in 2007 at 3.1.

The combination of rebounding bank-valuation multiples and more expensive compliance costs creates a favorable climate for merger and acquisition activity.

"A well-run smaller bank can still make it, but there's going to be fewer of them," said Nelson, the head of West Bank.

Your CPA. Few prepare as rigorously.



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Correction

An article on Hammer Pharmacy in last Sunday's Register incorrectly said it was the oldest in the state. Hammer Pharmacy, which tags its beginnings to 1872, is the oldest pharmacy in the Des Moines area. Penn Drug in Sidney was founded in 1863.

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