

BRUNING STATE BANK

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A Branch of Bruning State Bank • Broken Bow, NE

FDIC

**YOUR
COUNTRY
BANK**



Dig Up The Cream Can, Mom. . .

No, I haven't lost my marbles. This subject may not be interesting for the many that don't remember the Depression, but there is a lesson here. This story is about the couple who was going to town to buy 80 acres. They were laying out the cash in bills. When they counted it out, they were short a few hundred dollars. The old man remarked, "Mom, you dug up the wrong can!"



Raising the money came first; the purchases were made after the savings were accumulated, as credit was tight. Deposits with banks had dried up during the 30s so personal savings were the only avenue for purchases. People these days have learned to spend, and we are really good at it, but we have forgotten about saving.

Everything costs more when we charge it. Maybe savings pays only 3 to 4 percent, but interest costs on a charge card can run to 18 percent and higher, so your dollars don't buy as much. If you buy something out of your savings, you may find it is not all that important to purchase it after all. It might be nice to keep the savings instead. You can borrow to buy things that will earn their own way, or make their payments, otherwise consider saving, instead.

I have been in a position to watch people become successful over the years. People who have the discipline to save have more choices in their daily business. In agriculture, those who have "put away in the old cream can" are able to dig it back up when the opportunity presents itself. I recommend a Bank or other investment though, so the money has the chance to grow at least a little with interest, and especially so that the money doesn't get moldy!

*Frank L. Bruning – Banker Frank
Chairman of the Board*

Small Towns/Rural America. . .

One of our new Bank employees, who grew up here and moved back to Bruning, recently married. His wife was from Omaha; they have created a wonderful living situation for her twin boys now. At the wedding reception, her father thanked everyone who makes his daughter happy here and helps look after her as well as his grandsons. He was impressed with the small-town caring atmosphere, the safety and friendliness. When I visited with him, I told him that 300 "grandparents" are looking out for his daughter and grandsons here! Safety and security have become issues for our young families.

The Lincoln Journal Star has been running some good articles on what small towns have to offer. We work hard and sometimes play hard. We make our own fun, go to church together, watch school sports together, as well as summer baseball and softball. We say hello when we walk by each other and wave at each other when driving. We participate in cancer walks, support our schools, churches, and community foundations. We help each other out when there is death, sickness, tornado, etc. It is so moving when everyone gathers to help neighbors harvest their crops in times of need. That's what small towns are all about.

Our kids are encouraged to be in 4-H, FFA, sports, music, speech, drama, and other extra curricular activities, which helps keep them too busy every day to get into too much trouble. In the farm crisis of the 1980s, parents sent their kids off to college, telling them to "get an education so you have something that can never be taken away." Some returned, others still support the rural way of life, explaining to their urban friends how good it is, and what it was like when they were young.

We in rural America need to be visionary and put on our thinking caps. Entrepreneurism, opportunities to work at home via computers, farming more efficiently with different crops or livestock – these things will help to encourage the younger generation to come back home to raise their families. These young people will be encouraged to serve on fire departments, rescue units, school boards, town and hospital boards, etc. We need to welcome them back to be the next leaders who will be responsible for keeping rural America alive and well.

Our locations in Bruning, Hebron, and Broken Bow are staffed by dedicated employees that care for these as well as other communities. We are "Your Country Bank" - concerned about today as well as tomorrow!

*Fred D. Bruning –
President*

"Imagination is more important than knowledge." - Albert Einstein

Sub-Prime Fall-Out Continues - Bank Failure...

In the June 2008 Bruning State Bank Newsletter, my article covered the sub-prime loan and credit markets. I referenced the losses and the new capital injections that have been required by several different brokerage houses and investment banks. From my research, I'm restating my belief that the worst of the sub-prime loan and credit crisis in our economy is behind us. There are other trouble spots in the economy to discuss and be concerned with, but not panicked, as the national news media and many cable television outlets and Internet blogs would have us believe.

Recently, IndyMac Bank, Federal Savings Bank (F.S.B.) failed. It was a Federal Deposit Insurance Corporation (FDIC) insured financial institution. It was a highly specialized mortgage lender that catered to high loan to value based loans and to folks that did not have good repayment histories. They originated loans and sold them in the sub-prime credit market, that is until the sub-prime market closed down. This failure is different from the brokerage firms and investment banks that have failed and/or struggled to raise enough capital to stay in business. This bank was federally regulated by the Office of Thrift Supervision (OTS), a Washington D.C., government regulator. IndyMac deposits were insured by the FDIC. It is important to understand that when a newspaper, TV reporter, or other news outlet refers to a bank or financial institution, they are incorrectly lumping commercial banks and investment banks together. There are a few cases when the statement is true, such as giants Citicorp, Wachovia, Washington Mutual, JP Morgan Chase. These companies are financial companies that have divisions – commercial and investment.

Why is that difference in commercial and investment so important? Answer: The FDIC insurance fund. Commercial banks are FDIC insured, investment banks are not and provide no safety net for customers.

There are many family owned commercial chartered banks. Commercial banks offer a broad range of deposit accounts, including checking, savings, and time deposits, and extend loans to individuals and businesses (farms, LLC's), engage in trust services, issue letters of credit, accept and pay drafts, rent safe deposit boxes and more.

An investment bank acts as an intermediary, and performs a variety of services which includes: underwriting securities by buying all available shares at a set price and then reselling to the general public, or as agent to buy and sell stocks for certain companies (market maker) collecting a commission, helping companies raise capital through initial public offerings (IPO's), facilitating mergers and acquisitions and other reorganizations; they normally do not accept deposits. They are in the equity business. Commercial banks and investment banks are separated because of the difference in the economic transactions performed. Since they are dealing in equity positions, there is no deposit insurance.

With that said, there are FDIC insured banks that have problems. That is why it is important to analyze the capital position of your bank and know the different levels of coverage that are available under each ownership category. Depending on your family situation you are able, under FDIC guidance, to have over \$100,000.00 insured by simply following the rules. These rules are available on the Internet at www.fdic.gov or ask one of our customer service representatives for the FDIC "YOUR INSURED DEPOSITS" brochures available at any commercial bank.

The last issue for this article is bank capital, and I will expand even more on that in the October 2008 issue. Bruning State Bank has around \$19,000,000.00 in bank capital, another \$1,870,000.00 in loan loss reserves and another \$1,500,000.00 in investment

capital inside Bruning Bancshares, Inc.

If you have any questions, don't hesitate to contact me at 402-353-2555, extension 135 or 1-800-403-5889, extension 135 or jcatlett@bruningbank.com

*Jerry Catlett –
CFO*

Challenges Of Success...

With higher prices for corn, beans, and wheat, there are now some special challenges that face the grain farmer. Some of these challenges are expected, but some of them have caught everyone by surprise. It brings to mind the old saying: "Be careful what you wish for, you just might get it."

As you are aware, the higher grain prices have been fueled by the demand for corn to be used in making ethanol. The price of ethanol continues to go up because of higher and higher fuel prices. The higher fuel prices are in part because of an increasing world demand for fuel with a limited supply. Higher fuel prices impact the whole economy since it takes energy to grow, manufacture, process, and transport everything consumed in our economy.

All these higher prices cause inflation. To the farmer it means higher prices for all of the crop-input products, machinery, fuel, seed, repairs, labor, etc. You name it, and it is costing more.

While all of the expenses are higher, the current grain prices do allow farmers the ability to still make a significant amount of money even with the higher prices. With input costs high, using marketing strategies like forward contracting and hedging grain on the board of trade makes some sense.

A challenge with hedging grain has been farmers selling corn on the board at \$4.00 per bushel, which at the time was a very good price, assuring them they could make huge profits. However, input costs continue to go up, which is eating into some of the profit, plus they have had to make huge margin calls which has created more risk (and caused them to have to pay more interest, if they had to borrow the money for the margin calls.) Those who have gone the "forward contracting" route have also seen their profit margins go down as input costs go up. They have not had the worry and cost of higher margin calls, but they still have the worry of not knowing for sure if their contracts will be honored by the grain handler or ethanol plant they contracted with.

The last challenge I will mention is managing the tax liability, which goes along with having a very profitable year. Be careful not to get caught up in trying to get out of paying any taxes. This will make bigger headaches for you later. I'm not saying you shouldn't use some strategies to minimize taxes. I am simply saying if you buy machinery you really don't need in your operation, just to get the depreciation for tax purposes, you may regret it later when the payments are due and you aren't having as good a year. Also carrying forward income to avoid taxes can also create problems down the road. An example would be wanting to retire but you have huge tax consequences because of carrying income forward. You may have a lot of income with no expenses to offset any of it, if you are going to stop farming.

Another old saying which comes to mind is: "Don't knock success." Be happy we have the potential to make good profit this year, just be careful.

*Darrell Raum –
Senior Vice President
Credit Supervisor*

Off to College!

It happened so fast.

Now you hope and pray that the values you talked about and talked about are remembered, such as: work hard at whatever you are doing, do it right, respect people, make good choices over bad choices, how to handle success, how to handle failure and if you make a mistake or fail, to pick up the pieces and move on, live your faith and remember to make and give opportunities in a manner that you were afforded. We hope all of the teachings and discussion of values made an effect or are stored somewhere for future use.

College - this new independence comes with strings attached, keeping up grades, attending class and following team rules. For those that make just a few more right choices than wrong choices, the rewards can be enormous. And isn't that how it still is for all of us?

In 2007, I used a lot of newsletter column space to discuss the Bruning State Bank Mission Statement of "Build and Maintain Wealth". One of those articles was the value of an education and what it means to the earning capacity of individuals and how education elevates in most cases what we each are able to give back.

So as opportunities and financial choices are laid out, we (like the new college student) need to remember our values and make good choices. The college student has some tools available to them provided by the college such as the financial aid office, career counseling, student and faculty advisors, and computer labs. I hope my daughter will know when she does not know something to find someone that does know and not be afraid to ask for assistance.

So when you face an opportunity or financial choice, you need to know that you have tools available here at the Bruning State Bank. If we don't know the answer, we'll tell you and help find an answer. We value the relationships we've built together and want you and your families to be successful.

I'll give you some updates on how college life is progressing around our house in the future.

*Jerry Catlett –
CFO*

Husker Harvest Days

Husker Harvest Days in Grand Island will be September 9-11. We will again this year, with joint effort between Bruning State Bank and the Nebraska Bankers Association, be offering tickets at no cost. It will be on a first-come, first-served basis. Please let a Loan Officer know if you are interested in attending!

VISA Check Card Info...

This is my first attempt at a newsletter article, so please bear with me! Jerry Catlett and I attended a meeting on VISA Check Cards recently. As we were listening to the presenter talk about encouraging our customers to use their cards, I started to think about my own experiences using a check card and how that might help others.

Since I've only been with the Bank for eight months, I have a different perspective than most of the employees here. Previous to working here, I used my card on rare occasions, never used the ATM for cash (it intimidated me) and went inside to use my card to pay for gas!

So, when I started here, the girls took me out to the ATM to show me how easy it is to get cash! WOW, it was no big deal!

Then I decided I needed to figure out a system if I was going to use my card more often. I put the card in my checkbook; that way when I get it out to use it, I write in my book right away. My kids can keep track of these things in their heads, but I'm too old to go that route. I also started keeping an envelope in my purse for receipts, so I could check my statement at the end of the month.

As far as safety goes, it is no different than writing a check. You always have to be careful and use good judgement when sharing your numbers with businesses or others. If your card is stolen, it is very important to call us right away; the sooner we can "hot card" it, the less opportunity the thief has for making charges.

If you don't have a card with your account, stop by and visit with us about getting it set up. We would be happy to answer any questions and give you any help we can!

*Karin Dominy –
Customer Service
Hebron Branch*

We Have A New Head Teller...

Hello everyone! Allow me to introduce myself to all of you who have seen the new face behind the teller line. My name is Joan Durham; I have been employed with BSB since October 2004, and prior to coming to Bruning, I was at the Hebron Branch. Due to some changes in different departments, they needed a new head teller. Needless to say, that is how I came to be here.

Please be patient with me as I try to get to know everyone and remember names. If I can be of service to you, please come and see me; I will do my best to accommodate your needs.

I am not sure if everyone is aware of the way transfers are done now. When you call or come in and need to transfer funds from one account to another, we will enter the information on the computer, and as long as funds are available, it will be posted immediately to the accounts. The transfer information will show on your statement. If you have any questions, please feel free to call any one of us in Customer Service and we will be glad to help you.

Thank you, and I look forward to getting to know everyone.

*Joan Durham, Cheryl Houser,
Nancy Lahners & Ambur Hinrichs –
Customer Service*

Let's Talk Fuel Costs...

Everyone's pocketbook is feeling the pinch, or should I say "SQUEEZE", as fuel prices continue to rise dramatically. Job commuters and farmers are especially affected since they can't pass on the extra fuel expense to anyone. So what are their options? They can continue paying the price, travel less, reduce commute by changing jobs, cut back expenses elsewhere, drive slower, or trade vehicles for one that is more fuel efficient.

During the past year, some have considered trading vehicles to increase their miles per gallon (MPG) to save fuel costs. However, they should consider the total cost per mile of owning the vehicle, which includes depreciation, insurance premiums, taxes, licensing, sales tax, car payment, repairs, fuel, etc.

In this article we are going to focus on fuel cost per mile at today's prices. Shown below is the fuel cost per mile for vehicles for various MPG ratings using today's fuel prices. To calculate fuel cost per mile, take the price of 1 gallon of fuel and divide by the vehicle's or your own MPG rate.

MPG	E-85	E-10	Unleaded	Premium
	\$3.28	\$4.00	\$4.10	\$4.30
18	\$0.18222	\$0.22222	\$0.22772	\$0.23889
22	\$0.14909	\$0.18182	\$0.18632	\$0.19545
26	\$0.12615	\$0.15385	\$0.15765	\$0.16538
28	\$0.11714	\$0.14286	\$0.14639	\$0.15357

For example, if you trade vehicles and increase your MPG from 18 to 28 while driving 15,000 miles annually, your annual fuel cost savings, by fuel type, would be:

\$ 976 \$1,190 \$1,220 \$1,280

As you can see, with the E-10 fuel blend you would save only \$1,190 annually but by the time you pay sales tax, licensing, car payment, insurance, and depreciation, your savings would be minimal.

So perhaps we should keep our existing vehicle, if mechanically sound, and attempt to reduce our fuel cost per mile by: 1) slowing down to 60 mph, 2) maintain proper tire air pressure, 3) change air filter regularly, and 4) eliminate "jack rabbit" starts and stops. Gee, I wonder if fuel prices would stabilize or go down under a mandated speed limit reduction of 5 miles per hour? I think it would and it would be a more immediate effect and oil refineries could keep up with demand better.

*Craig Pope -
Hebron Branch President*

**FREE INTERNET BANKING on
ALL ACCOUNTS &
FREE BILL PAYING
on personal accounts**

With Internet Banking, you have access to your account activity 24 hours a day, 7 days a week! For bill paying, you simply complete the details of the payment you wish to make and we will do the rest!

Check us out at: www.bruningbank.com

Important Crop Insurance Reminders...

You have spent a lot of time, money, and hard work getting your crops planted and getting the wheat harvested. Please take note of the following reminders to insure you get the most out of your multi-peril crop insurance.

WHEAT INSURANCE REMINDERS:

- Report your 2008 wheat production to your agent right away. Wheat losses need to be reported **NOW!**
- The wheat crop insurance premium was due July 1st and interest will be added if payment is not received by August 1st.
- 2009 Wheat Crop Insurance – Sales closing date is Sept 30, 2008. The desired coverage must be in place by this date!

ROW-CROP INSURANCE NOTES:

- PLEASE review the crop acres shown on your Schedule of Insurance and BE SURE they match what was reported to the FSA office. Any loss payment may be reduced or eliminated if the acres are not reported correctly!
- The crop insurance premium is due on October 1st and interest will be added if payment is not received by November 1st.
- Bring your production information in to us as soon as harvest is complete so each unit can be reviewed to determine if there is a loss.

IMPORTANT LOSS INFORMATION:

- Losses must be reported within 3 days from the date of loss. Notify us IMMEDIATELY if you think there might be a loss!
- Production on irrigated crops needs to be kept separate from the non-irrigated crop in order to maintain separate units and to allow for appropriate loss payment. Production must also be kept separate by section.
- Please contact us if you have ANY questions prior to or during harvest. If production records aren't properly maintained, you could lose your separate unit structure – plus – any loss payment could be reduced!
- Prior approval is no longer required when co-mingling your grain. However, certain requirements must be met. Failure to keep appropriate load records, bin markings, or combine monitor records could affect a loss payment and unit structuring for the current and succeeding crop years.
- The end of the insurance period for Corn, Milo & Soybeans is December 10, so contact us if you can't get the crop harvested by that date.

We will continue to mail out important reminders as future deadlines approach.

Please feel free to give us a call or stop by our office if you have any questions! We can help with all your multi-peril crop, crop hail, and livestock insurance needs.

*Jeff Hammer, Kathy Roberts,
Craig Pope & Shari Fischer –
Crop Insurance Agents**

*Not FDIC Insured *Not a guarantee of the bank *Not a deposit of the bank *Not insured by any federal government agency *May go down in value

So What's a Trust and Do I Need One?

Trust - A legal device used to manage real or personal property, established by one person (grantor or settlor) for the benefit of another (beneficiary). (See trustee.)

Trustee - A person responsible for managing a trust and administering assets as dictated by the trust documents.

Living Trusts - The biggest benefit of a living trust is to avoid probate court, the costly process required when property is inherited from a will which can last as long as three years and take up to 10% of the estate's value. For this reason, it's common (and smart) to transfer into a living trust those assets that are expensive to probate, such as real estate and securities.

Say, for example, probate fees on a \$200,000 estate cost \$22,000. If the successor can't afford the fees, the entire estate, or portions of, might need to be liquidated. Probate fees are mandatory and are taken from the estate before any assets are distributed; a living trust is not subject to probate, unlike a will.

A Last Will & Testament, a Revocable Living Trust Agreement, and a Living Will are three of the most important documents most adult Americans should have and understand.

You can place your assets into the Living Trust Agreement while you're still alive. At your death, those assets will transfer to your heirs without going through what can be a time-consuming and expensive probate court system. You can add to the living trust or revoke it entirely, any time you wish.

What Are Some Advantages Of Using A Living Trust Instead Of A Will?

- Avoidance of probate
- Avoidance of some administrative expenses
- Avoidance of unnecessary delays
- Avoiding restrictions on bequests of property
- Avoiding publicity of probate matters
- Uninterrupted Management by incapacity
- Avoiding will contests
- Tax savings, in some situations
- Property management
- Assurance of uninterrupted income and more.

Living Will & Durable Power Of Attorney For Health Care: Decisions can be made now regarding your medical and financial situation should you become incapacitated later. Your financial care plan should include Living Will and Durable Power of Attorney forms for both financial and health care.

A living will or (advanced medical directive) is a legal document that is prepared while a person is mentally competent. This document dictates a person's wishes to be kept alive (or not) on life support equipment after a serious illness or accident.

A durable power of attorney for health care and finances is a legal document which authorizes a person to act on behalf of the individual granting the power of attorney to make financial, and/or medical decisions on the individual's behalf should the individual become incapacitated.

("Durable" means the power of attorney survives if the individual preparing it becomes incapacitated, but will expire at the death of the preparer. If no durable power of attorney is prepared, and the individual becomes incapacitated, the court will appoint a guardian or conservator to make the decisions.)

Should You Have And Use All of These Documents? The answer to that question is likely YES. All three work together to satisfy your various estate-planning needs. The Living Trust Agreement allows your assets to transfer directly to your heirs without the

time and expense of probate court. The Last Will & Testament covers property not in the Living Trust - without a will the court decides the outcome of those assets. You can also designate who will be the guardian of any minor children with your will. The Living Will allows you to dictate and express your wishes should you become unable to do so yourself.

Please contact the Bruning State Bank Trust Department or your attorney for more information. Our Trust Committee consists of Darlene Reinsch, Frank Bruning, Fred Bruning, Renee Dowdy, and Janet Germer in Bruning. In Broken Bow you can contact Dan Jelinek or Kim Schipporeit.

Trust Department

BSB Can Help Make Your Life Simpler...

We are already halfway through the summer and before we know it our children will be going back to school, headed back to college or just ready to be on their own. Let's help our children be as prepared as they can be as they leave home and start making some of their own decisions.

Here is a list of how Bruning State Bank can make their lives a little simpler:

**CHECKING OR SAVINGS ACCOUNTS
ATM CARD
VISA CHECK CARD
FREE BILL PAY
INTERNET BANKING**

Please have them stop by one of our locations - Bruning, Hebron or Broken Bow - and we would gladly go over any information they are interested in.

Good luck to all of our students and graduates on whatever you choose to do.

*Pam Lemke, Janice Fintel,
Carm Hinrichs & Corey Swartzendruber –
Bookkeeping Department*

FDIC Consumer News...

Additional deposit insurance and financial information may be found at the Federal Deposit Insurance Corporation (FDIC) website – www.fdic.gov or by calling 1-877-ASK-FDIC that's 1-877-275-3342. FDIC offers a newsletter that can be found online or sent via the United States Postal Service (USPS). You can request a copy by calling the phone number above, accessing on the web or by calling or writing to be added to the mailing list. Your request should be sent to: FDIC Consumer News, 550 17th Street, NW, Washington DC 20429.

The Spring 2008 edition of the FDIC Consumer News was a very informative issue. It covered money tips for people of all ages.

Panic or Opportunity...

Inflation is running rampant. Energy and commodity prices are at all time highs. Large national financial institutions are in trouble. The stock market is in "bear market territory." These are just a few of the headlines we have had the past several months.

We have been down this road before. For those of you that have been through this, do you remember the pain the market inflicted on our investment accounts in 1979 through 1982? Do any of the above headlines ring a bell from that era? A lot of "experts" say that this market cycle looks an awful lot like it did during that time. Banks were in trouble, oil prices were at record highs, and inflation was above 10% (we are currently at about 5% from this time last year and rising). We had two "bear markets" in a span of four years much like what we have right now two in six years. So what is a "bear market?" A "bear market" is defined as a drop in the stock market of 20% from its highs. The good news is that historically once we reach this point the majority of the pain has already been inflicted and the downside risk is significantly muted.

I am not saying the worst is over because there are a lot of things out there that make me nervous about the short-term. But, if you have a longer-term time horizon, now is a time to re-adjust things, take a step back and plan for the turn-around. The average investor takes the initial blow, rides it for awhile and then when the opportunity is at its greatest they tend to bail out of the market too early, making the situation worse. Did you know the greatest by-product of the early 80's "bear market" was the single largest and longest "bull market" the stock market has ever seen. So, is it time to panic or is it a time for opportunity?... If you have your money with Bear Stearns, IndyMac Bank or some of the larger national institutions that built their banks on the backs of mortgages and consumer loans, maybe you have already panicked, but if you are invested for the long-term or have your money at a well capitalized local bank, this may be the opportunity that you have been waiting for. My advice to everyone is, "Be patient, and stay with your original plan." If you don't have a plan, now is a great time to implement one. If you have concerns or questions, please come in and see us. If nothing else, view it as a free therapy session.

*Chris Tonniges –
Assistant Vice President*

**"You have to learn to save
before you can learn to borrow!"**

American Bankers Association

**Purchase... Build... Refinance...
Consolidate Debt...**



If any of these words catch your interest, please contact us!
*We have great, low interest rates & competitive terms
to meet your needs.*



Travel Update...

The fall is soon approaching and we encourage you to do your fall traveling with us. The Mississippi River Autumn Cruise we are planning is almost filled; however we have a few spaces remaining. If you would like to travel with us, please give your local Branch a call to check on space availability. Details for this tour are below.

Soon we will be making plans for trip destinations for 2009. Stop by and let us know where you would like to travel. Your input always makes it easier to choose trips that are interesting to our customers. We look forward to hearing from you.

October 15-17, 2008 Mississippi River Autumn Cruise

Our motorcoach tour will have pick up points in Grand Island, York, and Lincoln. This 3-day tour includes a trip to Dubuque, Iowa to board the paddle wheeler Celebration Belle for a leisurely 100-mile cruise on the mighty Mississippi. Enjoy 3 full meals including a prime rib dinner. The boat's entertainers and staff will keep you busy with music, games, skits and much more throughout the day. Other featured sights on this tour include a stop at the John Deere Pavilion in Moline Illinois, a visit at the National Mississippi River Museum and Aquarium, an educational tour of Arsenal Island, and the Mississippi River Visitor's Center. \$100.00 per person deposit is required with your reservation. Reservations are very limited and accepted on a space available only after July.

*Renee Ferguson, Sarah Miller
& Mabel Hogeland –
Bank Travel*

Livestock Risk Protection (LRP)

Would you like to lock in some "peace of mind" and sleep better at night? We offer the government subsidized "Livestock Risk Protection" program, also known as LRP insurance, here at Bruning State Bank. LRP is available on feeder cattle, fat cattle and swine. The price protection changes daily, and is tied to the futures contract settlement of each type of livestock. The premium for this insurance is very closely priced to a "put option." Some days a put is less expensive and other days the LRP is less expensive. The main advantage to using LRP is that it is easy to use and there is no minimum amount of coverage required to be purchased. Also, some studies have shown that LRP may be more reflective of local market conditions, as opposed to the put option, when it comes to the final settlement price discovery. We know this insurance works well, as we have paid out many dollars on price deficiency losses. If you would like more information on LRP insurance, feel free to contact our LRP agents.

*Jeff Hammer, Craig Pope
& Kathy Roberts –
Livestock Insurance Agents**

*Not FDIC Insured *Not a guarantee of the Bank *Not a deposit of the Bank *Not insured by any federal government agency *May go down in value

It's time for a Check-Up!

Going to the doctor when we aren't feeling well is common, but an annual check-up is frequently overlooked. Why go to the doctor when you feel fine? Annual check-ups are designed to find symptoms and avoid more serious problems. An "insurance check-up" works the same way.

ALL types of insurance should be "checked" periodically, but we would like to give you a few things to think about regarding farm insurance coverage:

***Dwelling & Personal Property** - Do you have enough coverage to rebuild your home and replace your personal property should you lose your home? Do you have replacement cost coverage?

***Pivot Irrigation Systems** – WOW! Have you checked the prices of new pivots these days? To carry replacement cost coverage on your pivot system and to avoid any penalties at loss time, the system needs to be insured for at least 80% of replacement cost. Now would be a good time to check with your pivot supplier to find out the current cost to replace a pivot and then compare that with the current coverage on your pivot. Remember the pivot system cost quote usually does NOT include the cost of the motor, wiring, or electrical panel, so be sure you have enough coverage for these items also!

***Out Buildings & Grain Bins** - Most companies want these items insured close to the current cost to replace those buildings/bins. Do you have adequate coverage? Did you know that collapse due to the weight of ice and snow may not be a covered peril on your policy? Coverage for this peril may need to be specifically added to your policy.

***Blanket/Peak Season Coverage**: Now is a good time to review your blanket inventory. Those miscellaneous items that you purchase throughout the year add up quickly. Coverage needs to be written at 80% of value to avoid any penalties at loss time. Be sure the value of grain and seed stored on your farm has been adjusted to reflect current market prices. Peak Season coverage can be added for limited periods of time to cover additional grain, hay, or seed etc.

In most cases, the following coverages are not automatically included on your farm policy, but they can be added:

***Borrowed/Leased Equipment**: Coverage is added for a short term – only for the period of time you are borrowing or leasing a piece of equipment.

***Extra Expense Coverage**: Helps cover the cost of replacement equipment while yours is being repaired due to damage by a covered peril.

***Pollution Liability**: Provides financial protection for liability arising due to the accidental discharge, dispersal, release or escape of farm chemicals and for government mandated clean-up from the accidental discharge.

***Hunting & Fishing Liability**: This endorsement provides Liability and Medical Payments coverage to others for loss arising from the incidental business of charging a fee for others to hunt and fish on your property.

***Cross-Liability**: You may want to consider adding this if you have multiple named insureds listed on the policy. Without it, the policy does not provide coverage for any claim that one insured might bring against another insured.

***Radio Equipment/Antennas/Satellite Dishes**

***Outside Wiring and Power Poles**

There are many other coverage options that can be added to your farm policy, including Suffocation of Hogs, Fire and Lightning Coverage on Standing Grain, Freezing or Smothering in Blizzards or Snowstorms, and more. DO NOT ASSUME you

have coverage. Periodically review your policies with your agent, ask questions, and discuss your farming operation in detail with your agent. Be sure you have the protection you want and need. Remember an insurance check-up now could save you lots of headaches later.

*Fred Kobza, Kathy Roberts
& Kristen Monteforte –
Insurance Department**

*Not FDIC Insured *Not a guarantee of the bank *Not a deposit of the bank *Not insured by any federal government agency *May go down in value

Custer County and Broken Bow - Seeing Business Growth...

As I have stated in a previous edition, I am currently on the Custer Economic Development Board and I would like to share with you some of the business growth that we have seen this spring. The last couple of months have been exciting for our area in that we have seen a number of new businesses as well as business expansion and change of ownership within our existing businesses. In the month of May, the City of Broken Bow celebrated by having nine ribbon cuttings in one day with Governor Heineman being able to attend the ceremonies of that day. Since May, we have had a number of additional ribbon cuttings to celebrate in our area. Some of those businesses celebrating were Runza, Radio Shack, Holcomb Pharmacy, Pamida, Bow Bakery, Ag Pro Engineering, Hogan's Sporting Goods, US Cellular, Social Services, Wild Rose Art Gallery, Trotter's Whoa and Go in Merna, Chandler's Sandhills Honey, Custer Care Center, and Shirts Signs Mugs and More.

Also, in the fall of 2008 on the east edge of Broken Bow, you will see The Byways Interpretive Center. The best way I can explain this center would be to compare it to a rest stop along the interstate. What will be different about the Byways Interpretive Center is that it is going to be used to promote the businesses in our area along with the businesses and attractions along Highway #2. This project is being made possible by private donations along with a matching grant through the State Department of Roads.

Lyne's Appliance, American Family Insurance, and Chapin's Furniture, who lost their buildings in the southside fire in April of 2007, have been able to now locate into permanent locations, with Chapin's Furniture back on the location where the fire destroyed their building.

With the concerns of the current downturn in the U.S. Economy it is very exciting to see the continued business growth in Custer County and the Broken Bow area. These businesses bring more people to our area which in turn benefits many of us including the Bank of Broken Bow.

*Jim Scott –
Vice President – Lending
Bank of Broken Bow*

Personal Economics Program (PEP)...

In the early 1980's, the Nebraska Bankers Association started a financial education program called PEP (personal economics program) for our youth. This year, 2008, marked the 12th annual Teach Children to Save Day where bank personnel brought financial education into our school systems. In schools across Nebraska, 425 class presentations were made to 10,970 students by 323 bank employees from 95 banks – that's pretty impressive!

Special awards have been given to Bruning State Bank, Bruning, Hebron and Broken Bow, for the presentations that were given to students at all locations this year. Janice Nozicka was in charge of the program in Broken Bow and Sarah Miller and Kristen Monteforte headed up the classes in Bruning-Davenport and Thayer Central school systems. The award was based on bank deposit size, the number of students reached, and the number of presentations made.

"Investing" Time With Our Children...

Bank of Broken Bow's adoption of the 5th grade class at Broken Bow Elementary School proved to be a complete success! Not only did the children get an education, but it was gratifying to me to see that what was being taught was being applied. One story sticks out in my mind vividly;

One application that the children participated in was learning how to keep a checkbook register. With each grade they earned in class, a dollar amount was assigned to that grade. It was each student's responsibility to add that dollar amount into his or her check register. At the end of the school year, the 5th grade class hosted an auction of items that they had collected through an English assignment, in which they write to different companies and businesses requesting donations. Some items were t-shirts and ball caps from different college teams, posters from NFL teams, books, swimming passes, and liters of pop donated locally. One of the students had her eye on a swimming pass basket, but there were lots of items auctioned off before the item that she wanted to bid on. I went over to her and asked why she wasn't bidding on anything. She said she needed to save her money for the swimming pass basket since that was what she REALLY wanted. Through the biggest smile, I told her how proud I was of her for thinking through what she needed to do and the sacrifices she was making to ensure she got what she wanted. I beamed a little brighter that day knowing I had a little part in her success of getting that swimming basket.

Children can amaze us when we take some time out of our busy schedules and invest it in them. I feel lucky to have been able to give a little bit of my passion for banking and money issues to see the children learn from what I have provided. They seemed to have enjoyed it and I can't wait to do it all over next year!

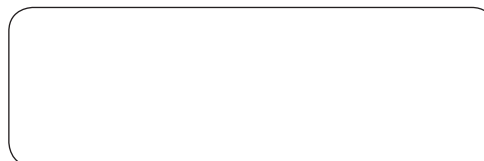
*Janice Nozicka –
Loan Clerk
Bank of Broken Bow*

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