

# BRUNING STATE BANK

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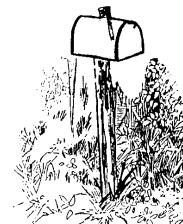
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## Liquidity...

(Or capability of ready conversion to cash)

Sometimes our newsletters have led people to think we are never positive enough, that we are always dwelling on the downside. Well, how about talking about taking advantage of the "upside"? Both business and agriculture have grown so fast, and success has been and is increasingly thought to be more available. What we may be forgetting is that liquidity should be built in to match that growth. Real estate taxes, for example, keep going up and will continue to escalate to more and more dollars. Whether or not you have a bad year, the taxes are still due. I encourage all landowners to set aside one or two years' worth of payments in a special reserve fund, such as a certificate of deposit, government bond, or IRA. Pick up an old abstract and see how difficult it was to make the payments in less profitable years. Many farms were lost due to an inability to keep the taxes paid up.

We have all witnessed the ups and downs – the 30s, the 80s – where cash is king. Many opportunities show up after tough going, so prepare. Our investment people have many ideas on investing for your future. One of my favorites is our new 4% Four Year Certificate. Buy it, put it away, and forget it.

The big swings in the grain market have put everyone on edge. The impact on next year's fertilizer, seed, and chemical prices is that they are going higher than we could have imagined. The breakeven prices are all over the board. The John Deere president and Monsanto chairman each earned over 10 million dollars in adjusted pay. Scary. We hope they are not farming the farmers.

Back to liquidity: Darrell Raum, our senior loan officer, had a customer years ago who explained liquidity as follows:

- 1 crop in the bin
- 1 crop in the bank
- 1 crop in the field

That may be difficult to achieve, but even two out of three would be good.

My previous newsletter article mentioned saving money in the cream can. I have had at least two people tell me they actually saw that happen in the 30s. You know, there are those who thought I was making the whole thing up!

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

## Volatility & Extremes...

Attending the Ag Credit Conference in Lincoln made me think of the many things that are happening in the world, and how it affects all of us. We are enjoying high grain prices and reasonable input costs for the 2008 crop season. During these times, there is money to be made in the Ag sector. But the speakers brought up some caution flags for agriculture. The mortgage crisis is a big concern on both coasts and in the South, but hasn't affected us as much in Nebraska. We do, however, need to be concerned with the "ripple effect" of: 1) investment banks and the mortgage crisis; 2) unemployment; 3) energy costs; 4) weak or strong dollar; 5) interest rates; 6) input costs; 7) living expenses.

In the world picture, issues to consider are 1) the Presidential, House and Senate elections; 2) the Russia/Georgia conflict; 3) Iran/Iraq/Persian Gulf; 4) BSE beef/Korea exports; 5) exports and the dollar's strength; 6) slowdown of world economics. These may all affect our life and how we do business.

According to Dr. David Kohl (who will be here in Bruning for Farmers & Ranchers College on December 1<sup>st</sup>), we could see a \$60-\$80 swing in oil prices in the next 12-24 months. Commodity prices have declined in the last few weeks as well as the dollar strengthening. Land prices are at a long-time high, as well as commodities. Dr. Kohl quoted Ed Siegfried, an economist, "Anything that grows too fast is a weed." He feels that oil, commodities, land, and equipment could all adjust substantially lower in the near term. He adds that we need to be prepared for this by being sure we have liquidity and enough working capital to weather the storm. Investment banks are losing liquidity and their net worth is shrinking causing reorganization, selling or even going out of business.

With the commodity prices (corn, soybeans, and oil) adjusting down as of this writing by 20-30%, we must be careful that our costs don't exceed our commodity prices. High input costs and land values could adjust, pressuring cash flows and balance sheets. In consideration of the above, the marketing of your grain and livestock becomes even more important. Be sure that the businesses where you are prepaying expenses or selling your crops and livestock can weather the storms.

This article is not meant to be pessimistic, but to caution banks, elevators, ethanol plants, seed, chemical and fertilizer dealers, as well as farmers and ranchers, to be prepared for the volatility and extremes that may occur. Communication with family, bankers, and suppliers is so important in these times, and cash is still "king" in volatile times.

*Fred D. Bruning – President*

*"People think land is like antiques; there is less of it every year."  
Barry Flinchbaugh, K State*

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## ***During the Sub-Prime and Credit Markets Downturn - "CAPITAL MATTERS"...***

I mentioned in the August, 2008 newsletter that I would expand on my statement that "Capital Matters." 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. for a total capital base and reserves of \$22,370,000.00. Our total assets are around \$157,000,000.00 as of this writing.

Commercial banking is based upon leverage and historically at higher leverage levels than most any other business. Our bookable assets are our loan receivables, investments, equipment and buildings. Our liabilities are the deposits we hold or your money. The difference between assets and liabilities is our net worth (our net worth is stated above). Because of leverage, banking is a highly regulated business. Bruning State Bank is a state chartered bank and we are not members of the Federal Reserve Bank System. The banking term for our charter is a state bank, non-member. Our primary federal regulator is the Federal Deposit Insurance Corporation (FDIC); we are also examined by the Nebraska Department of Banking and Finance (NDBF). We are on an 18-month safety and soundness examination schedule; the entities mentioned above alternate their presence in this process.

The main focus of each examining entity is to protect the FDIC Insurance Fund from losses. Losses occur only from failed insured institutions that are unable to continue operations when new ownership is required or recapitalization efforts fail. When a bank fails, the FDIC becomes the receiver and has always paid back 100% of the deposits that are within the FDIC insurance limits by ownership category. The FDIC and NDBF are very diligent in their efforts and both have a very dedicated and professional staff that we work closely with.

Even with good regulators, some banks have and will continue to have issues with economic downturns and banks will fail. It is the nature of the industry and economic cycles.

I've been afforded the opportunity to own a few shares of Bruning State Bank, though I'm a long ways from having a majority of the shares. Because of this ownership, I'm as committed as any of the shareholders in protecting and growing the capital base of Bruning State Bank. The worst financial event for my family would be the failure of Bruning State Bank. So having a capital account that provides more cushion than almost all banks our size is comforting.

"Capital Matters" – it protects depositors, borrowers and shareholders, it provides resources to our communities for economic stability and growth. Banking industry risk management is so much better than when I began my banking career 25 years ago. So when the fluctuations hit, we are able to weather the storm.

We are not required by law to publish our financial condition quarterly, yet we choose to do so. One thing I admire most

about Frank and Fred Bruning is that they have no secrets here at the Bank. For a closely held corporation our books are open and updated every calendar quarter and accessible in the local newspapers and on the internet at [www.fdic.gov](http://www.fdic.gov).

*Jerry Catlett –  
CFO*

## ***Too Much Debt Will Hurt Your Business's Bottom Line...***

Most people in business today do not have a feel for measuring how much debt is "too much debt". All they know is they have to pay interest. For the most part they feel the rate they are paying is too high, and if they have any profit concerns it is because the rate is too high, not because they have too much borrowed.

In the early 1980s most farmers who failed blamed high interest rates on their downfall. While high interest was not helpful for most of those people, the bigger problem was having too much money borrowed.

Most financial analysts today will say you should not have over 15% to 16% of your business gross income committed to having to pay interest. Thus if your average gross farm income was \$750,000 your interest expense should not exceed \$120,000. If your average interest rate is 8% it would calculate to \$1,500,000 of total debt.

This may seem like a lot of debt, but to generate this kind of income you would need around 1,500 acres of irrigated farm ground (using average commodity price over the past several years). With land priced as high as it is today, this would equate to \$3,750,000 to \$6,000,000 worth of real estate. Considering average per acre cost in machinery to be \$300 to \$600 per acre, the borrower could have from \$350,000 to \$700,000 invested in machinery. In this example, the borrower would have a net worth of from \$1,850,000 to \$4,200,000, which would be a leverage of 63% to 78% owner equity.

In the 1980s, the farmers who failed all had one thing in common. Their interest expense was over 22% of their total revenue. Most of their debt was in preexisting long term debt on loans for land, buildings, and machinery; with rates from 3% to 6%, and a smaller amount borrowed short-term against operating at the higher rates of 11% to 18%. Therefore, it is prudent not to leverage your operation no matter how cheap the interest rate is.

The cheap interest rate today may be your downfall tomorrow if gross farm income goes down and you find your interest expense to gross income ratio exceeds 20%.

*Darrell Raum –  
Senior Vice President  
Credit Supervisor*

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# Harvest, Planting and Other Important Notes...

## Fall Harvest:

\*Keep Irrigated Production separate from Non-Irrigated production.

\*Keep Production separate by section.

\*Contact us if you will be co-mingling this year's grain in a bin with last year's grain.

\*When co-mingling grain, bin markings need to be made in permanent marker and need to include both the unit number and the date.

\*Keep load records and other field records by section and practice to help prove bushels.

\*Give us a call RIGHT AWAY if you think you will have a loss on any unit. Losses must be reported within 72 hours of the initial discovery of loss and no later than 15 days after harvest of EACH unit.

\*Contact our office with your production numbers even if you don't think you have a loss.

Premium for the row crops is due on October 1<sup>st</sup> and interest will be added if payment is not received at Great American by November 1<sup>st</sup>.

## 2009 Wheat Planting:

\*September 30, 2008 was the final date to make any changes or to sign-up for 2009 Wheat Crop Insurance.

\*Final planting date in most Nebraska counties is October 15, 2008.

\*Report your wheat acres and plant dates by section and practice as soon as planting is completed. Please notify us of any changes in landlord/tenant share etc.

\*Review your Schedule of Insurance for accuracy. Your acres and share need to be correct, but your name, address, and SS#'s also need to be correct. We need to be notified of any marital status change or change to a trust, corporation or other entity.

\*Report your 2008 production if you haven't already done so.

## Some other changes and notes regarding crop insurance:

\*CAT fees for 2009 have been increased to \$300.00 per crop per county, so a buy-up policy might be a better buy. Be sure to contact us for a quote.

\*The CRC and RA policies have now been changed so the Harvest Price cannot be any higher than 200% of the Base Price, with no limit on the downward swing. So, the only difference in the coverage on these two policies will be the Harvest Price discovery period.

\*A premium rate reduction is available to producers who plant certain qualifying corn hybrids. Producers would be required to purchase CRC or RA buy-up coverage and plant at least 75% of their insured corn acres in a unit to a qualifying corn hybrid. Be sure to contact your agent for more details.

As always, we will continue to keep you updated and will send out reminders as deadlines approach.

We appreciate your business and look forward to the 2009 crop year.

*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

## Was That Phishing Or Fishy?

I recently listened to a presentation by NetWorks, the nonprofit clearinghouse that manages ATM and Visa Check Card transactions. They were discussing the various types of fraud. I found their names interesting. It's no wonder dictionaries are so quickly outdated!

We have all heard of **hacking**. This is when someone tries to gain access to the victim's system. There are even Internet sites where information on hacking can be found.

**Phishing** is when a person attempts to acquire sensitive information such as passwords or pin numbers by pretending to be a trustworthy person or business in an e-mail or electronic communication. This could even be a telephone call!

**Pharming** is when hackers set up a bogus web site and re-direct traffic to their site. Our multi-factor authentication helps protect against pharming.

**Smishing** uses text messages posing as the user's financial institution to trick them into divulging personal information. We will not text you.

**Vishing** is the practice of using voice over Internet protocol technology to acquire personal and financial information from the public. This one is way over my head.

**Skimming** is when the data from the magnetic stripe on an ATM card or Visa Check card is copied to a duplicate card without the cardholder's knowledge. Devices can be placed on ATM's or fuel pumps or dishonest employees can be involved.

Rest assured there are many safeguards in place at NetWorks and here at the Bank to protect you but it can't hurt to be alert to the hacking, phishing, pharming, smishing, vishing and skimming practices of the unscrupulous.

My intent wasn't to alarm anyone but it is a little scary isn't it? Just carefully protect your information and let us know immediately if you notice anything "fishy".

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

## How Does Your Cash Rent Compare?

During August, I received numerous inquiries about cash rental rates for our area. My response was "it depends on the farm's fertility, production potential, length of rental contract, irrigated or non-irrigated". If irrigated, is it center-pivot or gravity irrigated and who furnishes the center-pivot, gated pipe, and irrigation motor?

In mid-to late August, I received the 30<sup>th</sup> annual UNL Nebraska Farm Real Estate Market Development Survey that was compiled in February, 2008. In addition to cash rental rate trends, the survey contains information about Nebraska Ag Land Values and Recent Trends, Ag Land Values and Income, Net Rates of Return for Ag Land, and Factors Impacting Current Ag Land Markets.

Survey results are divided into eight Agricultural Statistics Districts: Northwest, North, Northeast, Southwest, Central, East, South, and Southeast. Twelve counties make up the Southeast District that we are located in. Those counties are: Clay, Nuckolls, Fillmore, Thayer, Saline, Jefferson, Gage, Otoe, Johnson, Nemaha, Pawnee, and Richardson.

Listed below are cash rental rates for the Southeast District. Higher rental rates are found in the northern counties for irrigated land and in the eastern counties for dry land due to higher rainfall and better soil types.

	Average	High	Low
Dryland Cropland	\$113	\$142	\$ 88
Gravity Irrigated Cropland	\$185	\$219	\$154
Center Pivot Irrigated Cropland	\$198	\$241	\$170
Pasture	\$ 35	\$ 43	\$ 24
Cow-Calf Pairs Rate/Month	\$ 29.9	\$ 38.2	\$ 22

The above cash rental rate for center-pivot irrigated land assumes the landowner owns the complete irrigation system. When the tenant provides the irrigation power unit for a center pivot or gravity irrigation system, the "full landlord ownership" rate should be discounted \$8 to \$10/ acre. If the tenant provides the center pivot distribution system, the "full landlord ownership" rate should be discounted \$22 to \$28/ acre. Therefore, if the tenant provides both the center pivot irrigation system and irrigation motor, the "full landlord ownership" rate should be discounted approximately \$35/irrigated acre.

Determining fair cash rental rates for the tenant and landowner can be difficult unless both clearly understand what each is contributing to maximize the farm's productivity while being a good steward of the land.

If you would like a copy of the survey, please email me at [cpepe@bruningbank.com](mailto:cpepe@bruningbank.com) and I will forward you the full survey.

*Craig Pope –  
Hebron Branch President*

## Beware...

You've probably heard the catchy tune sung by the [freecreditreport.com](http://freecreditreport.com) singer? Well, don't be fooled – the credit report may be free, but be careful of what you're agreeing to prior to getting your free report. We've been told that after receiving their free credit report, customers have a monthly charge appearing on their credit card statement. They have inadvertently signed up for credit protection insurance. Upon calling [freecreditreport.com](http://freecreditreport.com) and being very insistent, they were able to get their money refunded and the membership canceled.

A better way to obtain your free credit report is to go to [www.annualcreditreport.com](http://www.annualcreditreport.com). This is the only online source authorized to give you your report for free. You may be offered other products or services while on the website, but you are not required (or tricked) to make a purchase to receive your free annual credit report. You may also request your free credit report by telephone at 1-877-322-8228, or by mail, using a request form that we can provide for you.

While on the subject of monitoring credit reports, please remember that our Bank carries identity theft protection for our customers. If you think you have had your identity stolen, please notify us. We have contracted with a company that will assist you free of charge.

It's becoming increasingly important to look at your bank statements and credit card bills to ensure that you have authorized every transaction. If you see a purchase on your bank statement that you did not make or a check that you did not write, contact us right away. Likewise, if there is a transaction on your credit card bill that you didn't authorize, call your credit card company immediately. You work hard for your money – don't let someone else spend it for you!

*Shari Fischer –  
Assistant Branch Manager  
Hebron Branch*

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# 4x4

## 4.00% Rate CD

4.06% APY\*

### for 4 Years!

SQUARE DEAL

A \$10,000  
CD in four  
years would  
be \$11,727

SQUARE DEAL

**That's a deal!**

**What a great way to LOCK in a good rate and keep fully vested!**

\*Annual Percentage Yield. Rate effective until 10-31-08. \$500 minimum balance to open. Substantial penalty for early withdrawal. Interest compounds quarterly.

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## Crop Insurance and The New Farm Bill...

The new farm bill, Food, Conservation and Energy Act of 2008, has created many questions and concerns. You have most likely attended some of the FSA informational meetings in the past months to better understand how the programs work and how they will affect your operation for 2009 and in the years to come.

The new ACRE (Average Crop Revenue Election) program is designed to replace the current counter-cyclical payment program. Producers must choose either the new ACRE program or opt to keep the current counter-cyclical payment program. Sign-up dates for the ACRE program haven't been released yet, but producers will have multiple opportunities to sign up. Once the ACRE program is chosen, then you must remain in the program through the 2012 crop year.

The Supplemental Revenue Assistance Payments Program (SURE) is the new disaster program. To be eligible for the SURE program, producers must carry crop insurance on all insurable crops and also carry a NAP policy (through the FSA office) on all uninsurable crops. Producers could choose to "buy-in" the SURE program for 2008 by paying the required fee and signing up by Sept. 16, 2008. The "buy-in" option only applies to 2008 and then all crop insurance requirements must be met for 2009.

Producers need to check with the FSA office to insure compliance with the new requirements created by the new farm bill.

**NOTE:** There is a new pilot Pasture/Range/Forage insurance plan available in some counties in Kansas and Nebraska. The new farm bill requires producers to purchase crop insurance on ALL insurable crops, so producers will be required to purchase insurance on their pasture, range, and forage ground also. Sign-up deadline is November 30, 2008, and coverage is available at the Bruning State Bank Agency.

Be sure to review your crop insurance coverage to make certain you comply with all FSA program requirements. We are here to assist you and to answer any questions you might have.

*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

## Getting Ready for Year-End Tax Planning ...

As we head into the home stretch of 2008 and pull together records for your near year-end meeting with tax advisors, I have a suggestion that may reduce your income tax liabilities now and help you build some diversified assets for retirement. There are many retirement vehicles available; with the assistance and advice of your tax advisor you may want to explore the benefits of a Simplified Employee Pension (SEP) Plan. Staying true to

the Bruning State Bank Mission Statement of "Assisting our Clients to Build and Maintain Wealth", this retirement plan does deserve your attention in 2008. Here are some of the facts:

An employer may contribute up to 25% of the eligible compensation, providing the contribution does not exceed \$46,000.00.

A SEP is a retirement plan established by employers, including self-employed individuals (sole proprietorships or partnerships). The SEP is an IRA-based plan to which employers may make tax-deductible contributions on behalf of eligible employees. The employer is allowed a tax deduction for plan contributions, which are made to each eligible employee's SEP on a discretionary basis.

Employees do not pay taxes on a SEP, but these contributions are taxed when the employee receives a distribution from the SEP IRA.

An employee who is eligible to participate in his or her employer's SEP plan must establish a Traditional IRA to which the employer will deposit SEP contributions. Some institutions require the Traditional IRA to be labeled as a SEP IRA before they will allow the account to receive SEP contributions. Others will allow SEP contributions to be deposited to a Traditional IRA regardless of whether or not the IRA is labeled as a SEP IRA. Because the funding vehicle for a SEP plan is a Traditional IRA, SEP contributions, once deposited, become Traditional IRA assets and are subject to the Traditional IRA rules.

Unlike qualified plans, a SEP plan is easy to administer. The start-up and maintenance costs for SEPs are very low compared to qualified plans, and since contributions are discretionary, the employer decides every year if they want to fund the SEP for that year.

Another attractive feature of the SEP plan is that employees may use the same account for their SEP contributions as for their regular Traditional IRA contributions. The limits for the SEP employer contributions and the individual's Traditional IRA contributions are different and do not affect each other. However, an employee's participation in the SEP may affect his or her ability to deduct the Traditional IRA contributions.

- Generally, any employee who is at least 21, earns at least \$500 per year, and has worked three out of the five preceding years is eligible to participate in the SEP.
- Any employer with one or more employees may establish a SEP plan.
- An attractive feature of the SEP plan is that employees may use the same account to which SEP contributions are made for their regular Traditional IRA contributions.
- SEP IRAs are immediately 100% vested, which means employees may take the contributions at any time, regardless of whether or not the employee still works for the employer's business.
- Because the funding vehicle for a SEP is a Traditional IRA, the distribution rules of a Traditional IRA also apply to SEP assets.
- Federal Deposit Insurance Corporation (FDIC) insurance coverage has increased to \$250,000.00 to cover all retirement accounts at a single financial institution.

The SEP IRA provides some very attractive features, including tax savings and deferral, diversification of assets, and safety depending on the investment that is funded. Contact Chris Toniges or me to discuss in greater detail.

*Jerry Catlett –  
CFO*

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## Customer Address Changes...

Beginning Monday, November 3<sup>rd</sup>, the Bruning State Bank will make a slight modification to its address changing procedures. The Bank will continue to accept address changes from customers as it has in the past (in person, by telephone, mail, email, etc.) however, our procedures have been changed to enhance security for our customer base. If you come into the Bank with an address change, we will ask you to sign and date a form indicating your wish to make the change on our system. Should we receive the request over the phone, by email, or by any other means that does not have a signature, we will send a letter to your old address as well as your new one indicating that we are going to make the change on our system. If you see no issues or errors with the new address, no further action is required by you, and we will change the address on our system in three business days. In the event you see an issue, simply give us a call and we will get it cleared up.

The Bruning State Bank views customer information security as a top priority and it is our hope that these new procedures will enhance our already strong security program. If you have any questions about the procedures, please give us a call at 1-800-403-5889. Thanks and have a great day!

*Corey Swartzendruber –  
Network Administrator*

## Repeat...

I will be retiring November 30<sup>th</sup> of this year and I have ranted for about 25 years on what you should be doing to make it in agriculture; this will be the last rant.

Please be aware that current farm incomes are at their best since the early 70s. Profits will again be very good in the 2008-operating year. The feeling to invest in capital items to beat taxes will be strong, again I say, "Don't get caught in this trap."

I previously have referred to the 70s and 80s, and that history will repeat itself. It will!!!! When grain prices went through the roof in the early 70s, many had two crops in government storage or in farm storage and were able to cash in on a nearly \$2.00/ Bu increase for corn and milo. Beans and wheat were even higher. The buying power of grains at that time far exceeded the buying power of grains today. Bankers and farmers had no real concept of how to handle money, because neither had experienced sudden prosperity before. The catch phrases at that time were: 1) "We are in a new era of agriculture." 2) "The world needs our grains and meat products." and 3) "We can't raise enough to meet the demand." These phrases are being tossed around again.

The big push in the 70s was to save taxes. Machinery was purchased and buildings were erected; most of this was on term payments, usually 5 to 10 years. Life was good for a few years; farmers made minimal payments on equipment and spent the rest on a better standard of living, homes, and land. It didn't take long for expenses to catch up with income. All of a sudden there was carryover debt and payments which couldn't be met. Land was refinanced to pick up the shortfall and we all hoped the next year would be better; in some cases, it wasn't. There were a few good managers who prospered through the 70s and 80s; most of these paid their taxes, kept purchases to a minimum, and ac-

cumulated working capital. If there was a chance to purchase a piece of land, some had the cash on hand to do so.

The same thing is happening today; input costs of seed, fertilizer, fuel, chemicals, and cash rents have escalated over 300% for some of the input costs. The old saying of purchasing things in the good years and paying for them in the bad years still holds true.

If you are purchasing a new piece of equipment, put some extra money down with the trade, keep the payment term short and the payment low. Reduce debt and increase your working capital. If your operating debt is paid, use some of your own money to operate instead of borrowing. You usually are more conscious of the outflow of funds if it is your funds being used. When you are operating on your own money, it's easier to make money.

*Larry Olson –  
Vice President Loan Officer*

## Generations X + Y = Debt...

Here is the first installment of many throughout the upcoming years targeted specifically at my sisters and Tracie (my lovely spouse, for those of you that do not know her) and my generations, X and Y. This is not a platform for me to preach because I am going through or have gone through just about all of the things I am going to write about. For full disclosure, I have three kids, all of them in some stage of diapers or pull-ups, a mortgage that is bigger than we need, cars that are newer than what we need so that we now owe more money on than they are worth, credit card debt, school debt, and we spend more per month on cable, internet, phone, and entertainment than on food. I will try to cover topics that will save you money, help you plan for the future, and (if I do this right) I will learn as much as anyone in doing the research. By the way, even if you are not part of the under 40 crowd, please follow along because a lot of the things we are going to cover may pertain to you, as well.

So what financial characteristics make up the debts of generations X and Y? Many of us graduated college with five figures of school loans and, even though our parents warned us, four figures of credit card debt. We have very little in savings and the majority of our first, second, or even third jobs did not include benefits. Many of us moved back in with parents to save a little money but that can only last so long. Believe it or not, based on inflation, many of our first jobs pay or paid 10-15% lower than our parents made 20-30 years ago.

In order to really get a handle of what we are trying to do, I have one piece of homework for everyone before the next newsletter. Please get a recent statement copy of every financial account that you have (old 401k plans, IRAs, checking, savings, CDs, Savings Bonds, loans, etc.) and put them in one place. There are probably more of them than you realize; this will be the guide book for our journey and I hope you will follow along with me. Many of the items that I will cover will involve simplifying your financial life to save money on fees, save time, and most of all, get your financial house in order. That way you can spend more time living your life instead of having your money determine the life you are living.

*Chris Tonniges –  
Assistant Vice President*

## **You Get What You Pay For...**

Have you ever gone shopping and had to decide if you should buy a particular item because of the "cheap" price versus the best quality item? Experience has taught us that "cheap" is not always the best way to go. Have you made insurance coverage decisions based on a cheaper premium? How many times have you contacted your agent and asked to decrease coverage in order to save money? Auto insurance is one type of insurance where cheaper is not usually better. You know the saying... "You get what you pay for."

Medical treatment cost, rehabilitation costs, and the cost of repairing/replacing a vehicle are not "cheap". If you've been to the doctor recently or if you've been car shopping, then you know that these things are quite expensive and "cheap" insurance just won't do the trick. SO...you may think..."I'm a good driver, this will never happen to me." But accidents happen – even to the BEST drivers.

What if you have an accident with multiple vehicles, with multiple passengers?

What if you have an accident with a BMW, Jaguar, Porsche, Lexus, SUV etc?

What if you have an accident with a bus full of passengers?

What if you have an accident with a semi-truck and trailer full of cargo?

Do you have enough coverage to pay for the damages and injuries? Don't "go cheap" on your auto insurance coverage. A few dollars saved every year can cost you dearly with just one accident.

Bodily Injury and Property Damage liability coverage is required on all vehicles licensed for road use. This liability coverage provides you with financial protection should you be deemed "at-fault" in an accident and are, therefore, responsible for the injury and/or property damage incurred by the other party. Low limits of liability coverage may satisfy the State requirement, but could put your personal & business finances at risk should injuries and/or property damages total more than your insurance coverage limit. Higher limits of liability coverage don't usually increase your premium by a lot.

Medical payments coverage, not required by the State, helps pay for injury to you or any passengers in your vehicle. If you were involved in a single vehicle accident and did not have medical payments coverage on your policy, then your auto insurance is NOT going to pay for any of your medical expenses. Medical payments coverage can be added to your policy and the coverage amount can be increased for very little premium.

A few other items to think about:

- \* Does your policy provide automatic coverage for a newly purchased vehicle?
- \* Are your vehicles titled the same way they are insured? If not, do others named on the title have coverage on your policy?
- \* Do you have coverage when driving a rental car?
- \* Who pays for your vehicle and your injuries if the "other" party doesn't have insurance or you are involved in a hit & run?

"Get what you pay for" - stop by and see us for a free policy review and coverage quotation. Be sure to contact us at any time with any questions you might have. We are here to help you with all your insurance needs. We will work to find you the highest insurance coverage for a fair price.

*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

## **Nebraska Feedlot Gets Shut Down and Fined \$52,000 by the Government...**

Did I get your attention? Could this be your feedlot that they are talking about? Recently I attended a local Nebraska Cattlemen's Conference and they reminded the producers at this meeting that the deadline to get your feeding operation registered with the DEQ is December 31, 2008. The Nebraska Cattlemen worked hard for the producers over a year ago to get the timeframe extended to December 31, 2008. There will not be any further extension of time so you must get your feeding operation registered. You can begin the registration by completing an application and sending it in by the deadline. The application can be obtained from the DEQ, Nebraska Cattlemen, or the Nebraska Cattlemen's website at [www.nebraskacattlemen.org](http://www.nebraskacattlemen.org). If you have any questions, you can contact Duane Gangwish at Nebraska Cattlemen #402-475-2333. Don't think your operation is too small to require registration. Minimum fines are \$5,200 with a maximum fine of \$52,000 for not registering your feeding operation, so don't take the risk.

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

## **Welcome...**



Bruning State Bank would like to welcome Janell Stengel to our banking staff. Janell is in customer service at our Hebron Branch. Before joining us, she taught at Fillmore Central Schools for 16 years. She is married to Rick Stengel and they live on a farm south of Carleton. They have four children. Their older two are in college: Tyler, a junior at Northwest Missouri State and Lauren, a freshman at UNK. Their younger two both attend

Deshler Lutheran where Matthew is in the 8<sup>th</sup> grade and Faith is in the 4<sup>th</sup> grade. Stop by the Branch and meet Janell.

# Farmers & Ranchers College...

While many of you are busy with harvest, we are planning the upcoming Farmers & Ranchers College events. The mission of this group is to provide high-quality continuing education to farmers and ranchers in a rapidly changing global agricultural environment.



Carl Babler and Bruce Johnson will be our first specialist speakers on Thursday, November 20<sup>th</sup> in Geneva. Dr. David Kohl from Virginia Tech University will be our next program on Monday, December 1<sup>st</sup> at the Bruning Opera House. Watch for more details on the upcoming workshops for this season.

*Fred D. Bruning,  
Larry Olson & Sarah Miller*

# Teaching Children to Save...

We would like to remind parents about the importance of saving for your child's future. The cost of education is rising at a rapid pace, which makes it important to teach children to save money at an early age. Bruning State Bank offers Buck's Buckaroo Club, A Savers Club for Kids. All children, ages 12 and under, can become a member when they open a savings account. The account has no minimum balance and no monthly service charges. Membership includes receiving an official membership card to track their progress. For every \$1 deposited, one star on their card is punched. After they have all one row punched, they can redeem for a prize. When all ten rows are punched, Bruning State Bank will deposit \$1 to their savings account, with a \$5 maximum.

Buck's Buckaroo Club is a fun way for kids to learn the importance of saving and having fun doing it. Please, feel free to ask any of the Customer Service Representatives in the Bruning, Broken Bow and Hebron Branches about the Savers Club for Kids.

*Customer Service*

**In observance of the following holidays, we will be closed at all three bank locations on:**

*Monday, October 13  
Columbus Day*

*Monday, November 11  
Veteran's Day*

*Thursday, November 27  
Thanksgiving*

**BRUNING  
STATE  
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