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Bruning  
Hebron  
Broken Bow  
Holdrege  
Kearney Loan Production Office

# BRUNING STATE BANK

*Your Country Bank Since 1891*



## One Step Forward, Two Steps Back...

I must really be off my mark. In the last newsletter, I went on and on about communication – interaction with other people and how important it was to share ideas and meet people. I also talked about how job opportunities may come from relationships developed over the years.

Then I picked up the Omaha World Herald Sunday paper and had my theories blown all to pieces. The new “Interactive Teller Machines” for banks let customers talk to and work with a machine. True, they call it interaction because a person comes up on the video screen to talk with you, but the machine manages the paper transaction.

Speed and technology are very important in this fast-moving world so I shouldn't knock it, but for my generation, it is robbing us of the chance to exchange questions and answers, plus the opportunity to make friendly conversation.

Isn't it funny how the older generation has this hang-up about change, and how we tend to drag our feet on improvements? I remember in the late 30s, farmers argued against putting rubber tires on tractors because doing so would pack the ground. The tractor was fine for plowing, but to cultivate corn, you needed horses. Anyone see any steel-wheeled tractors in the field anymore?

More likely, the real complaint from the more mature generation is that we want to be included and recognized, as we love to share our experience with others. It's more difficult to do that with technology compared to face-to-face conversation. We don't text each other at coffee and social events – we talk. And talk. And talk.

With all of these thoughts, I realize it's very likely that a combination of personal interaction and technology is necessary. I started this letter out with “one step forward, two steps back.” Well, I admit I probably am the one doing the dancing! (Or taking the backward steps!)

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

## Returning to the Family Operation...

When I was growing up, most of my classmates were eager to leave our farming community for the big city after graduation. Now, I am pleased to see many young people are returning to the family farm, ranch, or small business. This is wonderful for rural communities, helping to carry on (or even restore) life on Main Street. Young people bring ideas and energy, along with spouses and children back to our rural areas.

In the communities which we serve, our Bank is trying to encourage and help young people come back to work with Mom/Dad, Grandma/Grandpa, uncles/aunts, or neighbors. Our Bank has been involved in the development of continuing education programs like Farmers & Ranchers College. This program holds several seminars each year, inviting speakers to share their expertise on various subjects, including what factors must be considered when bringing additional family members into the business.

I am blessed to have two sons in our family businesses – Adam in our Bruning State Bank Loan Production Office in Kearney, and Reiss, home working on our cattle operation. It has taken patience, understanding, money, and time (including from the grandparents), as well as a very understanding spouse who did most of the child-rearing while I was busy and gone a lot.

As we enjoyed \$7.00 corn and \$2.50 calves, there was opportunity financially to bring family members home. But now, facing \$3.50 corn and somewhat lower calf prices, it may become more difficult to “share the wealth” with the newly-returning family members, as the cash flow becomes tighter and there are less funds available to use for family living, cash rent, and equipment.

We ask you, as parents and grandparents, to please help us create an environment in our communities to welcome these young people back. Join us in creating a welcoming atmosphere by meeting together as lenders and community leaders to recognize their energy and ideas, as we work together to improve the farm, ranch, and small business operations. We should take this opportunity to embrace the young and work together to create an atmosphere of growth and prosperity for all.

*Fred D. Bruning – President*

*“Opportunity is missed by most people because it is dressed in overalls and looks like work.” - Thomas A. Edison*

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## Thoughts on Surviving a Weak Farm Economy...

Before grain prices began to rally, we would talk about how marketing was the most critical management component of farming. Then commodity prices went crazy, and it didn't matter if you had a marketing plan, as almost anything you did made money. Now with low grain prices, those who stuck with a marketing plan are being rewarded this year. They have been marketing into grain prices which were higher than they are today.

For those who didn't have a marketing plan, or didn't follow the plan they had, your options may be limited for marketing your 2015 crop. No one knows what commodity prices will do, but most experts I follow would tell you to try to start pricing some grain if there is any type of rally in the market. It's important to know what your breakevens are. This will give you an idea of your goal in pricing your crop. With low prices, you can't expect to sell into a profit, so what you try to do is sell into a breakeven or close to breakeven scenario.

Keep in mind that with low commodity prices, you must find a way to hold your equity position together. I don't expect my customers to make a profit, but I do ask them to do everything they can to avoid losing money.

As part of your plan to hold your equity together, you are going to have to revisit your profit and loss statement and try to find ways to lower your expenses. I know this is easier said than done, but if you are honest with yourself, you know you did not watch the farm expenses as much as you could have while commodity prices were high. This includes operating expenses, land rent, and interest costs. Remember it's your net worth that's at risk.

The next item is the hardest of all. Living expenses have skyrocketed over the past six to seven years. Many of our customer were spending \$50,000 per year or less on living expenses. Now it's costing many of them \$70,000 to \$120,000 to cover living expenses. Your willingness to make personal cuts may be the difference between breaking even and a sizable loss.

The final thing I am asking you to consider is if there is any way to increase your income through adding alternative crops to your operation, taking on custom work, or working off the farm during the winter months.

You may have to put forth more effort, you may have to be more creative, you may need some luck, and at the end of the day, you may still fall down. But failure is not falling down... it's staying down. Always get back up.

*Darrell Raum –  
Senior Vice President*

## Think Before You Co-Sign...

Have you been asked by a relative, friend, significant other, or co-worker to co-sign a loan, lease, or rental agreement? If so, I hope you thought about the "pros and cons" before agreeing to co-sign.

Many people get in financial, and sometimes legal, trouble when they co-sign for a car loan, credit cards, jewelry, furniture, or other items of value. They co-sign out of love or simply because they want to help a person who doesn't have good enough credit or income to qualify on their own. The person being helped may have all good intentions but they may take on more than they can handle financially, they may lose their job, or they may become negligent in meeting their monthly obligations.

The problem with co-signing with someone is that you don't know how they will handle your goodwill, your love, or your trust, even if they are your child, parent, brother, sister, or good friend. Sometimes things start out great but then turn sour later; and sometimes things start out rotten from the moment the arrangement is consummated.

This is not to say that things always go wrong, because many people, when getting someone to help them purchase something by agreeing to cosign with them, take the responsible route and pay their debt as agreed to, and then as a co-signer, you don't have a worry.

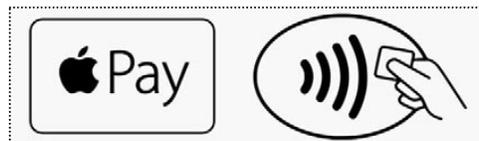
But there are times when people get caught up in unpleasant circumstances with a co-signer, and their credit scores suffer the unfortunate consequences. There may be lawsuits, defaults, foreclosures, garnishments, repossessions, and bankruptcies filed as a result of good intentions going bad.

Many close friendships are destroyed because of such financial arrangements, and sometimes even families are torn apart. Once this is done, it may be very difficult to re-establish a loving relationship between the parties.

In all cases, co-signing for anything should be given a great deal of thought by the person being asked to do the co-signing. If there is any doubt, hesitation, or concern about doing it, it may be a wise idea to decline.

*Craig Pope – Hebron Branch President*

Based on an article from MoneyMatters101.com.



### COMING SOON: APPLE PAY

In just a few weeks, you'll be able to use **Apple Pay** with your Bruning State Bank debit card. So you can leave your card in your wallet and make purchases using your iPhone, iPad, or Apple Watch anywhere Apple Pay is accepted!

*Watch for the announcement on our website and Facebook.*

# And Then Came the Hail...

Well, the 2015 fall harvest is underway and the fall wheat crop has been planted! This year has brought a broad spectrum of weather. We had excessive rain with flooding in some areas, then lack of rain in some of those same areas, followed by hail, wind, insects, and some crop disease. Add low market prices with high input costs to the mix and you have a very "interesting" year for farming!

With harvest underway (or possibly complete), now is the time to organize your scale tickets, bin measurements, field records, etc. (by section & practice). Please bring this information to our office as soon as possible. Losses need to be reported right away!

The Revenue Harvest Market Prices will be established the first part of November. If the Chicago Board of Trade averages are lower than our established base prices, then you could have a loss even if your yield was above your bushel guarantee.

CONTACT US WITH YOUR YIELDS A.S.A.P.!

### Important Notes:

- The end of the insurance period for corn, milo, and soybeans is December 10, so be sure to let us know if you have been unable to finish harvesting by that date!
- The row crop premium was due September 1 and interest started accruing on October 1. Be sure your premium has been paid.
- March 15 is the deadline to change, cancel, or sign up for 2016 spring planted crops.
- Set up your continuous hail insurance coverage for 2016 NOW!

We encourage you to call us or stop by our office with any questions.

*Kathy, Jeff, Brian, Shari,  
Janet, Ryne, Zach –  
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.

### Upcoming Insurance Dates to Note:

Open Enrollment Periods to Change 2016 Coverage	
Medicare Part D (Prescription Drug)	10/15/15 - 12/07/15
Individual Health Insurance Affordable Care Act Coverage - Written Direct (Exchange/Marketplace services not provided.)	11/01/15 - 01/31/16

Contact us to review your coverage!

*Kathy & Brian - Insurance Agency*

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.



# Accomplishing a Goal...

A goal without an action plan is just a wish. A goal without a deadline is just a dream. A goal unwritten and not visualized often goes unaccomplished.

How come we set goals and then don't accomplish them? As I have been doing research on goal setting and reading John C. Maxwell and many other great authors, I have found one common theme. We don't do the simple steps of writing down our goals with a deadline, creating an action plan, and visualizing what our goal looks like.

The year is not over yet and there is still time to set and accomplish year-end savings goals. However, don't just set these goals, write them down with a deadline, make an action plan, and then visualize what it is going to look like for you.

For example, let's say your goal is to save 20 dollars a month for ten years and put it in a savings account. First you're going to write it down, then give yourself a deadline, figure out your action plan, and visualize what the end will feel like in ten years. A great action plan would be to set up an automatic transfer that comes out of your checking account every month. A deadline would be to have this set up by the 15th of the month. And then you can visualize how many great things you could do with your savings at the end of ten years! If you think about it, you will have saved \$2,400.00 and that doesn't even account for the amount of interest that will be accrued.

I love writing down my goals and posting them somewhere I can see them every day. My favorite part of goal setting is when you accomplish your goal because of the feeling you get. After accomplishing a goal, you feel empowered and will be ready to set and accomplish your next financial goal!

*Joslyn Nelson –  
Customer Service Representative*

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

**Monday, October 12**  
*Columbus Day*

**Wednesday, November 11**  
*Veteran's Day*



**Thursday, November 26**  
*Thanksgiving*

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## How to Keep Your Composure During a Correction...

Let's face it, what most of us want from our investing is a straight-sloped line up over time. I'll take the nice even 8% per year without any downturns please. Ah, if only investing was that benign. Oh sure, I know there are some of you out there who secretly love the -10% market corrections. I get the phone calls during those downturns from some of you adrenaline junkies. I pick up the phone expecting a panicked client, only to hear, "Hey, Dave, I think today is good day to buy!" I have to admit, it does make me smile to hear the voice of an opportunistic investor.

For those of you who might not have the steely resolve to invest when the market is down – and especially those who would rather pull the plug and sell when the market is low – here are some thoughts for when the market gets rough.

Volatility is a daily event in the life of the capital markets. Normal market swings are to be expected. For every transaction, there is a buyer and a seller and the markets move up or down, often minute by minute.

Don't listen to the hype. I just read an online newspaper article referencing the recent market "crash." The DJIA declined about 10% between August 17 and August 25, 2015. That is not a "crash." It subsequently rose 6.3% over the following two days. That was an example of a "news" article seeking to grab attention through hyperbole. A correction is not the same as a stock market crash.

Corrections are about a -10% drop in valuation. Corrections are a natural, healthy, and necessary part of the market that occurs with some regularity over time. As Sean Williams with The Motley Fool reminds us, "According to investment firm Deutsche Bank, the stock market, on average, has a correction every 357 days, or about once a year. Our last correction was nearly 1,000 days ago, the third-longest streak on record." And we have been saying for some time that a market correction is overdue.

Corrections tend to be short-lived, lasting somewhere between a few weeks and six months. Market rebounds typically outlast declines. In JP Morgan's piece, "Putting Volatility in Perspective," despite average intra-year declines of -14.2%, annual returns were positive 27 of 35 years (S&P 500 1980 – 2014). Heck, even in 1987, when the S&P 500 experienced its largest single day decline of -20.5% on Black Monday and there was panic in the streets, the year ended up positive 2%. And since 1949, the market has spent longer periods rising (43 months on average) than falling (14 months on average).

It is time in the market, not timing the market that has produced the best way to capitalize on the stock market's gains. When individual investors get nervous and sit out on the sidelines, they miss the best days of the market. That's because timing the market is impossible. The best days of the market are what give the stock market its average returns of around 8 – 10%. If you sell while the market is declining, and sit out waiting for when its "safe" to get back in, you not only sell low (realizing an actual loss on what otherwise would have been a paper loss), but you miss most, if not all, of the increases, so you end up buying back in at

the high. That's why Dalbar, a financial research firm in Boston, has shown over the last 21 years, the average individual stock fund investors underperform the markets by some 7 percentage points by market timing. And according to Putnam investments research, an investor who invested \$10,000 in the Dow Jones Industrial Average, and stayed fully invested over the past 15 years, would have earned \$10,810 more than someone who misses the market's 10 best days. (e.g. \$22,118 versus \$11,308 or an average return of 5.43% versus 0.82%).

Trust me, there are down days when market timing crosses my mind. It would be great to invest in an FDIC no-risk product that averaged 5% greater than inflation and call it a day. But that's not reality. And to be honest, I enjoy participating in the capital markets – investing in companies around the world and cheering on the entrepreneurial spirit of risk and reward. I'm in it for the long haul – steeling my resolve with an eye on the future.

The next time you get nervous and feel like selling low and going to cash, give me a call. Let's talk about your risk tolerance and time horizon. Let's make sure you are investing suitable to your goals. And let's look to the future.

*David Frook –  
Financial Planner*

Securities offered through Securities America, Inc. Member FINRA/SIPC.

David Frook, Registered Representative

Advisory Services offered through Securities America Advisors, Inc.

David Frook, Investment Advisor Representative

Bruning State Bank and Bruning State Bank Wealth Management are unaffiliated with Securities America.

May Lose Value, Not FDIC Insured, No Bank Guarantee

## If You're Happy and You Know It...

On the surface, positive thinking sounds great. I believe most people would prefer to be positive rather than negative. However, somewhere along the line, being a positive person has lost its luster to characteristics like hard working or driven. It is just easier to be negative. Negative thoughts tend to fly into our minds. It can take effort to look at a situation and try to see the positives, but that effort is worth it.

Staying positive can affect your own health and all those around you. It lowers stress levels and increases longevity. Marriages are much more likely to succeed when there are higher levels of positive interactions. Positive work environments outperform negative work environments. Positive people tend to have more friends and more opportunities.

With all these benefits, why not choose to be positive? We can't decide what happens to us in life, but we can decide how we react to every situation. Choose to be happy. Look at the bright side. Be a cup-half-full kind of person. Most importantly, inspire others to be positive. I can guarantee you it will change your life and the lives of those around you.

*Lindsey Vieselmeyer –  
Loan Administrator,  
Young Bankers of BSB*

## Manufacturing Award...

I recently had the privilege of attending an award presentation ceremony honoring Sargent Pipe Company of Broken Bow as "Manufacturer of the Year." The event was sponsored by the Nebraska Chamber of Commerce and Industry, along with McGladrey, one of the nation's leading providers of assurance, tax, and consulting services.



During the ceremony, a virtual tour of Sargent Pipe Company was played. This five-minute video showed the operations of various items the company manufactures. Sargent Pipe specializes in manufacturing efficient turbine pumps and accessories for irrigation wells.

Additionally, there was a panel of representatives from four other large manufacturing companies in Nebraska. This panel pointed out that there is a shortage of skilled workers in many areas of manufacturing including welders, electricians, plumbers and computer technicians, to name a few. So often, we encourage our young people to get a four-year college degree. Employment dynamics have changed and job demand should and will drive vocational jobs. Many of these skilled positions earn very good wages when compared to time and money spent earning a four-year college degree.

Governor Ricketts presented Sargent Pipe Company with the award. He spoke about the strength of the Nebraska economy. Did you know that Nebraska ranks 4th among US states for its fiscal health, based on its fiscal solvency? Nebraska's unemployment is also the nation's lowest, currently 2.6%. We should all be proud of the fact that Nebraska is doing so well economically.



Another nod has been given to Sargent Pipe Company for its feature on the television program, "How It's Made." A film crew came to Broken Bow and spent two days shooting footage at Sargent Pipe Company. This episode aired on the Science Channel on September 24th. Congratulations to Sargent Pipe!

*Dan Jelinek –  
Broken Bow Branch President*

## Revocable, Living, Irrevocable...

The title lists several types of trusts; "Living" and "Revocable" are used both together and interchangeably, depending on the source, and can be revised. This type of trust becomes "irrevocable" at the passing of the trustor, grantor, or settlor (that is, the person who is putting the assets into the trust), and may have the different tax benefits and powers as compared to an irrevocable trust. Up until the death of the trustor, property may be added or removed from the revocable trust at the grantor's wish. In an "Irrevocable" trust, assets which are put into this type of trust are no longer subject to the wishes of the person making the trust.

There are many reasons to consider creating a trust, including:

- manage estate tax
- provide for your family according to your wishes,
- pass your assets on to your beneficiaries on YOUR time frame while still having the assets managed to your preferences
- provide for children or grandchildren
- keep the property together
- manage assets in the event of your incapacitation

In most cases, the trust estate does not have to go through probate so the property matters remain private.

Bruning State Bank has had a Trust Department for over twenty years. We have ten committee members who have a wide array of knowledge and experience, with the ability and design to provide professional service with a personal touch. Please stop by any of our locations to visit with a trust officer if you have questions. We hope you will consider us for your trust needs.

### Trust Department

Reference Guide – 2015 Contribution Limits	
<b>Individual Retirement Accounts – Traditional &amp; Roth</b>	
Contribution Limit	\$5,500
Age 50+ Catch-Up Amount	\$1,000
Total Combined Limit for Ages 50+	\$6,500
<b>Individual Retirement Accounts - SEP</b>	
Contribution Limit	The lesser of: 25% of the first \$265,000 of each eligible employee's compensation OR \$53,000
<b>Health Savings Accounts – Individual</b>	
Contribution Limit	\$3,350
Age 55+ Catch-Up Amount	\$1,000
Total Combined Limit for Ages 55+	\$4,350
<b>Health Savings Accounts – Family</b>	
Contribution Limit	\$6,650
Age 55+ Catch-Up Amount	\$1,000
Total Combined Limit for Ages 55+	\$7,650
<p><i>We encourage you to keep this guide handy throughout the year to avoid over-contributing. If in doubt on whether you have exceeded your annual contribution limit, please ask a Customer Service Representative to check before making your deposit. We are happy to help you, and it saves both of us time and hassle!</i></p>	

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## Question for Parents...

How important is establishing and maintaining a credit history for your college freshman? Well, number one, establishing a credit history is important, but not as important as keeping that credit history clean. My daughter is a sophomore in college and my son is finishing high school this year. I have been a loan officer since before they could walk, and they have had the benefit – or maybe the burden – of having to listen to me discuss how extremely important their personal credit history is. All I can say is that I really hope they heed my words about credit better than they have about saving money.

I will assume your children have taken copious notes on the life advice you have given them. Why would they not? I mean, they did give you a coffee cup that says, "World's Greatest (Dad or Mom)." If not, then right now is the time to start having that discussion with them.

Most likely a student loan will be their first adventure into credit, and it is important they read and know the terms. Stress to them that when they owe a debt, it is up to them to manage it; remember when payments begin and when they are due. They need to make sure that their creditors have the correct contact information for them every time they move. Also, the post office may "misplace" a piece of mail or two. So just because they did not receive a notice or get a phone call, it is 100% still their responsibility to remember and manage their debts on time.

Obviously a small auto loan or other type of installment loan is good for starting to establish a credit history but keep it short term and make ALL the payments on or before the due dates.

Next comes the dreaded revolving type of credit. Credit cards can be a great credit builder but only if used wisely. Remember that credit cards should be considered a very short term single pay note with the entire balance ideally being paid off each month. It does not make their credit better by leaving an unpaid balance and paying the compounding interest!

Oh yes, I need to mention that just because Buckle, JCPenney, Kohl's, etc. offers them an extra 10% off their current purchase, that does not make it worth their time and effort.

It is important to note that being extended credit is not a right, it is a privilege, and everyone needs to respect it. Stress to your children that their credit history is a documented and continuing history, and it is a direct reflection of their integrity and character as a person.

It is not easy for a young person to receive approval for credit, but if their early credit privileges are abused, it can sure make it impossible for them in the future to obtain credit when they truly need it to buy or rent a home. A bad credit history can also mean they may not receive favorable terms on rates and fees because they are deemed a higher risk borrower. Establishing credit is important but should never be used to live beyond their current means.

Talk with them and make sure they know exactly what credit is and that it truly can have a long-term detrimental effect on their future if not used wisely.

*Dru Jaeger – Vice President,  
Loan & Leasing Officer (Kearney)*

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## Jerry's Journal...

The journey continues as Chairman-Elect of the Nebraska Bankers Association (NBA). Since my last article, I've made a few more bank stops in Grand Island, Cozad, Gothenburg, and Kearney. Our leadership group will be making several additional stops around the state during the first full week of October.

We'll also host area meetings to update members on banking issues. Currently our industry is working on two primary efforts. One is to simplify the home mortgage application, disclosure, and loan closing documents. The other is to make sure "all" lenders become taxpayers, to level the lending playing field without affecting the competitive environment that is good for consumers, especially those who pay taxes.

I'll get the opportunity in the next few weeks to meet with bankers in and around Omaha and hear the challenges they are facing. Our big city brethren face the same compliance and regulatory burdens we face in rural Nebraska, so it will be a good learning experience for me to understand how they are coping with all the "red tape."

Since the NBA was formed 125 years ago, the unifying issue has always been legislative relations. We spend time with our Nebraska State Senators, giving our perspective on how any proposed agricultural, business, and banking bills may affect business. Of course we are making our voices heard on banking issues, but we also make our voices heard so that taxes, regulations, and government control does not become greater. As you know from day to day functions, just about everything each of us does is regulated. I wonder what things would look like if all the groups like the NBA were not involved; how many more regulations would we have?

We are in contact with our elected officials at the federal level as well. From my perspective, the process of democracy has some serious issues. As we all know, not much good comes out of Washington, DC. It seems we, like other good citizens, spend our time trying to take a proposal that in most cases is bad for Nebraska business, and find a way to inject compromise to lessen the harm of the proposal. I've learned in the short time of my tenure as the Chairman-Elect that our policy makers should be required to take an oath similar to medical professionals, that is, to "first, do no harm." Many proposals from Washington DC may be well-intended but in most cases would fail that oath.

Given the political climate and culture we are now living in, we all need to be engaged. I am so blessed to be involved with Bruning State Bank and the Nebraska Bankers Association. I will do my best to "do no harm."

*Jerry Catlett –  
Senior Vice President,  
Chief Financial Officer*

## Chips and Dip...

With the wave of EMV chip-enabled credit and debit cards beginning to roll in, here are a few things to know about what it means and how your new "chip card" or "smart card" will be different.

### When will I get my new card?

BSB will begin issuing EMV chip-enabled debit cards in early 2016 to eventually replace all magnetic strip cards. From that point on, as your current debit card expiration date nears, your replacement card will automatically arrive in the mail. (We will not be issuing all new cards at once.) You may already be receiving new cards from your other issuers, such as Cabela's.



### What will it look like?

The only obvious difference you will be able to see is the embedded microprocessor chip on the front.

For the foreseeable future, there will still be a magnetic strip on the back so that the

card can be used at merchants who do not yet have chip-enabled card reading terminals.

### How are EMV cards more secure?

One simplified way to think of the difference is as a speech versus a conversation. A magnetic strip has static information that it gives to the card reading terminal – a speech, if you will. The bank can verify the speech is correct, but fraudsters can steal, copy, and give the same speech over and over. By contrast, a chip is more like a conversation, changing each time. A chip asks a question, the terminal and the bank answer. By "talking to each other", the chip and the terminal basically agree on an instant and unique transaction code. This means your card information and one-time code cannot easily be stolen, copied, and used by a fraudster for a different transaction.

### Will I have to have a PIN for credit card transactions too?

Eventually, the answer is most likely yes. Chip-and-PIN technology for all cards – both credit and debit – is the ultimate goal of this payment transition. A PIN is a stronger defense against fraud than a signature, and chip-and-PIN is the standard verification method used in most countries outside the U.S. However, experts say it will take at least two to three years yet to fully convert all transactions in the U.S. to PIN-based. For now, if your card issuer has not given you a PIN or if you encounter a terminal that can't accept a PIN, the verification method will rely on chip-and-signature.

**Tech Term of the Month:** Dipping. You thought I forgot about the dip! But here it is – the term "dipping" refers to the action of inserting your chip-enabled card into the bottom of the card-reading terminals at merchants. Well, of course! Thus "dipping" is the new "swiping." So you no longer have to master just the right touch and speed for swiping the magnetic strip. You'll now simply insert your card into the bottom of the terminal and leave it there for a short time while the transaction completes.

*Angela Kuhlmann –  
Marketing Director*

## Breaking News!!!

The Bruning State Bank Insurance Agency recently got appointed with ALLSTATE INSURANCE, so we have another competitive market for your insurance needs. You may recognize the Allstate Company as the "good hands" people. We are very excited to add them to our line-up of companies.

As an independent agency with access to multiple companies, we put you, the customer, first and are able to provide you with several options while finding the best coverage for your insurance dollar.

In addition to the property & casualty lines of insurance (both personal and commercial), we can also fulfill your multi-peril crop insurance, crop-hail, pasture-rangeland-forage, and livestock insurance needs. AND... we also write life, health, Medicare supplement, prescription drug, long-term care, dental, and disability insurance.

Be sure to contact our office for ALL your insurance needs. We're your "one-stop" shop and can provide you with outstanding customer service to boot!

*Kathy Roberts, Brian Hulse  
& Kristen Monteforte –  
Insurance Agency*

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.

### Upcoming Educational Opportunities



Dr. David Kohl is a world renowned speaker and educator from Blacksburg, Virginia. He received his MS and PhD degrees in Ag Economics from Cornell University. He taught for 25 years at Virginia Tech University and is currently Professor Emeritus there. His work includes 4 books, 1,200 articles, and over 6,000 workshops and seminars!

Take advantage of these opportunities to hear about the latest in the ag industry from an expert:

#### **Tuesday, December 15th – Bruning, NE**

Sponsored by Farmers & Ranchers College,  
along with donations  
from Bruning State Bank, UNL Extension,  
and area agri-businesses.

#### **Wednesday, December 16th – Holdrege, NE**

Sponsored by Bruning State Bank.

Watch for more details on these exciting,  
cutting-edge programs.

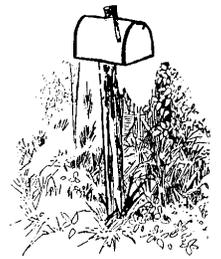
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## Lessons from the Fall Ag Conference...

In September, a large number of BSB staff attended the Nebraska Bankers Association's 2015 Fall Ag Conference in Lincoln. I was fortunate to be one of those attending. I always come away from this conference feeling a little overwhelmed. This year was no exception. Below are a few of the memorable comments.

From Kevin Van Trump, President and Founder of Farm Direction

- Computer power is doubling every 18 months. This rate of change is causing concern!
- By 2025, artificial intelligence will be inside an affordable computer, making it very similar to the human mind! It's not just speed, but quality that's the concern.
- IBM's supercomputer, named Watson, can be fed a number of cookbooks and can create inventive new dishes that we have never had before. Watson won the best new cookbook award.
- By 2030, Millennials will outnumber Boomers by 22 Million.
- There is an increasing dislocation from the farm.
- Technology is insanely deflationary. For example, technology has dropped the breakeven price for oil from \$60 a barrel to \$10 a barrel.
- The 2015 inventory of oil is 50% higher than the 10 year average.
- The average price of one gallon of crude oil now is under \$1.00 per gallon. The average wholesale price for one gallon of water now is \$1.21 per gallon.
- If the nation's soybean average is 44 bushels per acre, the expected price is \$10.00 per bushel on 83 million acres. Raise the bushels per acre by three to 47 bushels per acre and the expected price drops to \$7.73 on the same acres.
- If the nation's corn average is 160 bushels per acre, the expected

price is \$3.75 on 83 million acres. Raise the average to 170 bushels and the expected price drops to \$2.50 on the same acres.

From Randy Blach, CEO of Cattle Fax

- Drought monitor shows no stress areas except in the western United States.
- They predict \$3.20 to \$3.30 price for corn this fall and winter.
- The US Beef Cow Inventory is growing at a very rapid rate.
- Nebraska led in fed cattle in 2014.
- Fed cattle prices will average \$1.56 per pound in 2015, will range from \$1.30 to \$1.55 in 2016, and will range from \$1.20 to \$1.45 in 2017.
- From 1980 to 2015, the average feeding profit was \$4 per head.
- Average cow/calf profits are at record highs the past two years.
- Asia's middle class spent \$4.8 Billion in 2010; by 2030 they will spend \$32.6 billion.

From Dr. David Kohl, Professor Emeritus, Virginia Tech

- Super cycle in grains lasted from 2002 to 2012.
- Farmers will now need to take off \$100 to \$150 per acre costs by reducing family living, machinery costs, and cash rents.
- Farmers need to be proactive by using the HUT method; Hear, Understand, and Take action.
- Working capital pays the bills, not equity. Working capital/revenue should be above 33%.

Dr. Kohl talked a lot about working capital and ratios, which is a little hard to fully explain in this column, but his emphasis was for producers to manage their operating costs, have a marketing plan early, and start making changes in their family living. It is imperative to survive the post-super cycle.

*John Boehler – Holdrege Branch President*