



the COUNTRY BANKER

Your News. Your Life. Your Country Bank.

BRUNING STATE BANK

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"My country owes me nothing. It gave me as it gives every boy and girl, a chance. It gave me schooling, independence of action, opportunity for service and honor."

-President Herbert Hoover

Young Workforce

As I look at our family ranching operation, we recently hired a young man from the Nebraska College of Technical Agriculture in Curtis. He is helping with our livestock program that includes artificial insemination, embryo transplant and taking care of the cow herd and feedlot. I have found that young graduates are eager to learn, full of energy and open to suggestions from older, experienced people.

On the bank side, you will meet many new, young faces. At our various locations, we have four-year college degrees, two-year college degrees and team members who have recently graduated from high school. We like to hire people that are friendly, helpful, easy to visit with and who are full of energy. If they have these characteristics, we know they will work with each other to help our customers follow our mission statement of "Build and Maintain Wealth."

What I am trying to share with you is there is a lot of talented individuals out there who are eager to work hard. Rural America has a resurgence of young families moving to these areas and seeking employment. We like to hire these people or help them find a career in our communities. Nebraska families have raised young people to be active, honest, respectful and have a good work ethic. We have the "cream of the crop" here in the Midwest and we all can help them by encouraging them to live, raise and educate their children in rural communities.

-Fred D. Bruning, Chief Executive Officer



FRED D. BRUNING

Find Us at a Location Near You!

We are happy to help you with your banking needs at one of our five Nebraska locations!

Bruning State Bank is always available online or on our Mobile Banking App! Find us on your app store and download the **free** app to manage your accounts.



“Be Careful with your words, once they’re said, they can only be forgiven not forgotten.”
- Carl Sandburg

Late-Night TV Comedians

The other night I couldn’t sleep and tuned into some late-night TV. I was quite offended by the late night “comedians.” (If I was offended with their message, you know it was bad.) Maybe I was expecting the good humor of Red Skelton. I, of course, understand the concept of freedom of speech; however, I felt like this particular late-night entertainer was attacking different personalities and making fun of people and not in a humorous manner.

I worry about our youth these days. If a young school kid is made fun of in his life will he or she later want to attack others instead of helping our society? We need to be role models and teach our youth respect, compassion and responsibility. This can still be done in a humorous, but not hurtful manner. I like jokes just as much as anyone, but I felt they went too far. I feel late-night TV needs to clean up their act and be more productive in their message to our world.



FRANK L. BRUNING

-Frank L. Bruning, Chairman of the Board Emeritus

Jerry’s Journal



JERRY CATLETT

Bruning State Bank belongs to many trade groups that represent business, agriculture and banking interests at local, state and national levels.

We are members of the Hebron, Broken Bow, Holdrege and Kearney Chamber of Commerce’s, at the local level; at the state level, we belong to the Nebraska Bankers Association

(NBA), Nebraska Independent Community Bankers Association (NICBA); at the

national level, we belong to the American Bankers Association (ABA) and the Independent Community Bankers Association of America (ICBA). We feel the cost of membership in each of these organizations is an investment that yields a high return on our investment. We are always looking for ways to learn about topics including: current trends, community projects, economic development initiatives, banking regulation, technology and cybersecurity.

Another sector of our local, state and national economy we are involved in is public education. You may be asking how Bruning State Bank is connected to public education. Just like any property owner, we pay real estate taxes, the main source of education funding in Nebraska. We also provide financing to school districts in the form of direct loans and we are also the

buyer (investor) of school district bonds issues in each market we serve. In addition to local Nebraska school districts we invest community college, state college and University of Nebraska bonds. Education is a big part of what we do.

In addition to the financial investment we’ve made in public education, bankers want to get involved in the financial literacy education. Many of our staff members have been making presentations to school students for years, a few Nebraska banks have opened branch banks inside individual schools to foster greater financial literacy. Through our membership in the NBA, all NBA members are getting the opportunity to interact and provide input on financial education and how they may relate to the state standards. With a network developing between the NBA, Federal Deposit Insurance Corporation (FDIC), Nebraska Council on Economic Education (NCEE), this network is reaching out to our Nebraska State Senators, Nebraska Department of Education and many other stakeholders to bring financial literacy to all Nebraska public school students.

Education and financial literacy education can open the doors to opportunity for our youth and our state. We’ll report more as we progress on this journey.

Bruning State Bank believes in education for our staff and our communities. We’ll continue to make investments and educational opportunities for everyone.

-Jerry Catlett, President, COO



Recently Move? Planning to Move?

Contact your local Bruning State Bank branch to update your address and ensure accuracy on upcoming statements and mailers.

Recognize and Combat Scammers

I want to take you through a scenario. Let’s say that you buy a car from your favorite dealership, it’s a Ford, but if you are a Chevy or Dodge or import fan, just sub in your favorite car here. This car is your gateway to anywhere you can drive it. Remember that time at the ballgame when Teddy ate too many hot dogs and hugged the mascot? Aww, summer nights and your car took you there! You love this car, it makes you feel more interesting, perhaps even a little special, and you take good care of it. One day you are driving your car and see a person standing by the side of the road. For the sake of keeping the story going, we’ll say you stop. The person seems nice enough but has some surprising news. You see the person has a secret, he actually works for Ford and tells you that Ford has a tracking device in each car they make and that your car has some serious problems. Problems that could lead to a lot of expense if you don’t fix them soon. He has good news for you. He can help! All you have to do is let him get behind the wheel, drive you to the Ford plant in Detroit and give him your debit card number so that he can charge you his standard fee of \$200 for this grand service.

I think any of us put in this situation would drive away from this person immediately, either laughing to ourselves that he thought we would ever fall for such a shaky scam or terrified that our money was not the only thing he wanted. Let’s change just a few pieces to this story. Make the car a computer and the person on the road a scammer sitting in his apartment in the Ukraine and all of a sudden, we have a palatable scam that people fall for everyday. We have had customers call and say that they got a call out of the blue from Microsoft and that tracking on their computer identified problems that needed to be corrected immediately. They let a person they had not verified remote onto their computer and install a “fix” for the problem then charge them for it. We have had customers call and say that they got a pop up on their computer as they were browsing that said bad things had just happened and to call a number that the pop-up was offering. After they did that, they also let an unverified person remote into their computer and install software. In all cases, they generally give them debit card information.

So, we are going to band together as a group and stop this from happening to us in 2019! We’re going to follow a few simple rules to not only keep our computers safe, but also our debit cards.

We are not going to answer phone calls from numbers we don’t know. Nearly all of you have Caller ID at this point, just don’t answer if you don’t know the number or know why the person or company calling would be calling you. If it is a call that is important, they will leave you a voicemail and you can call them back. Caller ID, of course, isn’t infallible in fact it can be spoofed. If you get a call from a familiar number, but the voice doesn’t sound right, what

the person is telling you is very far fetched or just too good to be true or the call is asking you to provide banking information, hang up and call the place or person back at a number you know to be theirs to verify.

We are going to install an anti-virus/anti-malware program on our computers. There are free ones out there that work well, but you can also pay a small amount for a premium edition that will keep you up to date without you doing anything. Regardless, it is important that you keep them up to date. Consider it the same as changing the oil on your beloved Ford. If you get a pop-up, do not in any circumstance call a number that is provided by the pop-up or click on any links the pop-up may present. What you really should do is open your Task Manager, close all Internet Explorer windows and then run a scan on your trusty anti-virus to make sure you aren’t infected.

We are never going to give our full debit card number, our PIN, or the CVV number on the back of the card to anyone. The bank does have a phone number to activate your card in which you put in some information, but remember, you initiate that by making the call. We also have a fraud service that may call or text you when you make a purchase, but it will never ask for your PIN or the CVV digits on the back of your card. We as the bank will never ask you for any of these things and legitimate merchants won’t ask for your PIN or CVV either.

By following just these three steps, we will have a happier, easier 2019. Remember we are always here to help you at Bruning State Bank and want to keep both your financial information as well as your computer as safe as it can be.

- Corey Swartzendruber, Chief Information Officer



COREY SWARTZENDRUBER



Pay Yourself First...



MICHAELA NIELSEN

A common misconception is that putting money into your savings account should be the last thing to happen after all bills, loan payments and regular monthly expenses are taken care of – that is, if there's money left to put into savings. Without having a set amount of savings built into your monthly budget, it's easy to spend \$40 on a night at the movies and \$80 at Target when you only meant to pick up diapers... (those kids' clothes get me every time!). While these amounts may seem small individually, they can have a huge impact on your savings long-term.

I am a fan of the "pay yourself first" principle. Each month, immediately after you get paid, a set amount gets transferred into your savings account. Look at your savings like you look at your bills – you HAVE to pay them. Saving money is important for various reasons: ensuring you have an emergency fund, funding your retirement, and saving for a down payment on a car or house, just to name a few.

If you don't have a budget created or are looking to revamp yours, you can start by logging in to your Bruning State Bank Personal Online Banking where you can categorize your expenses to show both the dollar and percentage amounts that were spent in each category. This is a very helpful tool to hold yourself accountable for overspending in certain categories. Creating a budget and holding yourself accountable are vital to your financial success – without them, saving money will be nearly impossible.

When I visit with people who are looking to purchase a new home, one of the first things I ask is if they have budgeted an amount for both the down payment and the monthly payment. I also look at their current monthly debt payments, such as student loans, car payments, and credit cards to determine what their monthly cash flow looks like. Part of my job as a mortgage loan officer is to educate people on the financial impact of owning a home.

For example*: Bob & Sally make a combined gross annual income of \$60,000 per year, or \$5,000 per month. Their total monthly debt payments are \$950; therefore, their current debt-to-income (DTI) ratio is 19% ($\$950/\$5,000 = 19\%$). They are currently renting but find a house for sale that is perfect for them. The purchase price is \$225,000. Bob and Sally admit they haven't been budgeting their money but have enough to put 3% down. Their PITI+MI (principal, interest, taxes & insurance + mortgage insurance) payment is approximately \$1,700. Their new total monthly debt payments are \$2,650 ($\$950 + \$1,700$) and their new DTI ratio will be 53% ($\$2,650/\$5,000 = 53\%$). This is well above the maximum DTI ratio and unfortunately, Bob & Sally's application would be denied.

Prior to the home loan application, Bob & Sally's DTI ratio was relatively low. Creating a budget and saving a set amount each month would have enabled them to save more than 3% down and they potentially could have purchased the home. Knowing that now, they can put together a budget and hopefully come back in a couple of years to purchase a similar home.

Whether you are saving for the short term or the long term, it's important to have those goals in writing. Remember - create a budget, hold yourself accountable and pay yourself first.

*This is a fictitious example for illustration purposes only.

– Michaela Nielsen, Mortgage Loan Officer

Recipe Card Budget



MARSHA CARLSON

A simple way to set up a budget is to use a large recipe card. For example, if you are paid twice a month, the front of the card can be for bills due in the first half of the month and the back of the card for items paid in the second half of the month. Divide the card in four, if you are paid weekly. Use the entire card, if paid monthly.

Next, see how evenly divided your expenses are. If there are more bills due in one pay period, consider how you might spread expenses out. Often, you can move a payment forward, either by contacting the lender or by simply paying a bill when you first receive it.

Remember to allow money for saving. Begin to develop levels of saving for varying future needs. You may have a regular savings account, an IRA, HSA, Certificate of Deposits or a combination of accounts.

Be realistic about debt repayment. It can be very helpful to pay more than is required in order to save interest charges. But, this should not sacrifice the amount placed in an emergency fund, since emergencies

tend to occur randomly, but regularly.

Plan for regular weekly expenses, such as groceries, gas and entertainment. A simple budget, far from holding you back, can actually empower you to "Build and Maintain Wealth."

– Marsha Carlson, Customer Service Representative

Buy Used Equipment With Caution



CRAIG POPE

Recently, an individual shared with me he had received a call from a finance company asking him if he purchased a particular piece of equipment from an individual in Kansas two years ago. He asked the caller why and was told the piece of equipment he purchased had a lien on it and the seller didn't apply the sale proceeds to the equipment loan, therefore the finance company still had a lien on it. The buyer asked how the finance company discovered he was the buyer and was told the seller told them he was his "partner," which wasn't true and had only met the seller once to inspect and negotiated the price of the equipment. After the buyer left my office, he was heading to his attorney's office to find out about his options.

If you are buying from an auction company, dealer or other company, ask if the equipment is owned outright by the seller. If they can't confirm, do your own check. If you are buying from a private seller, ask the seller to provide the original sales invoice for the equipment and check that the name on the sales invoice matches the seller's name to avoid purchasing stolen items. In addition, the seller should disclose in writing if there are any liens outstanding on the equipment and if so, the amount owed on the equipment and provide information on the creditor, the amount(s) due and the manner in which the payoffs will be completed.

The purchase of equipment can initially seem simple, but there are risks associated with these purchases. In all transactions, make sure to trust your instincts. If the seller is not forthcoming with the required information, then it is best to not move forward with the purchase.

Please contact your attorney for more information.

– Craig Pope, President – Hebron



A Game of Cards

Mileage Plus, Double points, Sapphire, REDcard...if you recognize any of these names it is likely because you have some of the same cards in your wallet as I do. As my husband and I discussed our financial goals for 2019, we once again discussed the desire to have a better handle on how and where we spend our money each month. We have set budgets before, but 'things' kept popping up. A statement from TARGET or GAP, VISA, or some other card would be lurking in the background and disrupt our budgets. So, in an effort to get our arms around truly seeing where our money goes each month, we decided to swing the pendulum to the other end of the spectrum of our spending habits and use only our debit card, checks and cash starting January 1.

This sounds simple and yet, for me this is a big step. You see, I have played the points game my entire adult life. I would sign up for a card with airline points and get baggage fees waived and save points for a trip and then I would cancel it and get a different airline card the next year to maximize the benefits (or that is what



I have been telling myself anyways). I would get a store card and tell myself the 5-10 percent it was 'saving me' each time I went in was so worth it. And yet the more I researched this, the more enlightened I was that this may not be the case.

According to ValuePenguin, consumers spend up to 83 percent more on transactions when they use credit cards vs. cash. Consumers have a subconscious willingness to pay more when using this payment method. This phenomenon is called a 'credit card premium.' When we don't see the money disappear from our accounts immediately makes it feel less painful when we spend it. Therefore, the more 'painful' we make each transaction, the less likely we are to spend it. For example, as I'm digging in my wallet to pay for something and counting the bills and change, I see it physically leaving my wallet and hands and disappearing. I know that when it is gone, I will have to find more cash to replace it and that requires a trip to an ATM or bank which adds another step.

Additionally, there has been evidence that shows when consumers use credit cards, we tend to focus more on the product's benefits than its costs....

To finish the article, visit our website and keep an eye out on social media!

www.bruningbank.com





KATHY ROBERTS



BRIAN HULSE



KRISTEN MONTEFORTE

Maintenance Time

We all do a good job of keeping the things we need in life maintained to keep them running smoothly. Our cars, pickups, farm equipment, lawn mowers and other equipment get regular oil changes and tune-ups so they will work like they are supposed to and last longer. Furnaces and air conditioners get regular filter changes and maintenance so we stay comfortable in our homes or at work. We update our TVs, home electronics, cell phones and other devices on a regular basis.

But, when was the last time you did maintenance on your insurance coverage? Is your coverage working like it should and will it provide you the protection you'll need if you have a loss? Are there additional discounts available or maybe new coverage options? How much can you save increasing your policy deductible? All insurance should be reviewed on a regular basis and here are just a few basic things to consider:

HOME INSURANCE:

Can you rebuild your home for the value insured on your policy?

Have you added onto your home or remodeled?

Do you have an inventory of your personal property?
(See us for a helpful tool)

Are valuables scheduled on your policy?
(Jewelry, guns, fine art, etc.)

Is Equipment Breakdown coverage available?

LIFE INSURANCE:

Do you have life insurance coverage?

Is your coverage sufficient?

Does beneficiary information need to be updated?

UMBRELLA COVERAGE:

Do you have an umbrella liability policy to provide excess liability coverage over and above your underlying coverage?

FARM INSURANCE:

Are all dwelling and outbuildings/structures covered and adequately insured?

Do you have "all-risk" coverage on your farm implements?

Are all implements, hay/grain/feed, cattle, tools and machinery listed?

Is your liability coverage sufficient?

Have you listed all the acres that your own or lease?

AUTO INSURANCE:

Are all vehicles and all drivers insured on your policy?

Do you have sufficient liability coverage?

Do you have physical damage coverage on your vehicle?

Is car rental coverage or emergency road service included?

Unfortunately, insurance premiums are increasing on all types of insurance. The number of storm related claims and the cost of building materials and labor has increased, so property insurance rates are also increasing. Newer vehicles have lots of safety equipment so even a minor accident can result in a large repair bill. The cost of medical care is on the rise and auto insurance premiums are increasing to help cover the increased cost of these claims.

Please be sure to give us a call or stop by our office if you have any questions on your coverage and let us review your insurance coverage. We are an independent agency so we can write coverage with many companies. Therefore, we can help you find the best coverage at the best rate.

*-Kathy, Brian, Kristen & Lary
Bruning State Bank 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.

Crop Insurance

The 2019 spring crop insurance season is here again! What will mother-nature bring for the 2019 crop season?

Multi-peril crop insurance sales closing date is **March 15, 2019**. Are all your crops in all counties covered? Any marital status changes or changes in entity? Is your level of coverage and unit structure correct for 2019?

Planting season will be here very soon also. Remember that you **MUST** plant (with a discernible break) and harvest (keep separate records) of your non-irrigated corners if you plan to make a claim on those corners.

Plant dates:

NEBRASKA

Fillmore, Jefferson, Nuckolls, Saline & Thayer counties

CORN – Initial plant date 4/10

Final plant date 5/25

The late plant period is now 20 days after the final plant date.

GSORG – Initial plant date 4/16

Final plant date 6/15

SBEAN – Initial plant date 4/25

Final plant date 6/10

KANSAS

Republic & Washington counties

CORN – Initial plant date 4/05

Final plant date 5/25

The late plant period is now 20 days after the final plant date.

GSORG – Initial plant date 4/26

Final plant date 6/25

SBEAN – Initial plant date 4/26

Final plant date 6/15

Do you need coverage to fill the gap between your multi-peril crop insurance coverage and your target revenue? GAP coverage is now available to Great American crop insurance customers. Be sure to ask us for more information

Be sure to contact us with any questions or if you need additional information.

- Kathy, Jeff, Shari, Craig, Brian and Zach, Crop Insurance Agents

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It is Never Too Late!



JIM SCOTT

It is that time of the year when I am working on renewals with my agricultural borrowers that I have a questionnaire that asks a number of questions about the borrower's operation. There are three questions within that questionnaire that I would like to discuss.

Do you have a will or estate plan?

I hear a lot of, "No, but I need to get that done this year." Now that we

are starting a new year, this would be a good time to make plans to get this done. It's important to consider a will or an estate plan not only for your children but also to protect your farm or ranch. Laws and tax rules are ever changing and a good estate plan could save your family from having to sell the family farm or ranch. A good estate plan or will is valuable to anyone whether you are a wage earner, farmer or rancher. Every year in our business, we hear of people that didn't have a will or an estate plan when they passed away. Uncle Sam says thank you! Do yourself and your family a favor this year and go see your attorney/estate planner and accountant and preserve what you have built over a life-time.

What do you have for life insurance coverage?

Many of us see a life insurance statement once a year showing our coverages but many don't know what levels of coverage they have. Many are under insured when you consider the debt load that one carries to operate a farm or ranch. Even the wage earner needs to look at their coverages and ask themselves what would happen if they passed away. Would my spouse get enough insurance proceeds to pay for a funeral, payoff debt, and help with lost income to help raise the family? The younger you are, the cheaper life insurance is. Don't wait!

Do you have insurance coverage on your farm or ranch and do you have liability insurance on your farm or ranch?

I ask you to meet with your insurance agent at least annually to review your insurance policies. Consider what changes you have made in your operation during the year. Did you let the agent know that you bought that new tractor this spring? Is your hay inventory covered? Is your liability coverage enough to protect you? Who does it cover as far as employees? Does it cover you if you are hauling corn or cattle for your neighbor? There are so many cases and scenarios that need to be discussed with your agent at least annually.

So how about making these your priority for 2019? Come see us and make it happen!

- Jim Scott, President - Broken Bow

Stay up-to-date with happenings at your bank

**Lose your card?
Need a new card?
New banking customer?**



Coming Soon

No more waiting 7-10 business days for a new temporary debit card. With Instant Issue, you can have a new card the same day as you need it! Must pickup in a Bruning State Bank location.

Business Banking Online



2019 HSA and IRA Updates

Now that we are well into the new year, we want to remind everyone that you have until your tax filing due date to make contributions to your Health Savings Account (HSA) and your Individual Retirement Account (IRA) for the 2018 tax year. Please be aware that you become ineligible to contribute to your HSA account at the beginning of the month you enroll in Medicare. If you are uncertain how much you can contribute in the year you enroll, please contact your tax professional. You also need to be aware that there are limits on the contributions you can make to each of these accounts.

Please note the following limits:

Contribution Limits		2018	2019
Health Savings Account	Individual HSA	\$3,450	\$3,500
	Family HSA	\$6,900	\$7,000
Exceptions: If you are the age of 55, but under the age of 65, there is a "catch-up provision." You may contribute an additional \$1,000 per year for 2018 and 2019.			
Individual Retirement Accounts	Traditional IRA	\$5,500 *	\$6,000 *
	Roth IRA	\$5,500 *	\$6,000 *
	Exceptions: If you are age 50 or over, there is a "catch up provision." You may contribute an additional \$1,000 per year for 2018 and 2019. * or 100% of compensation if less		
	SEP IRA	The lesser of: 25% of the first \$275,000 of each eligible employee's compensation or \$55,000	The lesser of: 25% of the first \$280,000 of each eligible employee's compensation or \$56,000
Education Savings Accounts	Coverdell ESA	\$2,000	\$2,000

It is up to you, as the account owner, to monitor these account contribution limits. If you are not certain how much you have contributed already for the tax year, any of our customer service representatives would be happy to help you!

- Customer Service, Bruning

Become Profitable in Unprofitable Times

If you are involved in agriculture you may have noticed that the attitude of growers, business people and ag professionals is not very chipper compared to the super cycle years of 2008-2014. We are again experiencing lower prices, higher input costs and economic uncertainty as we begin to plan for the 2019 growing season, which has many growers asking themselves how they can become or stay profitable. In this article, I will be outlining some changes an actual borrower did to reevaluate their operation and become profitable again in these uncertain times.

GOALS

The first thing they did was write down their goals. Everyone will have different goals and they can be ever changing, but if you do not write them down and reevaluate them periodically the chances of you ever reaching your goals decreases drastically. You also need to have short-term goals and long-term goals. For example: Be profitable in 2019 for a short-term goal and expand my acres by 30% over the next five years for a long-term goal.



2019 MARK YOUR CALENDAR

March:

- **14** – Farmers and Ranchers: Connecting Gate to Plate at Lazy Horse Vinyard near Ohiowa with registration beginning at 6 PM
- **14** – National Ag Day
- **15** - Crop insurance sales closing

April:

- **12** – National Teach Children to Save Day
- **14-20** – National Volunteer Week

May:

- **10** - Flowers at your local branch for Mother's Day
- **27** – CLOSED in observance of Memorial Day

STAY UP-TO-DATE!
FOLLOW US



CASH FLOW AND BREAK-EVEN

When asked what their break-even is, many producers give a round number such as \$3.50/bu. This usually means they have not actually calculated a break-even value. A detailed monthly cash flow is an indispensable tool that helps you figure your break-even. Many producers do a cash flow because the bank requires it and their numbers are often a reflection of this as they seem to be pulled out of the air the day they meet with their banker. The borrower we are using for this example actually did a cash flow for each field, spreading out variable and fixed cost per acre. This allowed them to stress test each field and see which ones were winners and which ones were losers. After doing this they were able to identify which fields were actually dragging their profitability down. They then decided to let these rented acres go and it improved their bottom line dramatically. After doing a cash flow on each field, they then combined them all to have an operation cash flow. They knew down to the penny their break-even value. Now, I am not saying everyone should breakdown their operation field by field, but detail and accurate numbers are very important and a cash flow is something all producers should be doing whether your bank requires them or not.



LUKE THORELL

MARKETING

Marketing is more important than ever. Most producers know when and at what prices they should market their grain, but few rarely follow though. The hardest part about a marketing plan is execution of that plan. The borrowers in this example turned over control of their marketing to a marketing firm which took the emotion of pricing grain out of the equation for this producer. Since they had a very accurate break-even they were able to market accordingly and lay in some very good sales throughout the year.

As many ag economists and professionals say, this ag environment is the "new normal" and it is going to take a good manager, not just a good producer, to survive these conditions.

To recap a good manager sets and writes down short and long term goals, has a detailed breakdown of their costs and estimated revenues for the growing season which helps them determine their break-even, has a written marketing plan and executes or employs someone to execute that plan for them. They are also not afraid to make changes that may go against popular belief, i.e. "bigger is better." These are just some of the many examples of changes or analysis that can be done to better an operation. The key is to be proactive and not just hope for higher prices.

-Luke Thorell, Loan Officer



DAVID FROCK
FINANCIAL PLANNER

401(k) Plans

Qualified cash or deferred arrangements (CODAs) permitted under Section 401(k) of the Internal Revenue Code, commonly referred to as “401(k) plans,” have become one of the most popular types of employer-sponsored retirement plans.

How does a 401(k) plan work?

With a 401(k) plan, you may elect to defer receipt of a portion of your wages to the plan. The amount you defer (called an “elective deferral” or “pre-tax contribution”) isn’t currently included in your income; it’s made with pre-tax dollars. Consequently, your federal taxable income (and federal income tax) that year is reduced. And the deferred portion (along with any investment earnings) isn’t taxed to you until you receive payments from the plan.

Melissa earns \$30,000 annually. She contributes \$4,500 of her pay to her employer’s 401(k) plan on a pre-tax basis. As a result, Melissa’s taxable income is \$25,500. She isn’t taxed on the deferred money (\$4,500), or any investment earnings, until she receives a distribution from the plan.

You may also be able to make Roth contributions to your 401(k) plan. Roth 401(k) contributions are made on an after-tax basis, just like Roth IRA contributions. Unlike pre-tax contributions to a 401(k) plan, there’s no up-front tax benefit, but qualified distributions from a Roth 401(k) account are entirely free from federal income tax.

How much can I contribute?

There’s an overall cap on your combined pre-tax and Roth 401(k) contributions. You can contribute up to \$19,000 of your pay (\$25,000 if you’re age 50 or older) to a 401(k) plan in 2019. If your plan allows Roth 401(k) contributions, you can split your contribution between pre-tax and Roth contributions any way you wish. For example, you can make \$10,000 of Roth contributions and \$9,000 of pre-tax 401(k) contributions. It’s up to you.

But keep in mind that if you also contribute to another employer’s 401(k), 403(b), SIMPLE, or SAR-SEP plan, your total contributions to all of these plans — both pre-tax and Roth — can’t exceed \$19,000 (\$25,000 if you’re age 50 or older). It’s up to you to make sure you don’t exceed these limits if you contribute to plans of more than one employer.

Can I also contribute to an IRA?

Your participation in a 401(k) plan has no impact on your ability to contribute to an IRA (Roth or traditional). You can contribute up to \$6,000 to an IRA in 2019, \$7,000 if you’re age 50 or older (or, if less, 100% of your taxable compensation). But, depending on your salary level, your ability to take a tax

deduction for your traditional IRA contributions may be limited if you participate in a 401(k) plan.

What are the tax consequences?

When you make pre-tax 401(k) contributions, you don’t pay current income taxes on those dollars (which generally means more take-home pay compared to an after-tax Roth contribution of the same amount). But your contributions and investment earnings are fully taxable when you receive a distribution from the plan.

In contrast, Roth 401(k) contributions are subject to income taxes up front, but qualified distributions of your contributions and earnings are entirely free from federal income tax. In general, a distribution from your Roth 401(k) account is qualified only if it satisfies both of the following requirements: •It’s made after the end of a five-year waiting period. •The payment is made after you turn 59½, become disabled, or die. The five-year waiting period for qualified distributions starts with the year you make your first Roth contribution to the 401(k) plan. For example, if you make your first Roth contribution to your employer’s 401(k) plan in December 2018, your five-year waiting period begins January 1, 2018, and ends on December 31, 2022. Each nonqualified distribution is deemed to consist of a pro-rata portion of your tax-free contributions and taxable earnings.

How should I choose between pre-tax and Roth contributions?

Assuming your 401(k) plan allows you to make Roth 401(k) contributions, which option might you choose? It depends on your personal situation. If you think you’ll be in a similar or higher tax bracket when you retire, Roth 401(k) contributions may be more appealing, since you’ll effectively lock in today’s lower tax rates. However, if you think you’ll be in a lower tax bracket when you retire, pre-tax 401(k) contributions may be more appropriate. Your investment horizon and projected investment results are also important factors. A financial professional can help you determine which course is appropriate for you.

Whichever you decide — Roth or pre-tax — make sure you contribute as much as necessary to get the maximum matching contribution from your employer. This is essentially free money that can help you reach your retirement goals that much sooner.

What about employer contributions?

Many employers will match all or part of your contributions. Your employer can match your Roth contributions, your pre-tax contributions, or both. But your employer’s contributions are always made on a pre-tax basis, even if they match your Roth contributions. That is, your employer’s contributions, and investment earnings on those contributions, are always taxable to you when you receive a distribution from the plan.

What happens when I terminate employment?

Generally, you forfeit all contributions that haven’t vested. “Vesting” is the process of earning the right, over time, to employer contributions. Your contributions, pre-tax and Roth, are always 100% vested. But your 401(k) plan may generally require up to six years of service before you fully vest in employer matching contributions (although some plans have a much faster vesting schedule).

When you terminate employment, you can generally take a distribution (all or part of which may be taxable to you), leave your money in your 401(k) plan (if your vested balance exceeds

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Article content courtesy of Forefield Advisor

Ham Sandwich



JEFFREY HAMMER

How does a sliver of ham between two thick slabs of bread, with no spread or relish sound? Probably not too appetizing! Sounds like the current farm economy. In sandwich terms, the bottom piece of bread is the fixed and variable costs, the top piece is the bushels and marketing, and the sliver of ham is the profit.

While every operation has a different scenario when it comes to fixed and variable costs, one combination that still works well is good production coupled with a legitimate marketing plan. This means keeping up with the fertilizer plan, crop scouting and the use of other yield maximizing inputs, in conjunction with a marketing plan that you stick with. Sure, the overall costs are important in the equation, but just from the input and grain sales standpoint, there’s usually room for improvement.

For example, take an irrigated quarter with a soil profile that’s growing 230 bushel per acre with total input cost of \$425, and an average cash price of \$3.40. The net margin is \$57,120. Let’s say you invest an additional \$90/acre of profile-building nutrients, at a cost of \$14,400, and your bank puts that on a four year note, with annual payments of \$4,180, or \$26 per acre. With this program, the input cost increases to \$451 and the average yield increases to 255.

On the marketing side, let’s say you go with a marketing firm that adds 15 cents per bushel value (over what you would have received doing it yourself). Now, the net margin is \$72,680, for an overall increase of \$15,560. This is \$15,560 that can go right back

\$5,000) until the plan’s normal retirement age (typically age 65), or you can roll your dollars over to an IRA or to another employer’s retirement plan that accepts rollovers, maintaining the tax-deferred advantages.*

What else do I need to know?

- Saving for retirement is easier when your contributions automatically come out of each paycheck.
- Make sure you contribute as much as necessary to get the maximum matching contribution from your employer. This is essentially free money that can help you reach your retirement goals that much sooner.
- When considering whether to make a rollover or to keep your funds in your 401(k) plan, you should consider carefully the investment options, fees and expenses, services, ability to make penalty-free withdrawals, degree of creditor protection, and distribution requirements associated with each option.

into your working capital to help you be profitable. With dryland crops the approach is different due to the inherent risk of drought. For the dryland acres, while still maintaining input and marketing quality, one should also consider buying crop insurance up to the 85% revenue coverage level with the enterprise unit discount. This will allow marketing more often, and with an earlier start time. If waiting until June, or worse yet, harvest time, to see if you have a crop, there will be missed sales opportunities. Earlier and more, has its benefits.

So what about the heel of the bread; those fixed costs? If they’re eating into the margin discussed above, maybe it’s time to sell some capital items not being used. This cash can either be used to pay off term debt, or inject into working capital to lower the amount of operating loan needed. Another strategy is to keep machinery and equipment for a longer period of time, to spread the capital expense over more years. Unfortunately, since health insurance and real estate taxes are expensive and difficult to change, need to trim living and all other expense where possible.

In regard to marketing, there are many credible firms who will match your risk tolerance and marketing knowledge to a strategy. Here are some marketing tips: 1) Know your break-evens. 2) Take the emotions out of it by finding the right person or company to work with. 3) Keep things simple; you won’t always hit a home-run but sticking to the marketing plan will help you stay in business. 4) Understand the tools available: basis contracts, forward pricing, HTA contracts, hedging lines of credit at your bank and the role of crop insurance. Don’t be afraid to ask questions.

So while these things may not result in a Philly steak and cheese, they will help to improve your ham sandwich!

“Marketing tips” from the American Bankers Association magazine

- Jeffrey M. Hammer-Senior Vice President/Sr. Loan Officer



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Jaeden Gates



Jaeden started at the Broken Bow Branch in November 2018. This is her first experience with banking. She graduated from Broken Bow High School in May 2018. Through high school, she worked as a lifeguard during the summers, a cashier at a local grocery store and at a western store.

She enjoys traveling and spending time with her friends and family, especially time outdoors. One of her favorite things to do is go camping. She likes riding dirt bikes and four-wheelers and spending time on the water by boating, tubing or simply just sitting in the river. She also enjoys taking care of the critters at her family's "barnyard."

Leigh Anne Parr



Leigh Anne joins us as our compliance and BSA officer. She has over 30-years of banking experience. Included in her years of experience, she has done consulting work with several small community banks to assist them with their compliance needs.

She has three daughters and her youngest is a senior and will graduate in May from Hershey High School. She also has two granddaughters that keep her on her toes! Her children grew up showing horses in 4-H and high school rodeo events. Leigh Anne was also a Horse 4-H Leader for 10-years in Lincoln County and is an avid horseman as well.

Rachael Fangmeier



Rachael joined the bank in December as the assistant marketing director after graduating from UNK with a B.S. in agribusiness and journalism. This is her first banking career, but she has previous marketing experience from her internships at CPI and LandMark Implement.

She grew up in the Hebron area on her family farm. She still enjoys spending time with her animals and raising bottle calves. In her free-time, Rachael enjoys being outdoors, learning random facts, riding horses and recreating Pinterest finds.