



BRUNING BANK

SPRING 2020

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Returning to the Farm

I have recently read that the average American farmer is getting older with an average age of 60. For every three farmers over 60, there is only one under 35. More acres and more livestock per operation have increased in some operations due to technology which has helped all of us be more efficient in planting, harvesting and the day-to-day of a farm operation. However, we are hearing of fewer livestock operations as we have lost dairies, hog operations and some cattle operations have seemed to gone more to larger feedlots for finishing.

To me, all of this information sets the stage for more intergenerational transfers of land, machinery and livestock. With commodity prices where they are, is there enough cash flow to bring a son, daughter or in-law back to the operation? That is the question I get asked frequently. Here are a few things to think about when considering adding an additional member to your business or farm operation.

When considering adding another member to your operation a conversation should include talking about continued education like a two or four-year college. This could help add to the education they learned from your operation. Others feel before coming back to the operation they should work away from home after college to expand their knowledge. This could add great experience learning from others and having a boss other than their family.

Family members must continue to communicate to work together successfully. Before returning home, one also has to discuss how housing, vehicle, health insurance and payroll will be handled. These items will all add to an increase in the cash flow for the operation. We have found that if the spouse of the one returning to the farm has off-farm income and benefits, such as health insurance, this can be helpful when reviewing the cash flow.

The older generation does have experience, wisdom and history of what has worked in the past, but the next generation could be bringing home fresh view points and good ideas to help in the efficiencies for the businesses. As long as both parties respect each other's ideas and continue to keep an open line of communication, working together in multi-generational operations can be quite successful and powerful.

As a good friend who has since passed, Paul Utemark, taught me that we are not a boss, but are teachers, mentors and coaches. All of these roles involve working together with patience and understanding especially when adding a family member to your operation. Best wishes to all of you bringing a family member back to your business. It can be so rewarding.

-Fred D. Bruning, Chief Executive Officer



FRED D. BRUNING

"My grandfather used to say that once in your life you need a doctor, lawyer, a policeman and a preacher, but **everyday, three times a day, you need a farmer.**"

Brenda Schoepp

Jerry's Journal



JERRY CATLETT

As promised in my last newsletter, I'm giving you the final update on the December family wedding, and about all the blessings and good things that are happening all around us, even as the world seems to get wackier! The marriage, wedding and the day's events are certainly high on the all-time blessings list! Based on the great December weather, we should have bought Power Ball tickets, we were just that lucky!! Sunshine, 58 degrees and we were able to have the receiving line outside! Needless to say, we owe a lot of thank you to family and friends for helping and attending. Great memories. As I pointed out we had four retirements at the end of 2019 and we'll have more in the next few years. This creates a challenge for us here at the bank in finding talented, hardworking replacements, but we have been successful thus far! Finding great help is a challenge not only for the bank, but for every business and industry in Nebraska, especially in rural areas.

Given the shift in the workforce, challenges also create opportunities for others. If you have family that has an interest in banking and finance, business, accounting, human resources, technology and cybersecurity, the opportunities to enter into some very solid banks or companies in rural Nebraska maybe as high now as they were for young people in the 1980s as we came through the ag crisis. I'm now plenty old enough to remember all the volatility in land prices and interest rates that forced many to find a new career path outside of rural Nebraska. Yet for many, including me, it created an opportunity for advancement, responsibility, education and lifelong experiences which have served us well. We are not in an ag crisis to my knowledge, yet the current change in the workforce demographics has created tremendous opportunities for young people or others looking to make a career change. Below is a list of the attributes we are looking for in our bank team members:

- ENTHUSIASTIC:** We are excited about what we are doing and helping people be financially successful
- COURTESY:** We are considerate and thoughtful in our approach
- TEAMWORK:** We work together across all locations and departments
- LOYALTY:** Loyal to our mission, vision, and attributes
- ACCURACY:** High attention to detail in all that we do
- CONFIDENTIALITY:** Our customer's business is their business and no one else's
- COMPASSION:** We demonstrate care and empathy in all we do
- WELCOMING:** Warm, humble, and kind to everyone

If this list may be of interest to you or a family member, please contact me at jcatlett@bruningbank.com or 402.353.2555. We'd love to talk banking and business careers. And remember all the blessings that are happening all around us, even in challenging times.

- Jerry Catlett, President, COO

Interested in Joining Our Team?

Like us on social media to stay up-to-date!

Find us on Facebook and LinkedIn @bruningbank
Careers, news, events, products and more!

Mastering the Clarinet, Tackling the Future



COREY SWARTZENDRUBER

Any story about instruments or music or band that involves my family must begin with this fact: my wife was Norfolk Senior High's Band Member of the Year for 1994. This news shocked her as while she was a very good musician, she was way more focused on hanging out with friends, the Dallas Cowboys and her softball team. In fact, she was going to skip the ceremony entirely to play in a game. Forward to the beginning of this school year and our daughter is starting band. She chose the clarinet and seems to enjoy playing it quite a bit, so things were going well. One day she came home from school to report that as part of learning the instrument, she was to teach one of her parents how to play. And not just that, but the chosen parent would then take part in the spring concert with the rest of the parents. Now given the facts I've just told you, it's pretty clear which parent she should teach. It may not shock you to know that I was not band member of the year at my high school nor did I have a particularly good attitude about playing my instrument. However, I was at work at the time the vote was taken and so it was decided that I would learn the clarinet. To say we have a long way to go is an understatement, but she has patiently sat beside me as I fumble through "Mary Had a Little

Lamb" over and over again with various degrees of success giving little pointers about how I should hold the instrument, use the keys, etc. Last Sunday night after our lesson, I asked her if I was getting any better. She patted me on the shoulder like the clueless old man I was, smiled, and said, "You know dad, sometimes good things take a lot of time and patience and luckily we have both." She then went off to her room to forget about the last 20 minutes. Which got me to thinking, each year at this time in this space, we talk about how the coming year will be one of a lot of change for us at Bruning Bank. Maybe we will lose or gain some employees or make some changes to the way we do things or upgrade some programs. As I've written many times, change is no longer something we have to wonder will happen but something we are constantly dealing with. As Amity correctly put it the other night, it takes some time and patience. We're thrilled for the good things that will happen this year. I honestly can't wait to write the next three articles for this newsletter as I believe each one will come with an exciting development to Mobile Banking, the way we present information to our customers or how we open accounts. Each one will be crafted with you in mind and hopefully will enhance your financial life as well as the partnership between you and Bruning Bank. We appreciate your business and loyalty. And on a personal note, I will appreciate all of you not showing up for the spring concert to see me do a great disservice to the legacy of "Mary Had a Little Lamb" and playing the clarinet in general for that matter.

- Corey Swartzendruber, Chief Information Officer

Mark Your Calendar

- MARCH:**
- **4** - Bruning Insurance Agency Crop Insurance Meeting - Bruning Opera House 10:30 AM
 - **10** - Farmers and Ranchers College - Dr. Ron Hanson - Fillmore Co. Fairgrounds, Geneva 5:30 PM
"Strategies for Family Farm Success in the Shark Tank"
 - **15** - Sales Closing Deadline for 2020 Multi-Peril (Row Crop) Insurance
 - **24** - National Ag Day
- APRIL:**
- **15** - National Tax Day
 - **24** - National Teach Children to Save Day
- MAY:**
- **3-9** - Small Business Week
 - **8** - Mothers Day flowers available at all locations
 - **25** - CLOSED in observance of Memorial Day

If you are not willing to learn, no one can help you.
If you are determined to learn, no one can stop you.

-Zig Ziglar

Educational Opportunities



During World War II, Winston Churchill was visited by a group of temperance ladies. One lady was outspoken and said that she had heard that Churchill had drank enough whiskey during the war to go half way up the wall. Churchill slowly looked half way up the wall and then

looked up towards the ceiling and replied, “Oh, ladies, so little done. So much left to do.”
I look at our learning experiences throughout life in the same way. After World War II, four banks in our area conducted a Farmers Institute. It was a sell out at every town at every meeting that was held on a rotational basis. These were attended by husband, wife and family. Since then it seems that attendance has become smaller and smaller at educational meetings. It also seems to me that people spend less time reading magazines and newspapers. The learning curve seems

to have stopped. Have people become that much smarter or do they just not realize how important learning is in agriculture? One thing I know for sure, and I don’t know much, is that those who continue to thrive in agriculture will be family oriented, knowledgeable and skilled at communicating with landlords and suppliers.

We have an education opportunity on March 10 at the Fillmore County Fairgrounds in Geneva with a meal. Dr. Ron Hanson will be conducting a farm seminar for all families. Dr. Hanson has been a friend of agriculture for many years. The reason his discussion is so important is because he has been personally involved in many family succession plans: some good and some bad.

I know that in January, February and March, morale on the farm gets quite low. Someone suggested a full-time therapist for every Quick Shop in the area. So, cheer up guys. Get to reading and start spending time listening to people who know the ins and outs of survival in agriculture

- Frank L. Bruning, Chairman of the Board Emeritus

You’ll Thank Yourself



When you spend money on an item, you forego the opportunity to purchase another item. Time spent doing something such as working could have been spent doing something else, like traveling. The price you pay for missing out on something is called an opportunity cost. To illustrate this a little more, let’s say you have \$100,000 to spend in your operation. You could purchase a new tractor or planter, but you can’t buy both. The item that is lost is an example of opportunity cost.

This is an everyday occurrence in business, but many of us don’t realize it also impacts our personal life. If you go to Starbucks and purchase that \$5.00 macchiato with whip cream on top, you may have just passed up an opportunity to save that money for early retirement. Now you may be thinking, what’s

\$5.00? It has a much larger impact than you may realize. Hear me out! The money you spend is after tax dollars. The average American must earn \$1.33 to spend \$1.00. That money spent on a coffee drink not only cost you \$6.65 of earned money, but you also pass up the opportunity to invest that money in retirement.

As you sit down and calculate what that same money would be worth ten, thirty years down the road you start to see opportunity cost at work. Any future return is lost to the coffee drink. Many of us make everyday purchases without even thinking about what is lost. It is part of our everyday routine.

My challenge to you for 2020 is to take some time to look through your spending habits. Are there areas you could change? If you skip the coffee today, what will it look like in 10-years? If you unplug your phone and spend more time with family, what family memories will you create in 2020? Don’t miss out on opportunity in the future by not considering its impact today.

- Shantel Daake, Vice President, Loan Officer
(NMLS# 1550238)

You Can’t Afford Not To



Do you remember when you were about to leave home for the first time? Seeking independence so you could create your own identity? Praying that knowledge and wisdom would come your way. The only problem was you had no idea where to find wisdom.

When the journey of adult life begins, learn along the way through some good decisions and some bad decisions. Then one day, a mentor comes into your life who is willing to share their life stories of how they gained knowledge and wisdom. In the end, they just hope you will be willing to do the same for someone else when the opportunity arises. The day will arrive when you realize that all aspects of your life have grown because you have learned from your mistakes and listened to those willing to teach you.

One day a co-worker and I were looking over information, making our decisions to sign-up for or not sign -up for a 401k offered by the company where we worked. He sat across the table from me and said he couldn’t afford to do this. I looked him straight in the eyes and said “you can’t afford not to.” Then I explained to him why. “The company is willing to match 2.50% of your first 5% contribution. That is like making 50% on your money before you even invest it.” I then said, “You can’t spend what you can’t see. Make a new budget, using your new paycheck amount. You and I both know the more your check is, the more you will spend. One day you will call me and thank me for talking you into this.”

Well, 17-years later, I received a phone call, it was my past co-worker. He had gotten his 401k statement in the mail that day and was excited about what it read. He wanted to call and thank me for talking him in to signing up that day. My former co-worker is a laborer, yet was able to put together a nice nest egg that he thought impossible. To this day, he continues to contribute into his 401k weekly.

With a little discipline, time and consistency, you too can build a nest egg for yourself. Remember, you can’t afford not to.

- Sonny Manley, President - Hebron

Fear of Missing Out



I recently attended the AgWest Outlook meeting and Steve Knuth introduced an acronym called FOMO. FOMO stands for Fear of Missing Out, a commonly used term on social media.

FOMO: the anxiety created by the constant influx of information on social media informing you that your friends are doing something way more fun or a feeling of

others getting more of something.

This feeling may often arise when reading posts from friends. Most of the time finding out what they are doing causes anxiety as you wished you were doing the same thing, such as taking an awesome vacation.

Steve used this acronym to explain what happens when customers don’t pull the trigger on a grain price that is above the profit margins or right at break-even. They fear they missed out or maybe even made a mistake. What if grain prices go higher and I miss out?

Mid-August commercial stats tell us that in 2016 RJO held 24% of corn sold at \$4.49 on BOT, in 2018 the number was 30% of corn sold at \$4.29 on BOT. It might surprise you to learn that in 2019 the number was 18% of corn sold at \$4.73 on the BOT! The opportunity was there. Did FOMO create some marketing problems in 2019?

The top profitable customers perform the following

consistently.

- Determine their break-even or cost of production using all their data for expenses and past yields on their grains.
- Market their grain above these levels.
- Leave emotion out of their decisions.
- They don’t suffer from FOMO.

Managing your risks as farmers has never been more important! When I started in banking, the top profitable customers consistently produced the most and/or worked the hardest.

Now it is all about managing your risks. This includes:

- Understanding your financial ratios and break evens.
- Developing a written marketing plan and executing it.
- Managing your insurance risk.
- Developing written business, family and personal goals.
- Developing a personal living budget.
- Constructing a written plan of improvement for your operation.

• Writing a transition plan and
• Making the adjustments to manage what you control in your operation.

Create an advisory team to work with. At a minimum, your team should include your banker, marketing firm, accountant and insurance agent. Keep them up to date as your operation changes and the results will add to your success. We at Bruning Bank are proud to be part of your team!

- John Boehler, President - Holdrege



KATHY ROBERTS



BRIAN HULSE



KRISTEN MONTEFORTE



LARY HOLTZEN

Insurance Doesn't Work Like a Smart Phone

Just like that, 2019 was here and gone and 2020 is flying by!

Your smart phone automatically changed to 2020 and it will also automatically spring forward and fall back for daylight savings time. However, you had to manually change your wall and desk calendars to a new 2020 version and you have to manually change your wall clocks to the correct time twice a year.

Your smart phone does automatic updates to its software and to all the applications on your phone so things stay in proper working order. You have to manually update and repair your vehicles, appliances and other items to keep them in good working order.

So many things in our lives are automated and we don't always notice those changes and updates. Unfortunately, your insurance agent and your insurance company don't get any automatic updates. We don't know when there are changes in your personal life, in your farming operation, or in your business. Therefore, it is very important to manually keep your agent informed of any changes in your life. Some changes can affect the coverage on your insurance policies.

Did you:

- Move or get a new phone number
- Buy a new vehicle or trade vehicles
- Sell a home and buy a new one
- Purchase new or trade farm equipment
- Remodel your home or make substantial improvements
- Build a garage or put up another building
- Buy an engagement ring or other jewelry
- Get married
- Have a baby
- Get your teenager a school permit
- Start a new business – or make changes to an existing one
- Is your rental home now vacant

Insurance policies are written for coverage based on your situation at the time the application is submitted. Changes are not automatic and your coverage may not be automatic when your situation changes. There are conditions, limitations and exclusions in your policy that may limit or eliminate coverage in certain circumstances.

Remember to keep your insurance agent updated when things change in your life. A quick email, phone call or in-person visit with your agent will allow us to keep your insurance coverage updated and in proper working order.

Don't wait until you have a claim and find out your policy doesn't provide the coverage you need! Just pick up that smart phone and give us a call at 402.353.2085 or stop by our office to review your policies.

- Kathy, Brian, Kristen & Lary
Bruning Insurance Agency

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Crop Insurance Reminders

It's hard to believe that spring crop season is almost here! Wasn't harvest just completed?

Reminders:

Have you reported your 2019 Row crop yields?

March 15, 2020 is the sales closing deadline for 2020 Multi-Peril (Row Crop) Insurance. Contact us before the deadline to:

- Obtain new coverage
- Cancel or transfer coverage
- Add land in another county
- Add crops not already insured on the policy
- Report any changes in marital status
- Report any changes in corporations, partnerships, LLCs or other entities
- Report any "new breaking" ground

Remember to contact us right away if you think you might have a loss on your 2020 crops. Be sure to contact our office before you decide to destroy or replant any crops. It is important that all losses be reported timely! We are always available to answer any questions you might have, so please be sure to stop by and talk to us regarding your multi-peril crop insurance, hail insurance and livestock insurance needs! We appreciate your business and look forward to working with you in 2020!

- Kathy, Jeff, Shari, Craig, Brian, Lary & Zach
Crop Insurance Agents

Life happens. Insurance helps.

BRUNING INSURANCE AGENCY can help you with coverage on:

Auto
Boats
Bonds
Campers

Commercial
Crop Hail
Farm
Flood

Health
Home/Renters
Irrigation Pivots
Life

Livestock
Medicare Part D
Medicare Supplements
Motorcycle/ATV

Multi-Peril Crop
PRF
Umbrella
Worker's Comp

Have an insurance need, question or concern? We can help with that.

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.

Take Care of The Customer



I have been very blessed to work with and learn from some of the very best bankers in the great state of Nebraska. Our management has done a great job at hiring intelligent, caring and most of all, happy employees. They have taught me and others by example or conversations on how to take care of their customers and find ways to welcome new ones.

One motivational speaker I listen to asked a crowd of people who their boss is. Many answers were shot out: The president, my supervisor and the stockholders. He kept saying no, no, no. Finally, the speaker replied, “Every dollar you will ever make comes from your customer. If you can’t take care of your customer, then your business will not make any money.” This is true for most any business. Yes, I highly respect my supervisors, presidents and stockholders. They are the people who have always taught me how to be better at customer service since they have more experience and knowledge to pass on.

Some of the basics I have learned from co-workers and even customers:

Smile. Even when you answer the phone and people cannot see you. You will sound better and project a positive mood. You never know if your customer or your co-worker is having a bad day so greet them with a smile. This small gesture creates a warm welcoming atmosphere and a good first impression.

Don’t be fake. Other people can sense when you are being fake. Be honest with people and they will be honest with you. Most of my family is too honest and will tell you exactly what they think. While this may be embarrassing at times, I fully trust their opinions because they are not holding anything back. I have friends that are car sales people and I always ask how they are good at sales without being the cheesy sales guys. They simply said to be honest with your customers and they will trust you enough to keep coming back.

Don’t be pushy, let it be their idea. Nobody likes to be told what to do when making a decision, especially when it involves money. It turns me away when I am trying to buy things and I usually don’t come back to the place that tries to corner me into a decision. Studies have shown that people like three options. Any more is too much to think about, but any less is a flip of a coin. This way you put the decision in the customers hands and let them decide what is best.

Names. Dale Carnegie said, “Remember that a person’s name is to that person, the sweetest and most important sound in any language.” I have never found this to be truer in any aspect of life. You always remember the people that remember everyone’s name. I have always said I am bad at remembering people’s names. Then I read, “Tell yourself you are great at remembering people’s names and you will.” Dale Carnegie has ways to remember names, there

are different techniques and you have to find what works for you. One person I overheard always asks people to repeat their name and spell it for them when they first meet. That way they can hear it twice and sound it out in their head phonetically.

Stand up to shake hands. When you greet someone, stand up and give them a firm handshake. Look people in the eye when you greet them. Only squeeze as hard as the female you are greeting if you are a male. If you are wearing a name tag for an event, put it on your right side and shake with your right hand so others can see your name when you exchange your greeting.

Ask questions. I always try to ask the person I am talking to a question about their life other than business. People get tired of talking business and I always enjoy it when people are interested in me, it shows you care. How is your family? What do you do for fun? What is new in your life? Don’t dig too deep and stay away from politics, religion and the weather. Everyone talks about the weather and it doesn’t reveal anything about the person you are getting to know. I used to work with a wonderful lady who always gave one compliment to everyone she talked to that day. Even if I wore the same watch for years, she would say she liked it and it looked good on me. It usually sparked a conversation in people on where they got it and a story about themselves. Make sure you are a good listener. People love to talk about themselves and their business, so make them feel special with your attention. I especially love it when people respond with, “Nobody has asked me that before,” and proceed with a good story.

Never be afraid to ask for peoples business. This is another one from my dad and grandpa. Most everyone works for a business that needs new customers to grow. Careful not to be pushy. They will ask the questions they want to hear the answers. No need to get into a full speech. “We are Bruning Bank and we are a family owned business. Would love to have you as a customer someday.” If they want to know more they will ask you. It may take time to get a new customer, but if you keep planting those seeds they will develop.

Learn at least two clean jokes. Someone told me that part of their job interview process is to ask the candidate if they know a clean joke. If they can’t think of one then they just won’t work in that culture. There is always an awkward moment in any setting. Buy some Laffy Taffy and keep the wrappers, talk to your grandpa or even Google ‘Dad Jokes’. If you can make someone smile and not offend anyone, you have a good heart and genuinely care about people. My wife makes fun of me for my lame jokes, but even she has started to repeat them.

There is so much I learn from my fellow bankers and our successful customers each and every day. Everyone has their little bits of knowledge to pass on and I appreciate every piece of advice I get. I am sure most of you have practiced these techniques before, but sometimes it is good to have a reminder.

- Adam Bruning, Personal Banker

To Refinance Or Not To Refinance? That is the Question.



Are you a homeowner asking yourself if now is a good time to refinance your mortgage? Home loan rates have once again dropped to historic lows since 2016. If you missed refinancing your mortgage then, or purchased your home since then, now is the perfect time to talk to your Bruning Bank mortgage loan officer to see how much money you could save!

There are many factors to consider when deciding if a refinance makes sense for you. Mainly, you need consider loan origination fees, potential rate savings and time. Loan origination fees for a refinance are your processing, underwriting, title insurance and appraisal fees, to name the main ones. These fees are typical with any bank or online mortgage outlet. Online mortgage outlets are not always the cheapest route, so pay attention to their loan origination fee total. Although some borrowers find the online outlets more convenient, they seldom have your best interest in mind. Bruning Bank has a new online system that can make your refinance just as easy. We are also

just a phone call away to answer any questions or clarify any information.

When considering how much of a rate decrease it will take to save you money, this is where time is a huge factor. The percentage of rate decrease goes hand-in-hand with time. There are two facets to it, time left on mortgage and time borrower(s) plan to remain in that property. It is usually a general rule of thumb that if you can better your rate by a half of percent, then refinancing is right for you. Before making that decision, please visit with a mortgage loan officer at Bruning Bank so we can help consider your time-frame in the calculations.

Other important considerations, when thinking about refinancing, are:

- Is now the time to include any revolving debt, such as a home equity line of credit balance, into the mortgage loan?
- Could I or should I take out some equity for a home improvement project?

These questions and others can be answered by making an appointment with your knowledgeable Bruning Bank mortgage loan officer. Don’t let this opportunity pass you by!

- Janice Nozicka, Director of Mortgage Lending
NMLS#474132

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	\$10,000.01 - \$100,000.00	0.35%	0.35%
	\$100,000.01 - \$250,000.00	0.60%	0.60%
	\$250,000.01 and Above	0.60%	0.60%

If the above requirements are not met, the entire balance in the bank account will get 0.05% interest and 0.05% APY. Please call or stop in and talk to any of our customer service representatives with any questions you might have! We are ready for our customers to start enjoying the great benefits of this new account!

*Annual Percentage Yield. Fees may reduce yield on these accounts. Interest rates and APY may change. Rates effective as of February 18, 2020. Minimum deposit required to open an account is \$50. Monthly qualification cycle means a period beginning one business day prior to the first day of the current statement cycle through one business day prior to the close of the current statement cycle. Interest compounded monthly.

BRUNING

WEALTH MANAGEMENT

Bull Markets Don't Die of Old Age



DAVID FROOM
FINANCIAL PLANNER

There's old saying in the investment world that "Bull markets don't die of old age..." The interesting thing is that there is a second part of the saying that is not quite as consistent. "...they (bull markets) die from recession", "...they are killed by the Federal Reserve", or "...they die of excess (over spending, overleverage, overconfidence)". And while the second part isn't as consistent, there is truth in each of the second parts of the saying.

Throughout last year I heard the concerns from people I talk with. Common questions and comments were "how long can this market go on?" "Equities are overvalued". "Equities are propped up by low interest rates". "The trade war with China will end the bull market." "Do you think we'll have a recession next year?"

As we turned the page into a new year and new decade in January 2020, I spent some time reading and listening to several economists and market strategists. Two of my favorites are Dr. David Kelly, JP Morgan's Chief Global Strategist, and Brian Wesbury, First Trust Chief Economist. And then I listen to a variety of others.

One of the common themes from the economists I read or listened to was that no one predicted the U.S. economy going into a recession in the next 2 years. The presentations had all sorts of graphs and economic data to support their positions. I noted from Giri Devulapally's presentation (J.P. Morgan's Chief Portfolio Manager U.S. Equity Group) that in past history "Secular" bull markets have averaged 16 – 20 years long. That doesn't mean there were not short term down turns during that time (just like we saw in 2018), but based on the economic data, Devulapally thought we could have years remaining in our current Secular bull market. Devulapally also brought up an interesting point that between 1992 – 2005, \$1.8 Trillion flowed into the U.S. Equity markets versus \$551 Billion into U.S. Fixed Income. While during 2006 – 2019 \$2.5 Trillion flowed into U.S. Fixed Income and only \$51 Billion into U.S. Equities! That really helps put in context that the equity markets may not be as overvalued as some suggest. Furthermore, U.S. 10-Year Treasuries are trading at 16 times earnings with an average yield of 1.7%, while U.S. equities are

trading at 17 times earnings but with an average yield of 6%. And finally, Devulapally brought up another interesting contextual point to add some perspective to whether equities are overvalued when analyzing Profit/Earnings (P/E) ratios, is that from 1950 – 2000, \$1 of corporate earnings generated \$0.50 Free Cash Flow (cash left over after operating expenses and capital expenditures) versus from 2001 – 2019 \$1 earnings generated \$0.92 in Free Cash Flow. Mr. Devulapally's point is that companies have become so much more efficient that comparing P/E ratios today to decades ago is not accurate, and that current equity valuations are not overvalued as many think they are.

There were so many good points made by many economists that I don't have room to include. But at the end of the day, I feel good about the equity markets and the U.S. economy in 2020. And I like the opportunities in International equities as global economies improve. That doesn't mean we could not have a "Black Swan" event. An event that catches everyone off guard that sends the markets into a tail spin. Usually when those events happen they are relatively short lived. But they can be very unnerving and cause investors to make poor investing decisions.

My best generic advice is to invest in such a way that if you plan to use your investment money for an expenditure in the next 5 years you shouldn't be in the equity markets, and if you plan to begin systematic withdraws (not total liquidation) from your retirement assets within the next 5 years, then your allocation should be Moderate Risk around 50:50 to 65:35 (equities to fixed income). And if you have more than ten years before needing money from your investments then you can be as aggressive as you feel comfortable with. It's best to get individual advice from your financial advisor based on the full context of your personal situation. If you are one of our retirement income planning clients and I've designed a NextPhase™ / Income For Life™ Income Plan for you, then you are all set, because your plan is already designed to account for the various markets situations.

On a completely different note, we have some exiting new developments in 2020 that we will be contacting each of our clients about. It involves new technology for our clients, cool software tools, new investment opportunities, and planning software, and likely new lower pricing structures in some cases. We look forward to working with you in this new decade!

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Kindness Doesn't Have To Be Complicated



I have some friends who tragically lost their teenage son about seven years ago. Every year, in honor of his birthday, they do random acts of kindness. Maybe we should all find a special time of year to do the same. Here are some reminders:

"Remember there's no such thing as a small act of kindness. Every act creates a ripple with no logical end."
-Scott Adams

"There is no wrong way to perform an act of kindness."
-Catherine Ryan Hyde

"I would rather make mistakes in kindness and compassion than work miracles in unkindness and hardness."
-Mother Teresa

"Human kindness has never weakened the stamina or softened the fiber of a free people. A nation does not have to be cruel in order to be tough."
-Franklin D. Roosevelt

"Practice random kindness and senseless acts of beauty."
-Anne Herbert

"Be kind, for everyone you meet is fighting a hard battle."
-Ian Maclaren

"He that has once done you a kindness will be more ready to do you another, than he whom you yourself have obliged."
-Benjamin Franklin

"Three things in human life are important. The first is to be kind. The second is to be kind. And the third is to be kind."
-Henry James

"You cannot do a kindness too soon, for you never know how soon it will be too late."
-Ralph Waldo Emerson

"Getting money is not all a man's business: to cultivate kindness is a valuable part of the business of life."
-Samuel Johnson

"Never lose a chance of saying a kind word."
-William Makepeace Thackeray

Acts of kindness don't have to be costly, be creative. Just a warm gesture or kind word can make someone's day.

-TiAnn Allen, President - Kearney

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New Employee Spotlight



CORIN BLOWERS

Corin has been in banking for about three years and she has a background in loan administration and processing. She is now a mortgage loan officer at the Broken Bow location.

She grew up west of Elgin and attended University of Nebraska – Lincoln and majored in agribusiness-banking and finance. She moved to Arnold in 2017 and married her husband Charlie in 2018. They live on the family farm and are expecting their first child this April. She enjoys getting to spend time outside and tagging along with her husband around the farm.



HELEN FORSTER

Helen joins Bruning Bank in Broken Bow as a customer service representative. She comes from Broken Bow Public Schools and is excited to get started in the banking world!

Helen grew up in San Diego and loves to call Nebraska her new home. She and her husband have two sons. She enjoys camping, animals and leading Cub Scouts.

Be sure to stop by the Broken Bow location to welcome Helen!



KAYLEE WARBURTON

Kaylee joins Bruning Bank in Holdrege as a customer service representative. She is originally from Cambridge. She attended Central Community College in Hastings and graduated with a degree in accounting.

She moved to Holdrege three years ago. She enjoys summer, going to the lake and spending time with friends and family.