

# BRUNING STATE BANK

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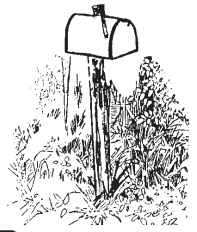
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FDIC

**YOUR  
COUNTRY  
BANK**



Pictured above are three generations Frank L. Bruning, Father/Grandfather (3rd generation, Chairman of the Board), Fred D. Bruning, Son (4th generation, President) and Chris Tonniges, Grandson (5th generation, Assistant Vice President)

*Since 1891, when we started as the German Bank,  
one of our Family Traditions has been Banking.*

*We have locations in Bruning, Hebron and  
Broken Bow to serve you!*

*From our Bank Family to yours:*

*Warmest wishes for an old-fashioned Holiday Season  
filled with special moments and good memories with a  
Happy, Healthy and Prosperous New Year!*

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## Searching For Knowledge. . .

That's a good excuse for traveling, or at least it's part of my excuse for going to meetings! I recently went to the National Bankers Association Agricultural Conference in Milwaukee. The first Agricultural Award was conferred to our Bank ten years ago at the annual meeting. Now, each year a new recipient is given the "Bruning Award", which was named after our Bank.

I have attended most of these annual conferences since 1964, and it has been a good learning experience. A large part of the benefit of these meetings is the interaction with others. I would guess that 90% of those in attendance have an Ag background, and I have learned a lot from everyone, just visiting between meetings.

Remember Winston Churchill? He was known for, among other things, tipping the bottle a little too much. There is a story that when speaking at a ladies' function, he was introduced by a woman who looked first at the floor, then at about the level of the light switch on the wall. Then she kind of "bit" Winston when she said, "This man has drank enough whiskey to fill a room about to this level," pointing to the switch. Mr. Churchill, who was very sharp, rebuffed her, saying, "So much done..." then looked at the ceiling and continued, "So much to do!"

That's the way our education in the world has been - "so much done," yet "so much to do!" We have constantly had to learn, from early years on. Many think the learning curve is over once you grow up. But to survive in agriculture (or any other business) we had better get the books out again!

It has been said that the difference between an average farmer and an excellent one is about thirty minutes a day. Maybe that thirty minutes was spent reading or attending meetings to keep up with new developments in their business. Television alone doesn't fill the bill! Banks, businesses, and your Extension Service in the area have worked together to develop the Farmers and Ranchers College to help you continue the search for knowledge. I hope you will take advantage of these and other opportunities.

Someone told me my newsletter articles are sometimes negative. I see a lot of positive things happening in agriculture, but I worry that while we are waiting for our ship to come in, it is backing away from the dock!

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

*"We make a living by what we get, but we make a life by what we give."  
-Winston Churchill*

## Holiday Gifting. . .

With the holiday season upon us and a bountiful harvest given to us, this may be a good time to think how we should thank God and help others in need. Many of us have been blessed with good health and better times.

Jim Gustafson of the Nebraska Community Foundation has created a list called "10 Ways to Make a Gift":

1. IRA's - In 2007, if you were over the age of 70, you could make a distribution up to \$100,000 from an IRA to charity without paying taxes on the distribution.
2. Appreciated Stocks or Mutual Funds - Gifting assets that have increased in value since you have owned them may have several benefits - if owned for more than a year, it can be deducted at its current market value. Also a charitable gift of stocks or mutual funds accrues no capital gains tax.
3. Paid-Up Life Insurance Policy - A current income tax deduction is available for naming a charity the owner and beneficiary of a paid up life insurance policy.
4. Municipal Bonds - By gifting the bonds into a Charitable Lead Income Trust you will receive a charitable income tax deduction for the value of the income paid to charity during the term of the trust.
5. U.S. Savings Bonds - The current value of the bonds is fully tax deductible when gifted to charity. The growth in the value of the bonds will be taxed as ordinary income and may be totally offset by the charitable income tax deduction.
6. Annuity Policy - An annuity has the same benefits as the above U.S. Savings Bond.
7. Grain - A delivery of grain to the elevator in the name of a charity allows for the avoidance of claiming the sale price as income. This is like making a tax-free gift. In addition, the cost of production may still be deducted as business expense.
8. Livestock - The delivery of livestock to the sale barn in the name of a charity works just as the above grain example.
9. Collectibles - Transferring ownership of a collection prior to the sale to charity allows for the avoidance of paying capital gains tax on the growth in the value of the collection since it was acquired.
10. Real Estate - If you have owned the property for more than one year, it can be deducted at its current market value. You pay no capital gains tax when the real estate is sold by the charity.

BONUS...Cash-A gift of cash is simple to make and immediately put to good use. Cash gifts may be deducted on your tax return for up to 50% of your adjusted gross income. Excess charitable contributions may be carried forward for up to five additional years.

Think about how you can help others by picking out one of the above and working toward gifting to a charity or organization that best fits you!

*Fred D. Bruning - President*

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# Build and Maintain Wealth. . .

Beginning with the February 2007 issue of the Bruning State Bank newsletter, we've discussed the Bank's mission statement: "Assist our Clients to Build and Maintain Wealth".

In these articles we've discussed (in reverse order):

- Bank's mission statement to "Assist our Clients to Build and Maintain Wealth"
- Spend less than you make (have a plan and budget)
- Importance of education and how it can increase your lifetime income
- Understanding Generation Y

The emphasis has been on saving, investing and using your money wisely, to take your talents and better yourself. In one of my articles I made the flip remark of why to do this, "Because it beats the alternative". Spending part of my life living the alternative gave me first-hand knowledge of the alternative and living and believing in the importance and the relevance of "Building and Maintaining Wealth".

Just a short list of why it is good to "Build and Maintain Wealth".

- The ability to enjoy life - taking a vacation without paying on a credit card bill for years to come.
- Lower your stress level on your child's wedding day (as if that would be possible).
- Enjoy retirement - work only because you want to (not because you have to).
- Be prepared for almost any emergency - loss of a job, health issues, car repairs, home damages, etc...
- Send your kids to college and help them advance in life.
- Save for a down payment on a farm, ranch, business or house.
- The satisfaction of meeting or exceeding your personal goals.

The above represent only a fraction of the reasons to "Build and Maintain Wealth"; below I'll outline what I feel is the number one reason to do so. I recently read this phrase called the "Law of Reciprocity" in a bank trade journal, "The more you want in life, the more you need to give away". I hope to challenge you to think about and act on behalf of others.

Giving could be done through your church; most church precepts are that we should donate 10% or more of our gross earnings to charity. Some folks divide that 5% to their church and 5% to another charity. If you live the Bruning State Bank mission statement and the "Law of Reciprocity", you are going to have the ability to do just that.

The Christmas season will soon be upon us. The importance of Christmas should not be reserved for just the season, it should be 24/7 365. You'll be able to give more gifts more often. I'm not talking gifts under the tree; if you want to feel real satisfaction and the sense of accomplishment, give more away.

Some great local organizations (in addition to your church) that do great things for others: Bruning Community Founda-

tion, Inc., Custer County Foundation, Inc., Foundation for Thayer County Health Services, Jennie M. Melham Memorial Hospital Foundation, Blue Valley Community Action, Central Nebraska Community Action, Blue Valley Lutheran Homes Society Inc. Foundation, and there are plenty more places and people that could use your help.

Jerry Catlett -  
CFO

## Being Thankful. . .

For our area farming customers, this year has brought a mixed bag of "blessings" - a lot of the nonirrigated acres yielded far better than average, while many irrigated yields were only a little better than usual. At harvest last year, prices leaped to levels that were much better than we had gotten used to, and actually managed to maintain and even exceed that level through the year.

This fall, we received an abundance of moisture, delaying or preventing wheat sowing for some and impeding harvest progress (though by the time this newsletter is out, I anticipate that harvest will be complete here.)

While higher yields and prices are indeed a bonus, the problem is that cashrents, fuel, chemicals, seed, fertilizer (you get the idea) costs tend to increase commensurately. While this year may be a banner year for some, with the prospective increased costs, it will probably be an interesting challenge next year to continue to prosper...It would behoove us all to sharpen our pencils and do some "cipherin'" to improve the odds of that happening. But then, many (if not most) farmers are in the business not necessarily to make money, but for the lifestyle it affords.

To me, rural life is one of the greatest benefits farmers have. I know the vast majority of this nation's population resides in cities, and a lot of them wonder what we find to do "out here in the sticks", but I am grateful that my parents chose to return to their rural roots. I enjoy the fact that a wrong number can still result in a friendly conversation, because as likely as not, if I dialed a local extension, the wrong number would still be someone with whom I am acquainted. I feel as if I am a part of the community when a native delays me on my way out of town to warn me of icy highways. I delight in not having to dodge oncoming pedestrians or being crowded off the walkway when I am out for a stroll. When I visit densely populated areas, I feel like the country mouse in the children's story, and eagerly look forward to my return home.

Whether we are "city mice" or "country mice", we all should pause to consider our good fortune in living in a country where we can question our government, and practice our chosen religion without fear of reprisal. There are some localities where second-guessing your rulers could cost your life! I hope we can all take a moment to think of things we are (or should be) grateful for during this Thanksgiving and Christmas season. May you all have a blessed and delightful holiday!

Janet Germer -  
Vice President - Loan Officer

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## Be Visionary....

I just finished a very interesting book last week titled Built to Last by Jim Collins and Jerry I. Porras; if you would like to borrow it, it is a great read. The premise of the book is that there are several key characteristics of highly successful and visionary companies that have lasted for generations. As I was reading this book, all of the turmoil surrounding the football program at Nebraska was happening at the same time and it got me thinking that these same characteristics that made these companies great also apply to other types of organizations (i.e. football programs, charitable organizations and individual families to name a few). When you think about successful businesses, families or football programs, what is typically the first thing that pops into your head as the reason for their success? The leader, coach or owner, right? While this explains the success of those organizations or families that are successful today, it does not explain why some of these same groups have been successful for generations, and that is what this book tries to explain.

Here are a small number of excerpts from this book which I think lay the groundwork for the discussion:

- "being a charismatic visionary leader is 'time telling'; building a company (or family) that can prosper far beyond the presence of any single leader and multiple product life cycles is 'clock building.'"
- A clock builder's "greatest creation is the company itself and what it stands for."
- "There is no ultimate finish line for visionary companies."
- "...the 'ticking clock' of a visionary company (family) is a core ideology...core values and sense of purpose...that guides and inspires people throughout the organization and remains relatively fixed for long periods of time."

All of these excerpts take a forward view while always circling back to the core ideology of the business, family or team. Take Bruning State Bank for example, while we continue to grow and try new things like our branch in Broken Bow, Internet banking, new investment products, etc... everything that we do as an organization really comes back to our core ideology of helping our customers be successful in all of their financial matters (in other words Build and Maintain Wealth). It is our credo, our one commandment in how we deal with the needs of our customers. It is "clock building" not "time telling." It is helping families and businesses succeed for generations, not just help you buy that new piece of equipment or piece of land.

While not every family or business has a multi-generational plan, most families and businesses have core values that have been passed down from generation to generation (i.e. honesty, hard work, a passion for helping others, etc...). These values give you a basis to look to the future, develop leadership within your family or organization and put a plan into place to be successful for generations to come. As you plan, don't be afraid to make a mistake, take a few calculated risks along the way and never waiver on your core ideology. So, "go build some clocks," get your kids,

other family members or employees involved in your plan at an early stage so they can help you and you can teach them about your "ticking clock," be generational in your thinking, and be visionary!!

*Chris Tonniges –  
Assistant Vice President*

## Early Gift...

The Bruning State Bank Customer Service has had their Holiday Wish List delivered early this year. Our package contained a new employee, Cindy Meyer. We have been anxiously awaiting her arrival, and are so excited to have her join our working family. She will be a great asset for our department. Please stop in to meet her and give her a warm welcome.

We have holiday money envelopes and cash to help fill your shopping list. This is a safe gift to give, since it will fit all shapes and sizes. Check into making a deposit to a Savings Account, give a Savings Bond, or purchase a Certificate of Deposit for those that you just don't know what to give. You won't have to worry about the lead paint in any of these gift items for your younger people.

Are you looking for something for yourself? The main branch in Bruning has some larger safety deposit boxes for rent. If you need a new box or just need to upgrade to a larger box, the end of the year is a good time to do this. Check with Customer Service to see what is available.

The end of the year is fast approaching, and it will be time to get all the tax reporting forms printed for our customers. We will be sending all government forms (1099-INT, 1099-R, 1098, etc.) to you by January 15, 2008. Please be watching your mail for these items, so that they are not inadvertently destroyed.

May your Holiday Season fill you with Joy & Happiness, and your New Year bring you Comfort and Good Health!

Happy Holidays from Customer Service!

*Cheryl Houser, Cindy Meyer,  
Nancy Lahners & Deb Schultz –  
Customer Service*

**BRUNING STATE BANK,  
in Bruning, Hebron and  
Broken Bow will be closed  
Monday, Jan. 21, 2008,  
in observance of  
MARTIN LUTHER KING, JR. DAY**

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# Attention: Ag and Commercial Borrowers!!

What does the Federal Emergency Management Administration (FEMA) and the National Flood Insurance Program (NFIP) have to do with you and your operation or business? They don't want you to buy or build something that lies within a special flood hazard area. They especially don't like it when a federally insured depository institution takes improved property as collateral that is in one of the special flood hazard areas. As a matter of fact it is illegal for the Bruning State Bank or any other federally regulated lender to do so.

I'm sure you'll respond the same way that the staff does here at the Bank when the compliance officer mentions that we need to carefully review our practices that may cause conflict with government mandated regulations. I don't blame you if you ask, "What is this guy talking about?" Flood insurance laws and regulations have been on the books for a long time. Recently the flood insurance issue has come into focus with all the natural disasters that have taken place over the last 2 to 3 years with severe damage due to flooding.

In the last few years the counties, cities, towns and villages where Bruning State Bank and Bank of Broken Bow does the majority of our business have elected to become participating communities in the National Flood Insurance Program sponsored by FEMA, an agency of our federal government. Like I said, flood insurance has been around a long time and we have adhered to this strict law with the goal of 100% compliance.

Where we have made loans on homes, commercial buildings, farm buildings, farm storage bins and almost any structure, we always checked to see if the improved property was located in a flood zone. If it was, we were only allowed to take it as collateral when the borrower purchased flood insurance to cover the loan amount. We had very few loans that fell into those areas, so for us it was not a difficult task to comply with the law.

Things have now changed with the availability of additional maps and flood insurance to more parts of the state. We are now checking any and all loans secured by real estate with any improvements - new and existing. The following is a portion of the law, S 339 - Page 2663 of the flood manual:

**(1) For any loan made, increased, extended, (modified) or renewed and secured by improved real estate or a mobile home, the bank must determine whether the property is or will be located in a flood hazard area using the latest FEMA flood map.**

**(2) Whether or not the improved property is located in a Special Flood Hazard Area - Zone A or V - the bank must complete a standard flood determination form.**

These are just two of the requirements that we must follow and you may hear from a grumbling loan officer or the Bank's compliance officer that some portion or all of the improved property you have pledged as security is in a special flood hazard area. If that happens, we'll need to have some discussion on the next step. This column is not long enough for all of the factors we'll need to consider.

Compliance officers don't like to be the bad news messengers. Yet, with the high penalties that could be levied against Bruning State Bank, we will comply with the law. If this affects you and your business, we'll communicate in a timely and professional manner and we'll get the problem solved. I don't think we'll have a high occurrence of issues. You need to know that this law is the same for all banks and federally regulated lenders.

If you have an interest to learn more about this, check out [www.fema.gov/fema/csb.shtm](http://www.fema.gov/fema/csb.shtm) for a map of your area or call FEMA at 1-800-358-9616. I'll also be available for questions, comments, and concerns.

*Jerry Catlett -  
Compliance Officer*

## Farmers & Ranchers College Schedule...

The mission of the Farmers & Ranchers College is to provide high-quality continuing education to farmers and ranchers in a rapidly changing global agricultural environment.

The following are the dates for the upcoming programs for 2008:

**January 22** - "Partners In Progress Beef Seminar" at the US Meat Animal Research Center near Clay Center from 9:00 a.m. - 3:30 p.m.

**February 19** - "Ethanol - The Impact & Opportunities It Has for Nebraskan's" at the Fillmore County Fairgrounds, Geneva from 9:00 a.m. - 3:00 p.m.

**March 11** - "You Bought the Farm, But I Still Own It" featuring Dr. Ron Hanson at Davenport Community Building. Meal at 6:00 p.m. with program to follow.

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## **URGENT! Deadline: December 31, 2007 Are Your Irrigated Acres Certified?**

Just over a year ago I wrote an article about the importance of getting your irrigated acres certified if you have irrigated acres in the Lower Loup NRD. It is now our understanding that 12/31/07 is the deadline to get this done.

It is very important to accomplish this because if they are not certified, you may not be able to irrigate those uncertified acres.

The process of certifying your acres takes some work and time on your part so don't wait until the last week of December to get started. You will have to get documentation from your local county assessor, Farm Service Agency, and the Lower Loup NRD. Once all the documentation is completed, you will need to mail it to the Lower Loup NRD. Remember that these offices will not be able to meet your needs in just one day, so please allow ample time for them to complete their documentation and for you to do your documentation. By the time you read this article, you have less than 30 days before the deadline.

In my opinion, certifying your acres is very important because it may determine whether you can or can't water your irrigated acres not just next year, but in the future as well. I know a few of you are thinking that the Lower Loup NRD or the State can't stop us from watering if we have a well. Take the safe approach and get your acres certified! You never know, it may affect what your farm is worth or what it can be cash rented out for in the future. We all know that dryland acres don't sell or rent for as much as irrigated acres. Don't be the person that forgot to certify his or her irrigated acres and then at your retirement sale you have to sell your land as dryland acres because you didn't certify your irrigated acres before the deadline.

For the people that have certified, you need to ask yourself, "Has anything changed, been developed, been added or been purchased since last certification?"

If you have any questions, I suggest that you contact the Lower Loup NRD office as soon as possible at 308-728-3221.

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

**All government reporting forms (1099-INT, 1099-R, 1098, etc.) will be mailed to our customers by January 15th. Please watch your mail so that they are not destroyed inadvertently.**

## **Holiday Thoughts . . .**

The Holidays will soon be upon us and now is the time to be thankful and the season to be jolly. Thanksgiving is almost a forgotten holiday, but should be one of the most enjoyed, (unless you are doing ALL the cooking and baking). It requires hardly any preparation ahead of time except some grocery shopping. No cards need to be sent unless you really want to, no presents are required to be given, no trees decorated, no lights put up, no caroling, programs, or parties to attend – just a day of eating and thankfulness for all the things we enjoy since we live in this country that God has truly blessed.

At my daughter-in-law's graduation ceremony at York College, the speaker told the parable of the turtle. I cannot remember the speaker's name but he held many honors, had served in the military, and I think was the CEO of a large utility company in Texas.

"One day a turtle found himself sitting on the top of a fence post. He could see for miles all around (it was probably a post in Nebraska). He was really taking this all in and enjoying himself when he realized he did not get to this point by himself. Someone had to help him get to the top of that post." It occurred to me that the turtle could get to the ground much faster than he made his way to the top if he took too many steps in any direction. One's vision is much more restricted at ground level than up on the post. I'm sure that turtle didn't know what a big world there was out there.

You know that is the way we feel about you, our customers. We could not get along without you. There would be no BRUNING STATE BANK without you. For that we are truly thankful. We try to provide the very best service we can so that we don't "fall off the post".

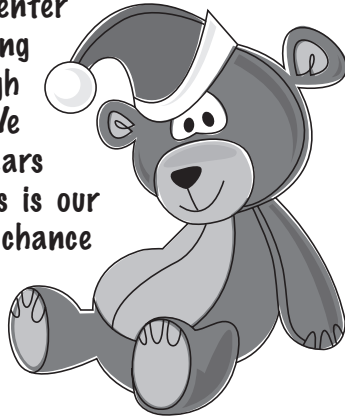
Now we are entering the season to be jolly. This jolliness does seem to require more work on our part, but not all work has to be drudgery. Baking cookies and holiday decorating can be fun. Take time to enjoy the holidays. See things through the eyes of your children and grandchildren and remember how much fun Christmas was when you were a child. Remember the reason for the season. Look back with thankfulness and ahead with joyfulness and anticipation of the wonders of the season and the happiness that should come with the New Year. Just think, if you've made it to the New Year, that's something to be happy about. After all, the alternative isn't so great!

WE HOPE YOU ALL HAVE A JOYOUS  
HOLIDAY SEASON AND A HAPPY NEW YEAR!

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

## Kids Club Members...

It is time for our annual Teddy Bear drawing! We would like to remind all the young savers (age 12 and under) to enter the teddy bear drawing from December 1 through noon December 24. We will give away two bears at each location. This is our 17<sup>th</sup> year of offering a chance to win an adorable Christmas Bear to our young savers!



## New Staff



Cindy Meyer is originally from Superior, Nebraska and has lived in the Superior and Nelson area all of her life. Her husband, Lyle, works for the State of Nebraska Department of Roads and has farm ground near the Nora area. Cindy has one daughter who is married and lives on a farm near Lawrence. Cindy brings with her 14 years of banking experience and currently serves as a Customer Service Representative in Bruning.



Santa will be at the Bank in Bruning on **Saturday, Dec. 15** from 9:30-11:30 a.m. for pictures!

## Home Sweet Home

We want you to feel comfortable and confident in your new home. Whether you are building, buying or refinancing your home, we want to help.



We have *great low interest rates and competitive terms to fit your needs!*

Count on us to keep you comfortable!

Member FDIC 



Karin Dominy and her husband, Monte, have lived in Hebron for 27 years. They have two grown sons, Matt and Neil. Karin enjoys spending time with her granddaughter, Madison. Karin was previously employed by Mid-America Vision Center in Hebron for 10 years. She is now a Customer Service Representative in our Hebron Branch.

# What is identity theft?

Identity theft (also known as identity fraud) is the misappropriation of another person's identifying information in order to:

- obtain credit fraudulently from banks and retailers;
- steal money from the victim's existing accounts;
- apply for loans;
- establish accounts with utility companies;
- rent an apartment;
- file for bankruptcy;
- obtain a job; or
- achieve other financial gain using the victim's name.

Yeah, I know. You're thinking, "It could never happen to me." But it could. As a bank employee and mother, my children tended to rely on me in the past to transfer funds for them; as such, I have had the opportunity to review their transactions.

Earlier this year, my oldest daughter told me how tired she was of studying. In my kind, consoling way, I asked how she managed to find time to watch all the movies she had rented from a big name movie rental company if she was so studious. The tone of her response assured me that she had not rented the flicks. Calls to the company yielded names we had no knowledge of, and as it turned out, she was in fact a victim of identity theft.

Fortunately for us, her loss was limited to about a hundred dollars worth of movie rental and some DVDs ordered in her name (and strangely enough, delivered to my address) which were returned. She has no idea how her account was actually compromised. It is becoming increasingly important to monitor your accounts, either on-line or by studying your statements soon after they arrive.

Learn how to protect yourself and your family. Visit [www.identitytheft911-bruningbank.com](http://www.identitytheft911-bruningbank.com), or speak with one of our representatives today.

*Janet Germer –  
Vice President  
Loan Officer*



Please consider donating new or "gently" used toys this Christmas Season.

We will be accepting toys at our Bruning & Hebron locations until December 15.

# PRODUCTS AND SERVICES

## INSURANCE

Property/Casual • Crop  
Disability • Life

Automobile • Long Term Care • Health

\*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

## INVESTMENT

Retirement Planning Service

Full-Service Brokerage

(including Stocks, Bonds & Mutual Funds)

College Savings Account • IRAs

Health Savings Account

\*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

## LOANS

Revolving Line of Credit • Machinery

Livestock • Commercial

Home Mortgages

Consumer • Leasing

Ag Real Estate

Commercial Real Estate

Home Equity Lines of Credit

## AG REAL ESTATE

Real Estate Sales • Escrows

1031 Land Exchange

## TRUSTS

Power of Attorney • Farm Management

Estate Management • Conservatorships

Living Trust • Irrevocable Trust

Testamentary Trust

\*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

## CUSTOMER SERVICE

Money Market • Credit/Debit Cards

ATM Card • Checking/Savings Account

Certificate of Deposit • IRA

Overdraft Protection

Internet Banking/Bill Paying

*Come See Us For All Your  
Banking, Insurance And  
Investment Needs!*





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## ***Don't Take Your Passwords to the Grave. . .***

There's no question that online banking, electronic bill pay and personal-finance software make our lives easier. But we could be creating a digital mess for our heirs when we become incapacitated or die. Our survivors will have enough on their minds when we die, so why not take steps now to ensure it won't be a major trauma for them to access our online financial accounts?

Our family could lose access to other potentially important digital files including photo and music collections, calendar and address books, e-mail accounts, security and wireless-networking software if they don't have our passwords.

Access to our financial accounts could be a critical issue at our death or incapacitation. Try to imagine who would take over the functions of our financial life if we were in a coma, then ask yourself if this person could find and access bank and brokerage accounts, or know what bills should be paid and when? Also, if any of the accounts are paperless, aren't they likely to be overlooked? Without a paper bill or statement, the person handling our affairs might never discover the account. Delays in accessing our accounts and paying our bills could cause serious financial repercussions. Unpaid bills could devastate our credit scores and wind up in collection; insurance coverage could lapse; bounced checks could result in our bank accounts being closed. Neglected investment accounts could suffer losses. The list goes on and on.

Now imagine if both you and the person you've designated to handle your affairs died (e.g., you and your spouse die in a car accident). Consider who would take over then, and ask those same questions again. Spare them the distress.

We may want to have the person we chose to be our executor to have his own login on our computer as an administrator, so he could go in and change the password on our user profile in case he needs access. We should consider creating an Excel spreadsheet listing all accounts, usernames, online IDs, passwords, and a list of all life insurance policies with face amounts and contact info. We should include the answers to common security questions, such as our mother's maiden name, the street we grew up on or the name of our first pet. We can also create a simple spreadsheet to list accounts, account numbers, contact phone numbers, online IDs and passwords, due dates for any bills, as well as how those bills which are received (online or by mail), and how they're paid, by check, automatic debit or online bill pay.

Finally, we need to tell our trusted someone(s) where to find the documents. Since account details can and frequently do change, this document should be updated annually, affording peace of mind for us and, eventually, for our heirs.

A lawyer's office is a good repository for such sensitive information, but it probably shouldn't be the only one in case of a disaster. One catastrophe can wipe out an entire area so having copies of the document in more than one place makes sense. Other locations could include your home safe or other secret, secure, water- and fire-resistant location in your

home, a secure off-site location such as a safe-deposit box or an out-of-state location, such as with a trusted relative.

To get you started on your list, consider including: computers, bank accounts, online bill-payment systems, ATM and credit cards, brokerage accounts, retail or seller accounts (eBay, Amazon.com, etc.), voice-mail and e-mail accounts, home-security and computer-security systems, entry gate at gated communities or storage facilities, keyless-entry locks, cell-phone locks, safe combinations and the location of any keys.

*Craig Pope – Hebron Branch President*

## ***What is a Trust?***

A Trust is a legal relationship that enables a "trustee" to hold money or property, transferred to the Trust by a second party called a "grantor", "settlor" or "trustor", for the benefit of one or more third parties or beneficiaries, according to the terms and conditions of a written document called a "trust agreement". This agreement spells out how the assets of a Trust are to be managed and invested, who will receive the income and assets from the Trust, how the money is to be paid out and when principal and income is to be paid. The key is that the trustee holds legal title to the property in the Trust for investment, management and administration purposes. The trustee may only use the property - and the income it produces - for the benefit of the beneficiaries designated by the Trust.

One difference between a "Will" and a "Trust" is that a Will goes through probate and is settled upon death among the named beneficiaries noted in the Will after due expenses are paid and inheritance tax is determined. A Trust can be long term, does not go through probate, however is distributed according to the terms of the Trust, and does not avoid income tax or inheritance tax, but can reduce the inheritance tax.

Each person's situation is different, and with new tax laws all the time, you would need to consult with the attorney of your choice for the best advice on what is best for you. Even if you have a Trust, you should also have what is called a "pour-over" Will, which would automatically transfer any assets that are not titled in the name of the Trust, into your Trust. (For example, you buy a new car and title it in your own names; the pour-over Will would then transfer it to the Trust when the Will comes into play).

Again, we urge you to seek legal counsel on any issues of preparing your Will or Trust. If you have not already made these very important documents, don't put it off until tomorrow, for tomorrow may be too late.

*Darlene Reinsch –  
Senior Vice President  
Trust Department*

# Beware of Too Much of A Good Thing. . .

As I write this article, the local corn price is \$3.33, beans are \$8.70, and wheat is \$7.70. While we have had higher prices during the year, these prices are not too bad. What's exciting is you can go out on the board and sell Dec. '08 corn for \$4.25, Nov. '08 beans for \$9.66, and July '08 wheat for \$6.86. These are all good prices and should allow farmers to make a good profit, even if input costs are going to be higher.

So, with this in mind, what is there to be concerned about? Plenty, when you're a banker and, more specifically, a loan officer who lived through the Ag crisis of the '80s! I always remember the old saying in banking "the mistakes made that cause loan losses are made in good times, not bad".

Right now we have every banker, farm-lending agency, machinery dealer, crop input company, etc.. out there competing to make loans to every farmer they can. As Baxter Black once said during good times, "If at least one banker hasn't stopped out to see you in the last 6 months, you better check your pulse to see if you are still alive."

We are starting to see too much money chasing fewer and fewer farmers and ranchers for their business. When this happens, be careful. Easy credit will always get some people in trouble. Look what happened in the residential real estate market with sub-prime lending. While this makes up only 2.5% of the total residential real estate market, it is causing financial hardship to those who borrowed beyond their ability to pay. This could happen in agriculture as well. You, as businessmen and businesswomen, need to make good financial management decisions and not just expand because credit is easy to get or because your neighbor is expanding.

When you expand, you need to sit down and do some cash flow analysis. Develop several scenarios of what could happen "best case", "most likely" and "worst case". If the expansion puts you in a position of having to have over \$3.00 corn and \$6.50 beans to cash flow the farm, then you should not be expanding. After all, it was only a couple of years ago when the market price for corn was below the LDP price of \$1.90. The old saying about mistakes being made during good times in banking is also true for farming, and every other business, for that matter.

Some rules of thumb in financial management to keep in mind are as follows: If you are in a strong liquid position, do everything you can to maintain it. If you are not in a strong liquid position, develop a plan to get there. What is a strong liquid position? Two dollars of current assets for every dollar of current liability. Have a minimum owner equity position of 65%. In other words, you need to own 65 cents out of every dollar you have invested in your business. The last rule of thumb is to have a debt coverage ratio of 1.2 to one. What this means is you need to have enough net income to make all of your term debt

payments and have 20% left over to cover adversity.

If you have any questions about these rules of thumb, stop by and see me, or give me a call. I will be more than happy to talk to you. After all, the Bruning State Bank's mission is to help you Build and Maintain Wealth.

*Darrell Raum –  
Senior Vice President  
Credit Supervisor*

## Scholarships Available For College Juniors & Seniors...

The Nebraska Bankers Educational Foundation (NBEF) has designated funds for annual scholarships for students attending state or privately funded Nebraska colleges or universities (excluding the University of Nebraska). Up to eight \$1,000.00 scholarships will be awarded to junior-or-senior-level college students pursuing a Bachelor of Science in Business Administration with an emphasis in finance, accounting or economics. Criteria guidelines and application forms can be obtained at any of our Bank locations, via the Internet at [www.nebankers.org](http://www.nebankers.org) or at the college financial aid office. Scholarship applications will be accepted through January 31<sup>st</sup> with selections being made by March 15<sup>th</sup>.

*Shari Fischer –  
Assistant Branch Manager  
Hebron Branch*



**HOLIDAY BANKING HOURS**

*In celebration of the holidays we will be closed at our Bruning, Hebron and Broken Bow locations as follows:*

**CLOSED**

Monday, December 24-Closed at Noon  
Tuesday, December 25-Christmas Day

Monday, December 31-Closed at Noon  
Tuesday, January 1-New Year's Day

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## Insurance Info...

### Is your motorized vehicle covered?

More than once, policyholders have asked if their jet skis, motorcycles, ATV's, or other motorized vehicles stored in their garage or storage shed are covered on their homeowner's policy. They assume that since the vehicle is in storage, their homeowner's policy will provide coverage for the item. The answer...**not likely!**

Common policy exclusions found in all homeowner policies exclude property coverage for motorized land vehicles and their equipment. A homeowner's policy was never meant to provide coverage for vehicles. Usually, there is an additional restriction which states that the vehicle cannot be subject to motor vehicle registration. Exceptions could include a riding lawnmower if it is used for maintenance of the premises or conveyance units designed to assist the handicapped. Although not excluded entirely, there is usually very limited coverage for watercraft and trailers.

Don't assume your home insurance provides the liability coverage you need on these items either. There might be limited watercraft liability coverage based on the horsepower of the outboard motorboat, or there might be no coverage at all. You may have liability coverage for vehicles such as ATV's as long as they are driven on your insured premises. However, if you are driving off-road on private or public lands or on the roadways, you probably don't have coverage unless you have purchased specific recreational vehicle policy.

### Just a few interesting facts and notes...

- Motor vehicle accidents are the #1 cause of death among Americans 15 to 24 years old.
- Very few people would purchase a home without buying homeowner's insurance. However, approximately 60% of renters do not carry renter's insurance even though most premiums may range from \$100 to \$150 per year.
- Smoke detectors decrease the risk of dying in a home fire by nearly 50%, however statistics show that nearly 33% of detectors are non-operative (worn-out batteries).
- Aerial spraying is generally not covered by farm liability policies.
- Identity theft coverage protection can be added to your homeowners for less than \$50.00 per year!
- Disability coverage can be added to term life insurance as well as Return of Premium riders.

Don't assume you have the coverage you need to protect your family, your property, your financial stability, or your future. Give us a call or just stop by. We can help you review your current coverage and be sure you are covered before you need the coverage!

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

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

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## Travel Update...

Special thanks to those of you who will soon be traveling to Denver for the Mile High Christmas tour. We have appreciated all of you who have traveled with the Bank this past year. The travel opportunities that we have planned for you in 2008 are very exciting. Next year's traveling schedule includes:

June 19-23, 2008 Washington D.C. Inside and Out

This 5-day tour is a direct flight to and from Washington D.C. with a one-hotel stay. Feel like you have seen everything there is to see in Washington D.C.? Some of the featured sights include a Washington National Cathedral Tour, National Archives, World War II Memorial, U.S. Capitol, Library of Congress Tour, Arlington National Cemetery, all-day D.C. metro pass to explore the Smithsonian museums, the FDR, Vietnam, Lincoln, & Korean War Veterans Memorials, John F. Kennedy Memorial, monument illumination tour, National Museum of the Marine Corps, and Udar-Hazy Air and Space Museum. Flyers will be available after the first of the year.

October 15-17, 2008 Mississippi River Autumn Cruise

Motorcoach tour with pick up points in Grand Island, York, and Lincoln. This 3-day tour includes a trip to Dubuque, Iowa to board the paddle wheeler Celebration Belle for a leisurely 100-mile cruise on the mighty Mississippi. Enjoy 3 full meals including a prime rib dinner. The boat's entertainers and staff will keep you busy with music, games, skits & much more throughout the day.

Other featured sights on this tour are a stop at a machinery pavilion in Moline Illinois, a visit at the National Mississippi River Museum and Aquarium, an educational tour of Arsenal Island, and the Mississippi River Visitor's Center to watch how the locks work from a different perspective. Flyers for this tour will be available after the first of the year.

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

## **Bank of Broken Bow One-Day Trip**

Date: March 2, 2008

Where: Minden Opera House

Performance: "The King & I"

Departure: Motorcoach pickup in Broken Bow with  
12:00 p.m. departure and 6:30 p.m. return

Cost: \$79.00 per person, taking reservations now  
with a February 1, 2008 reservation deadline.

Contact Renee Ferguson at the Bank for further details.

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# ***Insurance Policies - The Asset You Pay the Least Attention To!***

Do you have a life insurance policy that you haven't even looked at for 3 years, 5 years or even longer? You're not alone! People routinely have thousands of dollars of life insurance that gets no attention. It oftentimes represents a very significant part of your net worth!

If you count yourself among this large group, you should consider doing a review of your policy to determine if it is performing as you might want. What are the things that might be factors in how to handle your policy going forward? These might include:

1. Does the policy still fit the reason you bought it originally? For example:
  - Maybe it was to pay off a debt, and the debt is gone.
  - What if it was to replace your income and your income is twice what it was when you purchased the policy?
2. Is it the right type of insurance?
  - Is the need temporary, and do you have permanent cash value insurance?
  - If so, you might be better served with term insurance that is priced for temporary needs.
3. Has your family circumstance changed since it was bought?
4. Have you changed jobs?
5. Have you retired?

These are all valid reasons to review your policy. One other major reason to do a review is the change in the price of a policy over the last few years. This is due to a number of factors outlined below:

1. People are living longer:
  - This means that the companies will pay the death benefits at a later date, so they have your money longer.
  - It also means people are paying premiums longer.
  - The combination of these factors reduces the cost for a dollar of insurance.
2. The insurance industry has gone through a period of consolidation with companies merging or buying one another. This results in lower expenses because the combined companies can reduce the staff by removing functions that were duplicated in both firms.
3. The introduction of new products that allow consumers to see all expenses and compare products more easily has reduced the margins in the products and this savings has been passed on to the consumers.

This might be good information, but what do you do now? We have the expertise to help guide you through a pricing comparison so you can make this asset more valuable to you and your family. In short, often people can either buy the same amount of insurance for lower premiums or buy more coverage for the dollars you are spending. To get a review, just do the following:

1. Bring us a recent statement for each of your policies.
2. Tell us your general health status and if you are a smoker.
3. Provide us with a brief description of why you bought the policy.
4. Give us a description of your current situation and financial goals.
5. Set an appointment with us to discuss the situation briefly and allow us to ask any appropriate questions.

We consider all of you part of our "extended family". The insurance you have is often a very important aspect of your financial security. Let us help you use the tools insurance provides most effectively; use our expertise for a review of the coverage you need.

*Chris Tonniges, Jerry Catlett,  
Fred Kobza, Jeff Hammer & Stephen Hoff –  
Life 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

*Please join us*  
**Wednesday,**  
**January 9, 2008**  
*3:00 p.m. or 6:00 p.m.*  
**Bruning State Bank, Bruning**

**Be our guest at either of our  
meetings as we discuss:**

- \*Wealth Transfer**
- \*Estate Planning**
- \*Life Insurance**
- \*AND Family Harmony**

# Have you looked at what your input costs will be for 2008?

I attended a meeting in early October with agronomists, seed dealers, and fertilizer dealers regarding the input costs for 2008. A lot of the time was spent on corn input costs specifically. Roundtable discussions were held and, as a group, we came up with a \$3.50/bu break-even on corn. Now this will vary depending on a number of things such as cash rental rates and whether it is corn on corn or corn on soybeans. Overall though, it was pretty much a consensus that corn breakeven is going to be close to \$3.50/bu. This break-even wasn't figuring any government payment.

Now, with a \$3.50/bu break-even, should one look at 2008 corn prices and make sales to protect that break-even price? Concerns that everybody had at this meeting were the following:

- 1) Large corn production and supply.
- 2) Ethanol plant slow down.
- 3) Speculators in the corn and soybean markets.

It was stated at this meeting that there is over \$300 billion in the commodity markets from speculators. There are enough speculator contracts in the commodity market to represent 19% of the 2007 corn production and 52% of the 2007 soybean production. A concern was, if these speculators decide to get out, what could it do to the markets?

In conclusion, I would say that it was a unanimous vote that input costs are going to be up for 2008. You need to look at your input costs and decide if you should begin pricing corn for 2008. Currently, corn can be priced above breakeven. If you would like a break-even calculator, we have access to a user friendly version to help you with your decisions in 2008.

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



**Bruning Insurance Agency  
OHIOWA ANNUAL HOLIDAY  
COFFEE & COOKIES**

**Thursday, December 20  
9:30 A.M.**

**DOOR PRIZES COFFEE!**

**\*\*Combined with Monthly Birthday**

# Farming/Ranching - It's risky business!

As you know, a person can use the best management practices available, but your crops can still be destroyed by natural disasters and commodity prices can plummet, all of which are impossible for you to control.

Multi-peril Crop Insurance (MPCI) is one way to transfer some of the risk involved in farming. MPCI provides protection for losses caused by natural disasters, including:

- Adverse weather conditions – wind, hail, frost, freeze, excess precipitation, drought
- Fire – if due to natural causes, such as lightning
- Insects & plant disease – if proper pest & disease control measures have been taken
- Wildlife damage

Revenue Guarantee Crop Insurance (CRC & RA) is also available to protect you from the natural disasters along with providing you with a minimum revenue guarantee.

Specific Hail Insurance can be purchased to help manage your risk. Hail insurance provides coverage for hail damage, but will also provide coverage for fire damage. In addition, green-snap coverage can be added to corn to provide protection from wind.

Livestock Risk Protection (LRP) is one way to transfer some of the risk involved in marketing livestock. LRP is a simple-to-understand, government-subsidized price risk insurance, available on feeder and fat cattle, swine and sheep. Coverage is available in 13-week increments. **New for 2008: LRP coverage is now available up to 100% of "strike price"** (before this change, the highest level available was 95%). LRP works much like a put option and the cost is about the same. Also, since LRP is an insurance product, the premium is tax deductible.

Cover your most valuable asset—your ability to earn income. We also have low-cost term life insurance with disability income protection for farmers and ranchers.

You work hard, and your crops and livestock are your "pay check"! Please be sure to stop by our office or give us a call and see how we can help minimize the risk of "not getting paid"!

We thank you for your business and look forward to working with you in 2008!

Happy Holidays to everyone!

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

\*Not FDIC Insured \*Not a guarantee of the Bank \*Not a deposit of the Bank

\*Not insured by any federal government agency \*May go down in value

# An Invitation

STOP IN FOR  
*Apple Cider & Christmas Cookies*

***Bruning and Hebron***

*Friday, December 14*  
**8:30 A.M. To 3:30 P.M.**

***Broken Bow***

*Thursday, December 13*  
**8:00 A.M. To 4:30 P.M.**



**BRUNING  
STATE  
BANK**

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Bruning, Nebraska 68322

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