



BRUNING BANK

SPRING 2024

IN THIS ISSUE

Jerry's Journal
JERRY CATLETT

The Ever-Evolving World
of Banking
DAVE RICHARDSON

Inflation Is The Silent Thief
DAVE FROOK

I.T. (Inherited Technology)
ANDY HILL

Crop Insurance Reminders
BRUNING
INSURANCE
AGENCY

Stay Connected

Life is changing at a rapid pace. Looking back 50 years, we had toaster ovens and had to boil water to cook hotdogs- then came the microwave. Rotary phones and landlines have turned into cellphones to carry with you. Mailing an invitation or thank you note is now a text or email in response. I can remember the counter checks that were in cafes and bars. You would just sign your name with no account number as the bank knew who's account it was by your signature. When you needed money,



FRED D. BRUNING

you just signed a pink note and that was all the documentation you needed. A lot of things done were by trusting each other and getting to know each other at church, school events, 50-year wedding anniversaries, sale barns, card clubs, and just being out in public. With all the new gadgets and COVID, technology allows people to work from home, shop online, and go out less. There are many choices of cable TV and people seem to stay at home to watch a movie or play video games. Let's hope we don't become a nation of homebodies and become an introverted economy. Church attendance has fallen and shopping at a mall has changed. It would be easy to become a homebody and not deal with all the complications of life. This to me, could bring on depression and anxiety quickly.

To stay sharp and connected, one might write a thank you note by hand next time, call a friend and tell them you are thinking of them or better yet just go see them in person. I feel it is important we continue to say our prayers to ask for strength and compassion to think of others with cancer or other issues which complicate their life. Be thankful for what we are blessed with and be a positive force in life with those around you and continue to stay connected.

“Happiness is not something you chase and catch, it's something you choose.”

- Steven Aitchison -

-Fred D. Bruning, Chief Executive Officer

Build. Grow. Thrive.

Jerry's Journal



JERRY CATLETT

Mother Nature has certainly let us know that Nebraska winters are still harsh. She reminded all of us that we live in a part of the world that has four seasons. With a livestock background, my thoughts turn to those dealing with the difficult challenges that come with the seasons. Hang in there, the world needs you!

Just as livestock producers deal with some complex issues, the weather being one of them, snow, cold, and wind are very prominent as I write this. As you know, every industry and business have their unique set of challenges and opportunities.

The banking world is competitive, just as is everything in business. That competition makes all of us better at what we do, most importantly, it's good for customers! Frank L. Bruning, former Bruning Bank Chairman, President, and Chief Executive Officer, started this newsletter many years ago. A couple issues back, Fred D. Bruning shared that first newsletter with everyone. I enjoy reading the articles that my co-workers write for each issue. They vary in content and the information that is disseminated. We hear from many of you that you read each issue when it is received. That consistent feedback tells us that our articles

are relevant and timely.

Not many of our competitors do a newsletter like this anymore. Not sure if it gives us a competitive advantage, it does allow us to get information out about many topics. For 2024, I'm going to write on the following Bruning Bank topics.

My topics for 2024 will be:

1. Regulatory oversight.
2. Bank strategic planning issues and processes.
3. Technology and cybersecurity.
4. Money and Banking 101.

You'll find in this issue, excellent articles by Kyle Anderson from Holdrege and Ken Mehlin from Kearney that addresses the Corporate Transparency Act that is bringing regulatory oversight of new and existing corporations (Inc.) and limited liability companies (LLC), not just for banking transactions, for monitoring and knowing who owns and controls these entities. Just a heads up that if you own or control one of these entities, regardless of size, you'll be required to register. Please review Kyle's article.

Regulatory oversight we expect here at Bruning Bank. Being a member of the Federal Deposit Insurance Corporation (FDIC) and being able to offer that insurance coverage for your protection is vital to your business and ours. With that insurance coverage comes a regulatory checkup or examination. We are scheduled for comprehensive examinations during the first quarter of 2024. We start off with FDIC Consumer Compliance and Community Reinvestment Act (CRA) Exams. Compliance exams look at the details of what and how we disclose fees, interest rates we charge, and interest we pay. The FDIC will also look at how we evaluate our vendors and suppliers for financial stability and cybersecurity readiness. The CRA Exam looks at how we are serving our communities and fostering economic growth and stability in our primary trade areas.

As we've grown in size, the amount and depth of the information the FDIC looks at has grown. Years ago, an exam was done on a surprise basis, meaning the exam team just showed up and began working. It was pretty chaotic for the bank and the examiners. Now, we are given a few weeks' notice. We begin gathering requested information and submitting it to the FDIC via a secure portal. The onsite portion of the exam has been cut down and has increased the exam team efficiency by working in their offices and cuts down on the travel time and time away from their families. A win for both.

All Exam results are confidential, and we are prohibited from sharing with the public. We value the input and guidance we get from the exam teams, and we also provide feedback.

What does regulatory oversight have to do with my previous 'competition makes us better' comment? We believe that a well-managed bank that is void of violations allows our bankers to spend more time building relationships with customers as we follow our mission statement to "Assist Our Customers and Employees to Build and Maintain Wealth".

- Jerry Catlett, President, COO

NOTICE: If you haven't already heard



The Corporate Transparency Act (CTA) is a federal law that requires certain businesses to report information about their beneficial owners to the Financial Crimes Enforcement Network (FinCEN) of the U.S. Department of Treasury. The CTA is intended to enhance the ability of FinCEN and other agencies to protect the U.S. financial system from illicit use, bringing

the United States in line with at least 30 other countries that have implemented some form of central register of beneficial ownership information (BOI).

If you own or control 25% or more of the ownership of an entity, you must file a Business Ownership Report through the Beneficial Ownership Secure System (BOSS) eFiling System beginning January 1, 2024. For entities that already exist by that date, their initial reports are due by January 1, 2025, although it is recommended that filings be made well in advance of that date. As of now, there are no extensions available. New entities formed in 2024 must file within 90 days from the date of the company's creation. Entities formed after 2024 will have 30 days from the company's creation to file their initial BOI report.

Even if you are not an owner in a reporting entity, if you exert "substantial control" over any such entity (which might include acting as an officer, director, manager, chief financial officer or trustee) then you may be deemed to directly or indirectly exercise substantial control over the entity. If so, then you would be

responsible for filing a report for the entity with FinCEN.

The new law will affect virtually all small family businesses, including corporations, LLCs and other entities designed only to hold real estate. However, there are a few limited exemptions, for example, large operating companies which is defined as an entity that employs more than 20 full time employees in the U.S., has an operating presence at a physical office within the U.S., and filed a federal income tax return for the previous year demonstrating more than \$5MM in gross receipts or sales.

For some of you the terminology "Beneficial Ownership Information" might sound familiar as the bank has been required to collect similar information over the past few years. While this has been a requirement for the bank to collect, please don't confuse this with your requirement to still comply directly with the CTA.

This article is simply informational in nature, and I would encourage you to refer to the links provided below to gain further information about this new law and how to comply. I would also encourage you to contact your attorney for assistance in filing the required information. Please feel free to contact the bank if you have any questions or need assistance in obtaining further directions as it relates to the Beneficial Ownership Information reporting.

www.fincen.gov/boi

www.fincen.gov/boi-faqs

- Kyle Anderson, Senior Executive Commercial Lender
(NMLS #894656)

Slow Down, Take Your Time



Recently, here at the Bank, we received a handwritten note from a customer explaining what they wanted to do with their accounts and thanked us for what we do for them. This was such a simple thing, but many of us here took the time, passed the note back and forth and admired it. Why? It was *just* a note from a customer.

We live in an age of constant movement with technology always changing and new and better ways to do things. We are reminded of this through our quick communication methods of texting, emailing, and social media, but what happened to handwritten letters?

When I was a little girl, I remember writing my grandma

letters about what I was learning in school and what my plans were for the weekend. She would write back talking about what she was growing in the garden, how the weather was, and when our next sleepover would be. I would beam with joy when my parents told me I had a letter from grandma in the mail while running off into the house to read my grandma's wavy, cursive handwriting. If anyone read these letters, it would seem we lived hours away from one another, but we were only five blocks from each other. Later in life, after my cherished grandma passed, I found she had kept all of the letters I wrote her in a closet. As much as they meant something to me, they did to her too.

Reflecting back to this, it is easy to get lost in the shuffle of our days, it is okay to slow down and make a lasting connection. Write the letter, make a phone call, and take your time.

- McKenna Onnen, Relationship Banker (NMLS #1962601)



In Remembrance of Deb Schultz

Many of our Bruning location customers are aware of the recent passing of Deb Schultz. Deb was a 26+ years employee of Bruning Bank. Deb started as a Customer Service Representative and moved into an audit and accounting role over the years.

Deb kept a watchful eye on our wire department, bond (bank held investment) accounting and assisted in monitoring large cash transactions. Deb, as many of us would say, was a perfectionist. She certainly excelled in her duties.

Deb was a dedicated and loyal employee and is greatly missed. To her family and friends, we wanted to pass along our most sincere condolences.

1955 - 2024

My Parents Microwaved My Milk



We were all talking about raising children the other day and how people used to do it in my parents' generation. My dad, Fred, said that the best investment they made with kids was getting a microwave, because he could microwave my baby formula instead of waiting for the water on the stove to get warm. Maybe this is why my brain never fully developed and my younger sister got an academic scholarship.

They didn't microwave her milk. If I microwaved my kids' milk today my wife would turn me into CPS.

That generation didn't think it was bad, it was what people did at the time. Apparently, it was recommended to have your infant sleep face down as well. One lady I used to work with even said they would rub a small amount of peanut butter on a baby's tongue so they wouldn't get a peanut allergy. I asked my wife if we could do this, and she said that was a Hard No! I argued that maybe that is why we have more peanut allergies today, nobody rubs peanut butter on their babies anymore. I guess I am not a doctor or a good parent.

The same is true in different generations of the banking industry. The way things used to be done changes all the time. We used to send all your checks back to you, now you just get the images. Now people don't use checks as much as they used to. I have had to teach a couple young customers how to fill out a check. Some customers don't even carry cash. They use debit cards, credit cards, PayPal, and Apple Pay on their phone. My father-in-law talks about signing a home loan document the size

of a recipe card, now it is at least 10 pages. He always jokes, "That was back when you could smoke in church." People used to smoke in the bank as well.

A lot of the changes in banking have to do with the increased regulations we have to follow. Usually, it comes about the hard way. Someone, somewhere violates a law or finds a way to steal, and they must make more regulations and paperwork. Some of it is due to technological advances, process improvements, and keeping up with our peers for customer retention. The more you learn, the more things evolve. Think about where humans would be without duct tape? The changes in the way we do things are how we patch the holes and try to be better than the last generation.

My mom and my mother-in-law come over to help me with the kids a lot. My mom is Nana, and my mother-in-law is Mee-maw. Don't ask me how the twins came up with Mee-maw, maybe they were Cajun in a previous life. Whenever they come to help- and I could not do without either one- there is always an awkward discussion on, "That's not how you do that." Like the two grandmas have never raised kids that lived. They raised us differently, not because it was right or wrong, it was common practice of what they learned about childhood development. My car seat was the armrest in the middle of the back seat, and sometimes we rode in the pickup bed. Now we have a crash tested car seat with helmets until you reach junior high school. I am sure my kids will tell me that I don't know anything about raising kids someday. But I can always tell them people used to smoke inside, and my parents microwaved my milk.

- Adam Frank Bruning, Loan Officer



I.T. (Inherited Technology)



We have all inherited things from someone else. Genetics from our parents and ancestors, maybe belongings from a sibling or relative, or better yet, money, property, or a business. Some of these are great and we're happy to receive them. Yet sometimes you inherit something you maybe don't want or didn't expect. The same works for technology and it was

the case when I started at Bruning Bank.

So, what did I inherit when I started at Bruning Bank? Well for starters, I inherited a role that I maybe didn't fully understand. A role full of responsibilities and accountability, and many, many hats. While I'm not a stranger to responsibility or accountability, I didn't fully understand the magnitude of either associated with this role.

Which leads me to the next thing I inherited. A family. Starting a new job is like meeting your girlfriend's parents for the first time, you're never sure how it's going to go. Overwhelmingly, Bruning Bank made me feel like family from day one. Fred and Jerry graced me with their patience and understanding and

luckily, we have a bunch of awesome people who were able to pick up the slack in the interim while I was figuring it all out.

So, what else? I inherited a bunch of IT "stuff". Hardware, software, vendors, auditors, and examiners. Being new to a role or situation is sometimes just what is needed. A new perspective, a fresh set of eyes. So, what have we done in the last two-and-a-half years?

- We have replaced underperforming hardware vendors with existing, trusted vendors of other services.
- We have reviewed contracts for services brokered by aforementioned vendors and are in the process of replacing those service providers with lower cost, more redundant providers.
- We've made investments in infrastructure to help us now and prepare us for the future.
- We've made investments in upgrading end user devices to increase productivity.
- We've added and continue to add software solutions that both protect us as a bank and provide value to our customers.

So, all this is to say that no matter what you inherit- good, bad, or indifferent, make the best of it. I think that's what we've done to this point and will continue to do moving forward.

- Andy Hill, Chief Information Officer

It Takes a Village...



"It takes a village to raise a child." It's an adage we've all heard, and one that constantly plays in my mind trying to raise two young boys. Not long after becoming a parent, I quickly realized I couldn't do it on my own. I need the grandparents who pause their lives to help watch the kids. I need a daycare provider who takes my kids in and treats them as her own while I'm at work. I need the aunts

and uncles who have busy lives of their own but still offer to watch my kids, adding to the crazy chaos of their own tribe.

This fall I spent some time out in the fields with farmers. It

hit me then, "it takes a village to raise a crop." It's the farmer who grows the crop. It's the wife who runs for parts and prepares the meals. It's the seasonal help who comes out of retirement to work long hours for several months. It's the employees at the elevator who spend their evenings away from their family unloading trucks. It's the repair guy who leaves his cell phone on at all hours to come fix the broke down machine. It's the banker who offers financial advice to build and maintain the operation. It's the accountant who manages and understands the tax rules. It's the consumer who purchases the product and increases demand.

So yes, it takes a village. We all need a village to support us and push us forward. Let Bruning Bank be part of your village.

- Shantel Daake, Loan Officer (NMLS #1550238)

Mark Your Calendar

MARCH:

- **10** - Daylight Savings Time begins- Spring Forward
- **15** - Sales closing for 2024 Multi-Peril (Row Crop) Insurance
- **19** - National Ag Day

APRIL:

- **15** - National Tax Day
- **27** - National Teach Children to Save Day

MAY:

- **6-10** - Teacher Appreciation Week
- **6-12** - National Nurses Week
- **10** - Mother's Day flowers available in the lobby or drive-up at all locations
- **27** - CLOSED in observance of Memorial Day

Spring Checklist

- 1. Enroll in Online Banking**
- 2. Set up Bill Pay**
- 3. Deposit Check via Mobile Banking**
- 4. Sign up for eStatements**
- 5. Stop in, call, or visit our website to learn more about the Bruning Bank Credit Card**



KATHY ROBERTS



KRISTEN MONTEFORTE



ALLISA WALLER-SWANSON



SARA JO KUNERT



DANI DUNKER

It's Not Much Fun!

Insurance has always been a challenge. Lately, though, it has been downright difficult.

If you have read any of our recent articles, you know we have talked about changes insurance companies are making that will affect your coverage and premium. It's hard to keep up with all the changes. Since we wrote our last article, one company issued four agency bulletins with different changes to underwriting guidelines, program changes, and rate increases. To top it off... all companies are doing this.

This is not fun. It's not fun for you and it's not fun for us. We understand these premiums just keep getting higher. Unfortunately, the answer is not fun either. The industry is not encouraging people to go rate shopping. As an independent agent, it is difficult to understand this because... that is what we do. We do the coverage and rate shopping for you. Unfortunately, we are not finding any great alternatives.

Companies are "tightening up" on what they will agree to write. If they find any issue with a home, they won't write coverage. In fact, one company indicated they may write 1 out of 10 BRAND NEW HOMES. So, they may only write 10% of the business being submitted to them. Another problem is, if we write a home with a new company and the owner has a claim in the first few years, the company could potentially non-renew the policy. Now they have a claim on their record and a non-renewal notice. This makes finding a company that will write coverage even more difficult. If you have a history with your home insurance company, you should consider staying where you are.

Auto insurance is also getting really crazy. A new rating system includes rates based on the age, weight, and cost of the vehicle. A new vehicle is going to cost more than an older one because of all the new sensors and safety features. A pickup is heavier than a small car. Therefore, the damage it causes is substantially greater. The higher priced a vehicle, the more it is going to cost for repair/replacement parts.

Now more than ever, it is important to watch driving habits including- speed, cell phone usage, etc. Tickets, accidents, and claims just increase your premiums. New policies are being declined with even a minimal claim activity or driving violations.

Our articles over the last year have not brought a lot of "good news" about the insurance industry. Ultimately it is important to remember that insurance is designed for catastrophic losses. Insurance isn't for maintenance. Don't turn in everything. Consider paying for damages that don't exceed your deductible by more than one or two thousand dollars. Maybe rates would go down or at least level out and maybe the cost of repairs would decrease if everyone paid for some of their own damages.

Contact us to review your coverage and discuss options to try and save some money. Just give us a call or stop by!

- Kathy, Kristen, Allisa, Sara Jo, & Dani
Bruning Insurance Agency

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



Upcoming Crop Insurance Dates

March 15th

Row Crop - Multi-Peril Crop Insurance Sales Closing Date

- Final date to cancel or change your existing coverage for 2024
- Final date to get coverage or add new crop/counties for 2024
- Final date to destroy/graze wheat to get a reduced premium

Corn Planting Dates

April 5 thru May 25

- Kansas counties in our area

April 10 thru May 25

- Nebraska counties in our area

Soybean Planting Dates

April 25 thru June 15

- Nebraska counties in our area

April 25 thru June 20

- Kansas counties in our area

Milo Planting Dates

April 16 thru June 15

- Nebraska counties in our area

April 26 thru June 25

- Kansas counties in our area

April 29th

Final Day To Report 2023 Row Crop Yields

Receive Your Claim Payments Faster

Avoid mail time delays and eliminate the risk of your check getting lost in the mail. Sign up for **DIRECT DEPOSIT!** Contact us today!

Your Crop Insurance Agents
- Kathy, Jeff, & Dani

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.

What Can HELOC Do For You?



This time of year can be an excellent time to assess your financial condition and create a plan for the months ahead. Knowing where you are and where you want to be can make it easier to take action on your plan. Have you been delaying an update to your home? Do you have debt you would like to consolidate? Perhaps you decided instead of buying a new home you want to remodel

or add onto your current home. Or maybe you like the idea of having funds on standby in the event of an emergency. One popular lending option can help with all these situations.

Bruning Bank offers a Home Equity Line of Credit, often referred to as a HELOC. Many of us have locked in a low interest rate on our mortgage in recent years and do not want to give it up. A HELOC allows you to access the equity in your home without having to refinance your existing mortgage loan. A HELOC is a type of home equity loan, with a couple differences from the standard home equity product. With a standard home equity loan, you receive the full loan amount in one lump sum and pay a fixed amount monthly. A HELOC is a revolving line of credit that gives you the freedom and control to borrow, pay down and readvance funds as needed. You only pay interest on the amount borrowed and the interest rate is usually lower than that of a credit card. Bruning Bank offers either a fixed or variable rate with this product. Another advantage of a HELOC is the potential for a tax break on the interest paid. Consult your tax professional to confirm deductibility.

The flexibility of a HELOC can provide solutions to a wide range of financial needs and is just one way that Bruning Bank can help. If you're in the market to purchase or construct a new home, we can assist with that also. Whatever your current situation, your Bruning mortgage specialists are here to help see your plans through. Give us a call today!

-Jami Smith, Mortgage Officer (NMLS #1075059)

Get prequalified online!
Visit bruningbank.com to get started!



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The Ever-Evolving World of Banking



This winter, I recently completed my 22nd year in banking. As I reflect on the past two decades, it's amazing to see all the changes in the financial services industry. If you had told me when I started that we would someday be able to make payments from a wireless phone or a wristwatch, I'm not sure I would have been able to comprehend. I was recently in

a small convenience store in a large airport where there were no employees. You entered by scanning your credit card, and you grabbed your goods and walked out. It charged your credit card and knew what items you had taken for purchase. I can understand the self-checkout we now have at many retailers, but I'm still struggling with wrapping my mind around how that worked. While there's a lot that has changed, there are some things that remain the same. For example, checks still look and feel the same, have magnetic ink, and are still the most popular method of payment for many small businesses.

As I look back on the past 22 years and where banking is headed, I've narrowed it down to three pieces of advice.

1: Embrace Technology – Tools like online banking, bill pay, and mobile deposit are not only safe and secure, but often more efficient. These options are safer because they require multi levels of identity authentication. Digital wallets like Apple Pay and Google Pay often use biometrics like fingerprint and Face ID already being used on your phone to verify your authorization. Bill pay and mobile deposit can get payments made faster and deposits to the bank sooner while eliminating the risk of fraud through the mail service. Bruning Bank's Bill Pay service looks for ways to create safe, electronic channels with payment recipients

and uses tracking when payments do have to be sent through the postal service. Bruning Bank online banking and mobile app are safe, secure, and easy to use. By using online banking, you can monitor account activity more often than waiting for a monthly statement. Speaking of statements, enroll in online statements to eliminate fraud risks associated with statements sent through the mail. If you aren't enrolled in online banking, talk to a relationship associate to get started today.

2: Monitor And Protection From Fraud – With the ease of technology comes increased risks of fraud. Don't make purchases online unless you are sure the site is secure. Enroll in credit monitoring to monitor activity on your credit file. The Bruning Bank app uses the powerful technology of Savvymoney© to provide free monitoring of your credit score and account activity. This technology will alert you when a lender makes an inquiry of your credit or a new account is reported. It will also give you your credit score for free and provide tips on how to keep your score strong. If you are still using checks, enroll in the USPS informed delivery program and purchase tracking when sending payments through the mail. This free service from the USPS will send you an email daily letting you know what items you should expect to receive.

3: Have An Expert You Can Turn To – When you use the latest and greatest technology, there's always bound to be a speed bump. Even if you follow steps to safeguard and protect from fraud, you may still encounter an inconvenience. It's important to have a banker who knows you and can assist when you have technical difficulties or a suspected fraud. The key is to monitor your activity and contact us as soon as you notice a discrepancy. Reconciling your account regularly is still necessary and important. The bankers at Bruning Bank are experts and are always available to assist you.

- Dave Richardson, President- Grand Island (NMLS #445892)

New Employee Spotlight



LIZ SMITH

Liz was born and raised on a farm near Grafton, NE and joins the Bruning Bank as a Relationship Specialist at the Bruning location. She graduated with an Associate's degree in Equine Science from Kirkwood Community College in Cedar Rapids, IA. She has been in banking the past five years and looks forward to her time here! Liz has four horses and an Australian Shepherd named Finnegan. In her off time, she enjoys spending time with friends, outside with her horses, and going on adventures with her dog. She would also love to travel and aspires to make some trips to Europe in the future!

**NATIONAL
 AG DAY
 MARCH 19, 2024**



Inflation Is The Silent Thief



DAVE FROOK, CPFA®
VICE PRESIDENT &
LPL FINANCIAL PLANNER

“Inflation is when you pay fifteen dollars for the ten-dollar haircut you used to get for five dollars when you had hair.” (Sam Ewing). Joking aside, inflation is often referred to as “The Silent Thief” because it dangerously erodes purchasing power. If I can buy groceries for \$250 one day and quietly prices creep up to \$500, then inflation has stolen \$250 of my purchasing power. Left unchecked, inflation is a vicious monetary problem that has taken down countries. Smart people can debate whether shutting down the U.S. economy for COVID-19 pandemic was a good idea or not, but regardless of which camp you are in, the fact is, government spending went through the proverbial roof and hasn’t stopped. Our government spent \$6.6 Trillion in fiscal year 2020 (COVID-19 first year), spending 91% more than it collected in revenue, \$6.8T in FY 2021 (68% more than revenues), \$6.3T FY 2022 (\$1.4T deficit), and \$6.13T FY 2023 (\$1.7T deficit). Our government flooded the economy with money while at the same time the Federal Reserve lowered interest rates to near zero.

At first, discretionary spending was down (there wasn’t anything fun open to spend money on), and businesses and consumers socked away cash and paid down debt. Then people got sick and tired of being stuck inside and began spending money again. Meanwhile the Fed kept rates low which spurred demand for large ticket items (houses, cars, refrigerators). Consumers and businesses were spending again with pent up demand. Combining the governments’ continued cash infusion with the Fed’s easy money policy, and disrupted supply chains, the government fueled fires of

inflation with gasoline.

Finally, with inflation spiraling out of control, the Fed decided to raise rates at nearly unprecedented speed to slow down the overheated economy, raising rates from near 0% to over 5% was intended to slow down spending. In January 2023, economists nearly unanimously agreed the U.S. would go into recession. The problem is the consumer and businesses still had record savings in cash and continued to spend. The economy remained overheated, and unemployment remained stubbornly low. And with demand still high and supply chains mostly corrected, companies were adding jobs, but still struggling to find help, causing wage growth, and more consumer spending.

We finally saw a few cracks forming in the second half of 2023 even though the stock market continued its bullish growth. A trend appeared of M2 cash and savings accounts declining and credit card debt increasing – pointing to consumers still trying to keep up with inflation but running out of their own money and needing to borrow more. Also, when labor statistics were broken down, we found a substantial number of new jobs added were not in the private sector but in government jobs (more government spending). There are some other leading indicators that point to possible recession.

There are many economists that believe the Fed is going to pull off the “soft landing” pursuing their goal to rein in inflation to 2.0%. It’s not unanimous this time. Some economists are predicting a recession, and some even predict worse than 2008. Personally, I’m in the camp that believes the recession that didn’t materialize in 2023 will show up in late 2024 and into 2025. I think it will be a rather soft recession (not like 2008). We don’t have the structural elements present underlying the 2008 meltdown. That said, if we do enter recession, the stock market will be declining and the bond market will be relatively stable and possibly increasing.

How does this affect us as investors? While it’s nearly impossible to predict the top and bottom of the market, it can help to make sure your “powder is dry” and your risk level is in line with your time horizon. If you plan to withdraw from your investment for retirement income in the next five years, or purchase a big-ticket item you’ve been saving for, then I suggest you have the amount you will need in a safer place than stocks. If you are 10 years or more from retirement, the best thing to do is stay the course. Time and time again, investors pull out of stocks while they are still going up (missing out on substantial gains), and then panic sell when stocks are down. “Time in the market beats trying to ‘time the market’”. The best thing you can do is build a financial plan.

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Banking in 2024



At the time of this writing, Bruning Bank is finishing up a Compliance and Community Reinvestment Act audit by the FDIC. The Bank has always welcomed outside audits to make sure we are doing things right and in compliance with regulations. Personally, I approach audits as a way to learn and improve my performance within the Bank.

Government regulation is an interesting subject, as it is needed to help protect consumers and businesses from bad actors that provide products and services to those consumers and businesses. The interesting topic is how much regulation is the perfect amount of regulation? Most people have an opinion on this topic, but the range of feelings vary widely.

Two new regulations are coming down the pipe. The first new regulation deals with entities, such as corporations, LLCs, partnerships, etc. Most entities with less than 20 employees and gross revenue of less than \$5 million are now required to register with FinCEN, Financial Crimes Enforcement Network. The main reason for registering is so the government knows who the Beneficial Owners are of these entities and to make sure the owners are not terrorists or other illegal individuals. Banks have been collecting this information for several years and will

continue to collect this information. Entities created in 2024 will need to register within 90 days. Entities existing before 2024 will need to register by January 1, 2025. The following link can be used to find more information: <https://www.fincen.gov/>

The second new regulation is called Section 1071. This regulation requires banks to collect certain information about small businesses, including small agricultural operations. Small businesses are defined as having gross revenues of less than \$5 million. Banks will have most of the information, but we may need to collect more, depending on the final rule. Currently, this regulation is being challenged in court by state banking associations, including Kentucky and Texas. Bruning Bank has joined the Kentucky bank association to help fight this rule. As the rule currently reads, banks are expected to collect up to 81 different pieces of information. We do not believe this regulation will go away, but we hope the amount of information collected will decrease to 13 pieces, which was required in the original law.

To close, regulation is a necessary part of the banking world, but we all need to help make sure the government does not over-reach. You can help by communicating with your Representative or Senators.

If you have any questions or concerns, please contact your local Bruning Bank. We are here to help you and your business or operation – Build, Grow, and Thrive.

- Ken Mehlin, Executive Vice President, Chief Credit Officer

Big Deal! What Have You Done Lately?



It was a practice of mine for many years to call my high school Mentor/ Power Lifting Coach on his birthday every year. Sadly, Coach Woods passed away over a year ago and this year I didn’t get to call him ... but I did get to reminisce about the impact he had on my life (and the lives of many others).

It didn’t matter how hard the workout was that I completed, how much weight I lifted, or if I had set my “personal best”, after any accomplishment I brought before him, Coach Woods would always say, “Big deal! What have you done lately?” At the time my thought was, “Really, that’s all you have to say?”

Recently I read the following quote by Robert Collier: “Success is the sum of small efforts repeated day in and day out.”

This quote reminded me of Coach Woods’ statement. Coach

Woods was trying to teach me about forward progress. He was telling me that I shouldn’t stop because I had accomplished a goal, I should celebrate ... and then get up the next day and keep putting in effort ... that is success.

That really holds true for all of us: the farmer, the rancher, the mechanic, the carpenter, the nurse, the doctor, the attorney, the banker, the teacher, the student, the Olympic athlete, all of us, when we get up each day and put in our day-to-day effort ... that is forward progress and that is success!

On a personal note, I am very thankful that I had a mentor like Coach Woods, who took the time to teach me life lessons and who cared about helping me become a better man. I have been able to give back by mentoring. If you are given the opportunity to become a mentor, I hope you will accept. The effort is time well spent.

-Sonny Manley, President- Hebron



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