

BRUNING STATE BANK

FDIC

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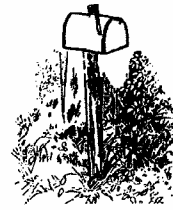
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Financial Dieting. . .

Don't we all get tired of the same old song – "Cut down on expense", "Tighten your belt" and "Buy what you need, not what you want"?

I think the financial crisis in middle- and lower-income families has arrived. Spending, for the first time in years, has exceeded all saving, and the savings rate could drop faster and faster, putting many in a distressful condition.

Years ago, after the setback in the oil-field business, I asked a pipe dealer where the Smith company went, as the building was all closed up. His reply was simple: "They went from Rolex watches and blue suede shoes to Timex watches and tennis shoes."

Federal Reserve Chairman Alan Greenspan and I are singing out of different songbooks. He suggested lower interest rates and easier credit. I feel this hurt the saver, and people took out a lot of second mortgages, spending a lot of the proceeds on non-essentials. The old credit card debt has also kept climbing.

Financial dieting is nothing more than having a plan and following it. You may say, "That's easy for you to say, Banker Frank!" Well, I have been in a position for 41 years to observe successes. Timing in one's life has a lot to do with success, but without a plan, even good timing goes by the wayside.

Start with the little things. For example, just how many cell phones and computers should a family have? That all adds up. Giving up just one soda pop per family per day can save at least a dollar.

People blame kids for spending too much, but have Mom and Dad and even Grandma and Grandpa set an example? We want our kids to have more than we did; let's teach them how to save. If you fail to plan, you may be planning to fail. I'm concerned about our economy; are you?

Frank L. Bruning - President

- SAVE - SAVE - SAVE - SAVE - SAVE - SAVE -
SAVE - SAVE - SAVE - SAVE - SAVE - SAVE -

Asset Titling. . .

Proper asset titling and beneficiary designations are keys to successful estate planning. It is a common misconception your estate planning is complete upon the signing of your estate planning documents. For an estate plan to function properly, assets need to be titled properly and the correct beneficiaries must be designated on all insurance policies and retirement plans. Proper titling of assets is one key to an effective estate plan. Often times, assets are jointly titled between spouses or between a parent and a child. This causes the asset to pass to the surviving joint owner upon the first joint owner's death. It may expedite the estate administration process, but it may also cause serious defects to the overall estate plan and may also cause the federal estate tax exemption to be underutilized or wasted, increasing potential estate tax liability.

To get the most out of your estate plan, assets must be titled properly and the correct beneficiaries must be designated. Assets that are not properly titled can be distributed by instructions set forth in your will, or, if no will exists, will be distributed according to State direction. If you have not recently reviewed the titling of your assets or your beneficiary designations, it is worth the time to review them and make sure they reflect your wishes and comply with your overall estate plan. If you are unsure of how your assets should be titled to comply with your estate plan, please contact the attorney of your choice for a complete evaluation.

Darlene Reinsch - Trust Department

Farmers & Ranchers College. . .

While many of you are busy with harvest, we are planning the upcoming Farmers & Ranchers College events. The mission of this group is to provide high-quality continuing education to farmers and ranchers in a rapidly changing global agricultural environment.

Dr. David Kohl from Virginia Tech University will start out the programs this season on Thursday, November 17, 2005 at the Bruning Opera House. Watch for more details on the upcoming workshops for this season!

Fred Bruning, Larry Olson & Sarah Miller

Planning For The Future. . .

We are excited to offer our customers another service at Bank of Broken Bow. Stephen Hoff, a native of the area, will be coming to Broken Bow once a month to work with our customers who have investment and insurance needs. Stephen has been with Bruning State Bank for six years. He grew up south of Broken Bow and attended Broken Bow High School and Doane College. His parents are Tom and Colleen Hoff.

With our daughter in her first year of high school, we are reminded of the fact that college is not far away for us. That means we only have four years left to save. My advice to new parents is to start now! This is an example of one of the many services that Stephen can help you with. He will be able to sit down with you and give you your options for a college savings plan. He will be able to help you decide how much you will need to set aside each month or, in most cases, how much you can afford to set aside each month. He also offers a wide range of other products, depending on your needs and what stage of life you are in, such as mutual funds, stocks and bonds, just to name a few.

Stephen will be here October 28, 2005. Please give us a call at 872-2757 or toll free at 1-877-872-2757 to schedule an appointment.

*Kim Schipporeit - Assistant Cashier
Bank of Broken Bow*

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Highlights Of Fall Ag Conference. . .

Fred Bruning and I attended the Nebraska Banker's Association's annual Fall Agri-Business Conference in Lincoln to hear from several nationally recognized speakers. Here is a very brief summary of what we learned.

The U.S. has only a 21-day supply of gasoline on hand on any given day.

Conversion rate is 47% (100 gallons of refined crude oil to yield 47 gallons of gasoline).

20% - 25% of oil refineries are located in the gulf coast area.
25% of farm chemical prices are tied to energy and oil prices.

Hurricane Katrina shut down gulf elevators delaying delivery of 2 billion bushels of 2004 corn to the market place.
68% of U.S. soybeans goes through the Port of New Orleans.

2002 Real Estate Trends

48% of land is owned by people 74+ yrs old.

57% of landowners do not live on the farm (compared to 47% 20 yrs prior).

69% of leased land is under cash rent arrangement (compared to 50% 20 yrs prior).

2005 Land Values: 1031 exchanges have caused a 15% bubble in real estate prices.

Prediction:

Odds of real estate land value crashing like the 1980's has

less than 20 % chance of happening.

Decreases in values will occur where non-farmers bought land.

A 50% - 60% chance values will slow down and "catch their breath."

If government payments are eliminated: NE would see 31% decline in values. KS would see 36% decline in values.

During the next 5 to 7 yrs....

10% of farmers will grow

30% will remain the same

30% will scale down

30% will exit farming

Cash rent and real estate prices should slow down this winter, low long term interest rates will continue and strong livestock prices until 100 million head of cows is reached.

Cost of production will increase due to oil prices, high cost of investment due to steel & equipment prices, lack of medical coverage (34% of farmers and ranchers do not have coverage), lifestyle issues, average living cost for farmers and ranchers is \$50k/yr.

Government supports are in jeopardy due to record-high trade deficits, other competing demands for money, Sr. leadership representing Ag leaving and another set of voters are a generation away from the farm. Voters will want something more than what they have received in the past from politicians.

Craig Pope - Hebron Branch President

On-Line Bill Payment. . .

Our On-line bill payment system works, as one of my co-workers can attest. To practice, I set up a \$10 payment to be made to Carm. (She gave the money back, though!)

In getting the payment set up, I picked up a few hints you might find helpful. Be sure to enter all the information that is required. (The "Required" entry lines have asterisks.) If you do not have complete information, we cannot process the payment.

Some items are a little flexible, though. You can enter the payment date to be the day you are requesting the payment, or at some time in the future. You can also set up recurring payments. As of now, we are not using the ACH process to complete these payments; the checks will be printed either the next business day or the date you stated. After the checks are reviewed, we mail the payment to the payee, so be sure to include mail time in your thought process.

One more thing: the first time I tried to send this payment to Carm, I neglected to hit the "SUBMIT" button, so the payment was not made the next day as I expected. The payment request just stayed on my list, so I "selected" it, and "submitted" it. So, if you run into difficulties, be sure to give us a call. We'll be happy to work with you! Happy On-line Banking!

*Janet Germer - Vice President &
Network Administrator*

Important Crop Insurance Reminders . . .

We managed to make it through the "storm" season without too many severe crop losses. Mother Nature was fairly kind and gave us some much-needed rain, so harvest should be plentiful for the most part. However, please keep some things in mind during harvest so you have the necessary records in the event you do have a loss:

*Production on Irrigated crops needs to be kept separate from the Non-Irrigated crops in order to maintain separate units and to allow for appropriate loss payment. Production must also be kept separate by section.

*You MUST obtain PRIOR approval if you intend to combine your grain. Authorization must be obtained so your bins can be marked to keep production separate by section and practice.

*Please contact us if you have ANY questions prior to or during harvest. If production records aren't properly maintained, you could lose your separate unit structure – plus – any loss payment could be reduced!

*Give us a call right away if you think you will have a loss so the appropriate loss notice can be submitted.

*Bring your production information in to your agent once harvest is complete so each unit can be reviewed to determine if there is a loss.

*The end of the insurance period for Corn, Milo & Soybeans is December 10, so contact us if you can't get the crop harvested by that date.

*The crop insurance premium is due on October 1st and interest will be added if payment is not received by November 1st.

Also, here are some reminders for those of you that are sowing wheat this fall:

*Any changes in your Wheat crop insurance had to be made by Sept. 30, 2005.

*Final planting date in most counties is October 15, 2005.

*Report your acres and plant dates to us by section and practice as soon as planting is completed.

*Report your 2005 wheat production to your agent if you haven't already done so.

*Contact us right away if you think you have a loss!

This may seem like a lot of information to digest and keep track of, so please contact us if you have any questions. We are here to assist you and answer any questions you might have. We will continue to send out reminders as deadlines approach! Happy harvesting!

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

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

More On-Line Banking Information . . .

By the time this newsletter is mailed some of you will probably be familiar with our new "Online Banking" product for personal accounts. For those of you who haven't signed up yet: "What are you waiting for? It's easy!" Go to our web site, www.bruningbank.com and click on the Online Banking button, then select Online Banking Agreement and print it out. After carefully reviewing the agreement, sign and date it, fill in the application form and send both back to us at Bruning State Bank.

When we receive your application, we will enter your information on our system and generate a user code and temporary password. You should receive your user code and temporary password in the mail in a few days. The first time you log on with the temporary password, you will be required to change it to one of your choosing. We require your password to have at least 6 characters; it will be case-sensitive and must have at least one alpha or numeric character.

If you should happen to forget your password (that never happens does it?), give us a call and we can put in another temporary password for you.

Inquiries and transfers are free of charge. You will be able to view the images of checks and deposits on the "current statement" under the transactions button. Previous checking statements can be viewed under the documents button; images of checks and deposits won't be available there because we will have already sent them out to you with your statement.

The online bill payment service free promotion ends December 31, 2005. Beginning in 2006, if you maintain a \$5,000.00 minimum balance during the statement cycle period in the account you attach to online bill paying, you will still receive the bill paying service free.

If, however, your balance falls below \$5,000.00 during the statement cycle period, the fee will be 50 cents per bill payment. That is probably about what it costs you to mail a check when you consider the cost of checks, envelopes, postage and your time (which is worth a lot).

If you have any questions, please give us a call. We will do our best to provide an answer or solution if there is a problem. Please keep in mind that business accounts will become available after January 1, 2006.

We are happy to provide this new service and hope you find it easy, quick and convenient.

*Pam Lemke, Janice Fintel &
Carm Hinrichs - Bookkeeping*

Source Verification In The Livestock Industry. . .

Source Verification has been a topic of much discussion especially since the BSE breakout in the cattle industry. The goal of source verification is to identify all livestock's original source of birth and follow each animal through the grass/feeding program all the way to the harvest of the animal.

USDA needs to track any animal that may have a health problem to determine where that animal came from in a short period of time, rather than taking a couple of weeks to do so. This source verification program will eventually involve an electronic identification system called EID. All livestock people will have to use this system when they sell their animal through a sale barn or privately. This identification is similar to the bar code on a food product at a grocery store. Every animal will have a "bar code". These tags can range anywhere from \$2.00-4.00 in price and will be required by USDA in the future.

I visited with two packers who are involved in the National Beef/U.S. Premium Beef from Dodge City, Kansas and Nebraska Cornfed Beef in Nebraska. They are in the process of setting up rules for source verification. The packers will someday require rancher and feedlot training on how to document where livestock were born, fed and harvested, in effect, how to document the trail of the life cycle of that animal. I have heard two comments from those packers:

1. Any animal that goes through a sale barn may or may not qualify for the program due to the mixing of cattle at a sale barn site unless the proper documentation is used at the sale barn and approved by USDA.

2. The producer who bypasses the sale barn and sells animals direct to a backgrounder or a feedlot will still need to keep track of the animals on a source-verified program.

The packers are still determining what the rules may be in all these situations. Ranchers as well as feedlots need to ask questions of their sale barns, packers and cattle organizations that they may belong to.

Source Verification is here to stay and will most likely become mandatory soon, as now it is voluntary. My guess would be Wal-Mart, McDonald's, and the like will require it in the United States. Japan has already negotiated not to buy any animal less than 20 months of age to be delivered as an exported product to Japan. Be sure to check with all people involved in the livestock cycle that you raise, buy or purchase to see how source verification may fit in your livestock operation.

Fred D. Bruning - Executive Vice President

Take The Life Insurance Quiz...

True or False Permanent insurance provides lifelong protection, so it's always a better choice.

False. Permanent insurance policies accumulate cash value. However, high administrative costs in the early years make a permanent policy a mistake if you don't keep it in force. If you plan to keep a policy for many years, permanent insurance is the way to go.

True or False Permanent insurance policies are all alike.

False. Permanent policies are alike in the fact that they all accumulate cash value. However, there are three different types of permanent life insurance policies.

The first is whole life. Whole Life has a fixed face amount, the premiums remain level, and must be paid on a regular basis. The second, universal life, is flexible. You can pay the premiums at almost any time, in virtually any amount, and change the death benefit to meet your needs. The third is a variable life policy. With this type of policy, the death benefits and cash values vary depending on the performance of an underlying portfolio of investments. Investments that perform well result in a higher death benefit and a higher cash value; with a poorer investment performance, you can expect less. Some variable life policies do guarantee a minimum death benefit.

Regardless of how well you scored on the questions above, we are here to help. Stop by and let us help you determine what life insurance policy would best suit your needs.

Fred Kobza, Jeff Hammer & Stephen Hoff-
Life Insurance Agents

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



Home Sweet Home...

We want to help you 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.

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FACT ACT PROTECTIONS

Tools To Prevent Identity Theft

Consumer Tips

Fair Credit Act Information

Free Credit Reports

Credit Bureau Contacts

Protecting Your Identity

The number of Americans who have experienced identity theft has surpassed 27 million, with the incidence rate increasing every year. Substantial measures are in place at your bank to protect your identity and your accounts against theft and fraud. For example, stringent **bank privacy policies** protect your personal and financial information.

Password protection for online transactions help assure online security. When using our online services, you develop a secret password that only you know. **Encryption** of online transactions with your bank converts your information into secure code, protecting you against hackers.

Maximum security is possible only with your help. Here's what you can do to stop these crimes before they happen:

- **Do not give financial information** such as checking and credit card numbers, or your Social Security number, unless you know the person or organization.
- **Report lost or stolen checks immediately.** Your bank will block payment on them.
- **Notify your banker of suspicious phone inquiries** such as those asking for account information to "verify a statement" or "award a prize."
- **Closely guard your ATM Personal Identification Number and ATM receipts.**
- **Shred any financial solicitations** and bank statements before disposing of them.
- **Put outgoing mail** into a secure, official Postal Service collection box.
- **If regular bills fail to reach you,** call the company to find out why.
- **If your bills include questionable items,** don't ignore them. Instead, investigate immediately to head off any possible fraud.
- **Periodically contact the major credit reporting companies** to review your file and make certain the information is correct. (See related article on the FACT Act to learn about obtaining free reports.)

FACT Act Will Fight Identity Theft

Free credit report, other provisions help consumers

The Fair and Accurate Credit Transactions Act (FACT Act) will help reduce identity theft according to Congress and the Federal Trade Commission. For example, one provision requires the three major credit-reporting agencies to provide consumers with a free copy of their own credit report.

The requirement took effect December 2004, with phase-in over nine months from West to East. By September 2005, all parts of the country will be covered.

Another provision to help prevent identity theft is the National Fraud Alert System. Consumers who reasonably suspect they have been or may be victimized by identity theft, or who are military personnel on active duty away from home, can **place an alert** on their credit files. The alert will put

potential creditors on notice that they must proceed with caution when granting credit.

Other measures will help consumers **recover their credit reputation** after they have been victimized:

Credit reporting agencies must **stop reporting allegedly fraudulent account information** when a consumer establishes that he or she has been the victim of identity theft; Creditors or businesses must **provide copies of business records** or fraudulent accounts or transactions related to them. This information can assist victims in proving that they are, in fact, victims.

Consumers will be allowed to **report accounts affected by identity theft directly to creditors**—in addition to credit reporting agencies—to prevent the spread of erroneous information.

How to obtain a free credit report:

www.annualcreditreport.com (877)322-8228

Credit Reporting Bureaus Equifax (www.equifax.com)

Place a fraud alert: 1-888-766-0008

Order a credit report: 1-800-685-1111

Experian (www.experian.com)

Place a fraud alert 1-888-397-3742

Order a credit report 1-888-397-3742

TransUnion (www.transunion.com)

Place a fraud alert 1-800-680-7289

Order a credit report 1-800-888-4213

The bottom line: If you have any questions or concerns about protecting your financial identity, come in and visit your banker.

Presented by the American Bankers Association. 2004 Financial Education Corporation.

Please Endorse The Back Of Your Check. . .

This phrase is used daily in the banking world. You are in a rush to drop off the kids or late for an appointment and you swing by the bank to cash a check and the teller has the audacity to ask you to sign the back of it. You are already running behind and he or she is going to make you that much later. Believe me, we don't do this intentionally to make your life a living nightmare. In fact, if we didn't have you go through this process, more than likely we would get the check back in a few days for "missing endorsement". Then we would have to contact you to "endorse the back of your check".

In some cases, there are checks with more than one person in the payee line, such as insurance checks or checks from grain elevators. In these instances, everyone needs to endorse the check before we can cash or deposit it.

Again, we don't try to make your life miserable; we are required by law to do this. It is always good to take a good look at who the check is made out to before you get to the bank; that way you are aware of any extra steps that may need to be taken to get you your money!

*Cheryl Houser, Jan Bentley, Deb Schultz &
Nancy Lahners - Customer Service*

Will You Have A Headache???

*If a disaster destroys your property, will you have enough insurance coverage to rebuild your home and replace its contents – at today's prices? The chances of a "Katrina" disaster happening in our area is very minimal, but we can't forget tornadoes, large and damaging hail, strong winds, fire, and lightning, etc....

It is stressful enough losing the things you have worked hard to obtain, without having to worry about the cost to replace these things, too. Now would be the time to ask yourself if you have adequate coverage – time for some insurance maintenance to insure less stress & headache in the future.

Some things to ask yourself:

*Have you remodeled your home, built a deck, or made significant home improvements?

*Have you acquired new valuables, such as jewelry, fine art, or other collectibles?

*Have the homes in your area increased in value?

*Do you have sufficient liability coverage to protect you?

*Do you have sewer back-up coverage?

*Do you have Replacement Cost coverage on your home and contents?

*Do you have coverage on all your buildings?

As time passes, you make adjustments and improvements

to your property, making it necessary to review your insurance coverage and avoid being underinsured. An annual review of your coverage will help prevent a serious headache in the event of a loss.

While you want to have adequate coverage on your home and other belongings, you also want to get the best price possible. Are you getting all the discounts available to insure the best possible premium?

We are here to answer any questions you may have, and we will work with you to help you cover all your risks. We would like to review your coverage to insure you have sufficient coverage for the best rate available.

We're not doctors, but we can help you prevent this particular headache!

So... please stop by our office or give us a call so we can discuss your coverage and available discounts.

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

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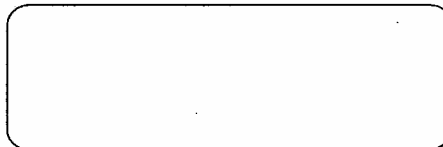


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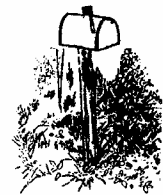
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