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Featured in this newsletter



Need Help Navigating a Challenging Ag Economy?



Financial Literacy 101



5 Home Buying Tips for Millennials

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FIRST STATE BANK

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MEMBER FDIC

Need Help Navigating a Challenging Ag Economy? Lean on Your First State Bank Lender as Your “Financial Mentor”

Recent years have brought many challenges to farmers in Northeast Iowa. Although production has been high,



commodity prices have remained low. Trade negotiations with China have added more strain on an already struggling industry.

Agricultural lenders at First State Bank are familiar with all of these issues and can help area farmers overcome the obstacles they face in today's economy. They can act as your financial mentor, offering guidance when you have to make difficult decisions.

5 Tips for Farmers in Difficult Times

While dealing with a tough economy can be stressful, it is important that farmers are not intimidated by the short-term outlook of the industry. Following are five tips that can help during challenging times:

1. **Reduce Debt.** Properly structuring debt is crucial. You may need to consider selling off capital assets or repositioning short-term debt where possible.
2. **Reduce Expenses.** Until the economy improves, it is important to look for ways to cut down production costs. Any measures you can take to reduce the cost of seed, chemicals or rent will better position you for success.
3. **Adjust Living Expenses.** Changes you can make to personal expenses can have a positive effect on your business. Look for ways you can reduce or eliminate expenses until things improve.
4. **Create a marketing plan.** Look for opportunities to expand your customer base and for ways to set your farm apart from your competition. Hire a professional who can help you create a marketing plan that will open up new opportunities.
5. **Talk to your lender.** Maintaining communication with your lender is critical. Make sure to schedule an appointment to discuss financial concerns as early as possible. He or she may be able to suggest alternatives you have not considered.



Financial Literacy 101: Learn the Value of Delayed Gratification

Learning to save money successfully is a habit acquired over time. The best way to instill that habit is to teach it to children when they are young. First State Bank does our part by visiting with students in grades K-5 in Sumner and Fredericksburg elementary schools on Teach Children to Save Day. This year we spoke to over 320 children about financial management and the importance of saving. With April being Financial Literacy Month, First State Bank is encouraging customers to teach their children the benefits of delayed gratification.

One way parents can teach their children delayed gratification is through their children's savings accounts. While opening a savings account is a great first step, children also need to learn how to use those accounts to reach their financial goals. By using the following steps, parents can teach their children financial responsibility while also instilling in them the value of delayed gratification.

- **Set Goals.** Work with your children to create a list of what they want to achieve with their savings accounts. Set a realistic goal for them to save by the end of the year. If they want to save for a specific item, help them set a higher goal for their savings account to cover their standard savings and special item purchase, so they don't completely deplete their savings when they make the purchase.
- **Create a Budget.** Although most children do not have bills, parents can teach them to budget by helping them keep track of their money. A simple budget can help them realize how much income — allowances, gifts, paychecks, etc. — they receive each month. That will give them a better idea of how much they can spend while still saving a specific monthly amount that will help them achieve long-term goals.
- **Examine results.** Review monthly bank statements with your children, so they can see how saving is paying off. By seeing the month-to-month growth, they will not only see the value of delayed gratification, they also will see instant gratification as they watch their savings grow.
- **Reward accomplishments.** Saving can be hard and delaying gratification takes a strong will. Make sure you celebrate and reward your children when they reach savings milestones. Rewards could be something as simple as a dinner out at a restaurant of their choice, but make sure rewards are set ahead of time so they know what they're working toward.

For more information, contact Deb Beckner in Sumner or BobbyJo Larson in Fayette to learn how to open a savings account with your child and about the programs available at First State Bank that encourage children to save.

5 Home Buying Tips for Millennials



High student loan debt is seen as a major obstacle to homeownership for the millennial generation. A survey by Apartment List found that student debt has been a major factor in millennials deciding to delay purchasing a home, despite the fact that nine out of 10 millennials desire to own a residence.

Although many millennials are delaying the purchase of their first home, that delay may not be as long as many would expect.

A survey by Research Now found that homeownership for people ages 28 to 31 increased from 27 percent to 47 percent over the last two years. Additionally, homeownership for people ages 32 to 36 increased from 46 percent to 57 percent over the same time frame.

"Putting off buying a new home can actually be a great strategy to make homeownership more realistic," said Susan Scott, Mortgage Loan Officer, "It can allow you to work with your bank to create a savings plan that can help you save for your down payment."

Following are five tips that can help millennials on the path to homeownership.

1. **Start saving.** The sooner you start saving, the better position you will be in when you are ready to buy a home. Consider opening a first-time homebuyer savings account that will allow you to claim a credit on your state income taxes.
2. **Reduce your debt.** Pay down as much of your existing debt as possible. Doing so may make budgeting for a future mortgage payment less stressful. It will also strengthen your credit history, allowing you to qualify for a better interest rate when you're ready to buy.
3. **Get pre-approved for a home loan.** Once you're ready to enter the housing market, look into your financing options and start the approval process for your loan. By getting pre-approved, you will have a solid understanding of what type of home you can afford, and it will eliminate that step when you are ready to make an offer.
4. **Calculate additional expenses.** As you budget for your mortgage payment, it's crucial to consider other expenses that come with buying a house, including property taxes, insurance and closing costs.
5. **Stick to your budget.** Once you know what you can afford, stick to it. Don't look at homes way outside your budget. And if a seller is unwilling to meet you at a price that you are comfortable with, walk away.

For more information, contact Susan Scott, Mortgage Loan Officer at 563-578-3312 or susans@fsbsumner.com to discuss how First State Bank can help you save to achieve your goal of homeownership.



Meet your Banker!

This month we get to meet Keith Niemann, our Vice President, Commercial and Ag Lender.

Keith Niemann has called Sumner, Iowa home his entire life. He joined First State Bank in Sumner as VP-Commercial and Ag Lender on July 9. Keith is new to banking, but not to agriculture. Between John Deere and Case IH, he has 40 years of experience in the ag industry. He also farmed with his father-in-law for several years and helped many area farmers while growing up. "I am excited to share what I have learned from my past experiences with others, and to assist individuals and organizations to achieve their dreams and goals," said Keith regarding his new career venture.

After graduating from Sumner High School, Keith married his high school sweetheart Lynne (Lienau) Niemann, who works at Sumner Community Memorial Hospital as VP of Community and Support Services. Keith later went on to receive a Business AA degree from Northeast Iowa Community College in Calmar. Together they have three children, Heather, Britnee, and Kyle, and seven grandchildren

ranging in age from 2 to 12 years old. When he's not working, Keith enjoys golfing or spending time at their cabin.

Stop in and welcome Keith to FSB!

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