



OUR NEIGHBOR CONNECTION NEWSLETTER

Navigating the Ups and Downs of Banking



Jason Winter
President

I was sitting at the airport waiting to catch a plane to my niece's wedding and reflecting on the mid-March week that had just occurred. The events that transpired in the banking industry made headlines across the globe. Over the course of the week, I had several conversations with customers, friends, and family about topics that have rarely come up over my career. I figured this would be a good opportunity to share some things that came up and I feel are important to know.

Most of you are aware the FDIC provides insurance to a bank's depositors. In general, a corporation is limited to \$250,000 of insured deposits. However, individuals can qualify for much more insurance based simply on how the accounts are set up. We've helped customers with well over \$1 million in deposits to strategically arrange their accounts in order to get every penny insured by the FDIC. An important distinction is that deposit accounts at co-ops and credit unions are not insured by the FDIC.

FDIC insurance is not funded by the U.S. Government or the taxes it collects. It's funded via quarterly assessments on its member banks. It is likely we will see higher FDIC assessments (insurance rates) because of the recent failures.

Silicon Valley Bank was the second largest bank failure in history. It took in deposits almost exclusively from venture capital and tech companies. It's been explained as their niche. In banking terminology, this is considered a "concentration" and carries some hefty risk. During the height of the pandemic, tech companies were raking in profits because companies wanted to improve their digital footprint. In today's economy, these tech companies aren't doing as well.

At Citizens, we're not a niche bank, unless you consider our community a niche. We lend locally to all sorts of businesses, agriculture, and consumers. As such, we are not exposed to disproportionate risk when one sector of the economy slows.

Because of these recent bank failures, there's been a lot of talk about bank liquidity. On a very simplistic level, a bank takes in deposits from customers and then has two options to earn a return: it can either lend money to borrowers or purchase an investment (i.e., government bonds). Let's say a bank receives a deposit of one dollar, then loans out 90 cents. The remaining 10 cents represents the bank's liquidity. SVB tied up most of their liquidity in long-term bonds. Those bonds are still considered liquid because they could be sold at any time if depositors demanded their cash. However, interest rates skyrocketed in 2022 causing bond values to fall dramatically, so when SVB had to sell those bonds, they were forced to do so at a steep discount and significant loss.

Citizens has been here since 1914. In preparation for a potential economic downturn, we strategically chose to limit the amount of funds allocated to the investment portfolio in order to mitigate our risk. We realized we could be earning more interest on investments, but we felt it was far more prudent to stay off the slippery slope.

Our team of bankers have the knowledge and experience to allow the bank to maintain a solid footing no matter what direction the economy turns. Our policies, well-crafted strategic plans, continual market research, and willingness to stay on the forefront of technology are certainly reasons for the bank's longevity. However, we feel it's equally as important that you think of us as a trusted resource. When you're working with Citizens, your best interests are in mind and we're eager to develop solutions that are right for you.

Person to person. Neighbor to neighbor. Yesterday, today and tomorrow.
www.CitizensStateBankNYA.com

Taxes, Taxes, Taxes



Matt Brakefield
Investment Representative

Even though I have a daughter who has a birthday this month and Easter is my favorite holiday the mere thought of April coming stresses me out! As I continually see how our leaders waste our hard earned money, I am in favor of any tax strategy that keeps money in my clients hands instead of the state and federal government.

It is said death and taxes are the two things we cannot avoid.

This is true of course however there are strategies that can help minimize how much you pay and help control when you pay. I am not a tax professional so any ideas we discuss are also passed through your CPA, accountant and tax firm to vet out the validity.

Here are some ideas to consider. If you have an abnormal high capital gain year from the sale of something you may want to learn about Qualified Opportunity Zone investing. If you sold a property that wasn't homesteaded you may want to learn about 1031 investing. If you have high consistent income and are worried about high income tax in retirement you may want to learn about using life insurance for tax free income. Other tax considerations you'll want to learn about are; ROTH Conversions, deferring taxes through IRAs, 401ks and many other ideas.

The great news is that I can help you with all of the above. Call me to schedule an appointment at 952-467-3276.



Hwy. 212 & Faxon Rd. | P.O. Box 180 | Norwood Young America, MN 55368

Securities offered through Registered Representatives of Cambridge Investment Research, Inc., a broker-dealer, member FINRA/SIPC. Advisory services offered through Cambridge Investment Research, Inc., a Registered Investment Adviser. Citizens State Bank Norwood Young America, Citizens Asset Strategies and Cambridge are separate companies and are not affiliated.

Non-deposit investment products, insurance and investment advisory services are Not FDIC insured, not bank guaranteed, and may lose value. Not a Deposit and Not insured by any Government Agency.

In the news



Scholarship winner

Citizens State Bank president Jason Winter presented the Outstanding Citizens Scholarship to Anna Meeker.

Powers, Donahue receive promotions

Rhonda Powers was promoted to Vice President – Financial Services Officer and Lisa Donahue was promoted to the position of Cashier in January.

Rhonda started her banking career with Citizens State Bank in 2001 as a Loan Assistant and was promoted to Financial Services Officer in 2003. As a Financial Services Officer, she has been responsible for originating and servicing consumer loans, managing checking account overdrafts, and loan collections.



Rhonda Powers



Lisa Donahue

With this promotion, Rhonda will continue with her normal day-to-day responsibilities as well as become a member of the Senior Management Team and the Strategic Planning and Marketing Committee.

Lisa joined the bank in 1999 as a teller/bookkeeper and was promoted to Assistant Cashier in 2019. She is responsible for all accounting and bookkeeping functions related to bank operations.



Michelle Strobel and Del Peterson

Reaching Milestones!

Citizens State Bank recently recognized Del Peterson (15 years) and Michelle Strobel (35 years) for their dedicated years of service to the bank and its customers.

Employee Spotlight



Debra Schrupp

Name: Debra Schrupp

Position at Bank: Teller/Bookkeeper

Favorite Game to Play: Yatzee and doing puzzles with our grandchildren.

Favorite TV Shows: Magnum PI, Hawaii Five-O, Neighborhood

Memorable vacation you've taken: Going with family to different destinations.

Favorite childhood memory: Going to visit my Uncle Si & Aunt Hazel in the cities. We would go out to eat with them. That was a treat.

Favorite Quote: Enjoy the little things in life because one day you'll look back and realize they were the big things.

Debra lives in rural NYA with her husband, Charles and son, Andrew.

Save the Date!

Dairy Day - Friday, June 23
Make Your Own Sundae is back!



The bank will be hosting its
"Make Your Own Sundae"
from 8 a.m. – 4 p.m. on Friday, June 23.

Create your own ice cream sundae with a variety of toppings, enjoy ice cold milk, sample a variety of cheeses, and taste our homemade flavored butter with crackers.

Visit our farm animals on the front lawn
in between playing a few yard games.

Ag lenders at work for you!

Many things in the agricultural industry are beyond control, such as weather or market prices. However, having the right bank that provides stable, consistent guidance can help you through the challenges.

Citizens State Bank understands the issues involved in a farming operation.

Whether it is a traditional loan for operating expenses, machinery, and land purchase or our Farmer Mac program, we tailor each loan to your needs.

Through the Farmer Mac program, our ag lenders have the ability to assist farmers by offering low, fixed-rate mortgages with terms of 10 to 30 years.

The Farmer Mac program allows Citizens State Bank to lend to all farm types, has no minimum loan size, and has a maximum loan amount of \$9 million secured by real estate.

The bank remains committed to the farming industry by providing top-notch service. Ag lenders Bruce Mathwig, Tony Bentz, Dan Traxler and Jason Winter provide individualized solutions and local decision-making with flexibility to work with farmers as their needs change.

Stop in, call or email Bruce, Tony, Dan or Jason. Citizens would be happy to discuss options and possibilities for you and your farming operation.



Citizens State Bank provides true customer service experience

Opening an account with Citizens State Bank Norwood Young America was a good experience.

The mobile app is really easy. Using it is real convenient. I check my account balance and transactions. With mobile deposit, I don't have to let my work checks stack up and then run to the bank to deposit them. When I started to use mobile deposit, Citizens called and gave me some tips on how to use it better so the process was even easier. If you need any help, they are there for you. You can e-mail them, call them or stop in and see them.

College is the next step and keeping our accounts with Citizens is important because they are not a chain bank. You are treated like you are an individual instead of just a number.

Ashlyn and Brianna Guse

From a parental standpoint, it is important to us that our daughters have a local place to go and someone to speak directly with especially if anything goes wrong. They can contact the bank and say "hey, I need help" and we are confident that there is someone there to give them that assistance.

Greg Guse



Ashlyn, Brianna and Greg Guse visit with Citizens State Bank's Michelle Strobel.



Member FDIC

NMLS #629780

952-467-3000

409 Faxon Road, Norwood Young America
www.CitizensStateBankNYA.com



Is your bank holding up your payday?

If your bank is holding up your payday, it's time for a change.

At Citizens State Bank your paycheck is available the day it is deposited.

This should be standard practice, but it isn't at other banks.

If you move money between your accounts at Citizens, you can use it the same day!

It is simple with today's technology, but for some reason other banks delay access to your money.

If you deposit cash, does your bank still take a day to let you use that money?

Not at Citizens State Bank! Hey, cash is cash. It seems strange that cash wouldn't be available immediately.

If your money is in your account at Citizens State Bank, you can use it. No Hold Up here!



Hwy 212 & Faxon Rd.
P.O. Box 789
Norwood Young America, MN 55368

PRSR STD
ECRWSS
USPS POSTAGE
PAID
EDDM Retail

LOCAL POSTAL CUSTOMER

Member
FDIC

NMLS #629780

