




SIMPLY STATED

FALL 2020



Welcome to our fall edition of Simply Stated. Inside are several articles I hope you find helpful and informative as we all move forward with uncertainty yet optimism for better days ahead.

Your bank is doing very well in these unusual times, and I thank you for your patience and flexibility, as we continue to serve you, our clients, in different ways. The use of our eBanking products has increased dramatically and has become a preferred way for many of you to transact your financial business. While our lobby traffic and client calls have been somewhat limited, we do look forward to a future where we again can focus more on our in-person meetings, community activities, and personal interactions which make community banking unique.



On a personal note, I want to let you know I am retiring as CEO of the bank at year end after 40+ years, yet will continue to be an active member of the bank's Board of Directors and other community activities. I appreciate being able to spend my entire career here and working alongside so many talented coworkers and clients. Thank you all.



As part of our long-term succession planning, Jason Howard, our current Bank President, will become the CEO in January 2021. Jason joined First State Bank and Trust in 2012 and was promoted to chief financial officer in 2013. After graduating from Luther College, he began his career with Arthur Andersen in Minneapolis and later served 10 years with Wipfli where he provided audit and consulting services to community banks throughout the Midwest. Jason obtained his Certified Public Accountant (CPA) license in 2003. He currently serves as chairman of the board for Croixdale Senior Living Community, Bayport, is a member of the board of directors for Lakeview Health, Stillwater, and is an active participant in the Stillwater Noon Rotary Club. Jason and his wife Lyndsay have two sons.

I am extremely confident in Jason's leadership of our bank, and the outstanding leaders and staff at all our branches that will continue to provide the diverse financial services and solutions for our growing communities.

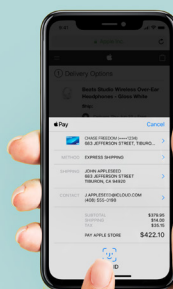


Peter J. Clements
CHIEF EXECUTIVE OFFICER

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Apple Pay and Google Pay for Mobile Wallet is now available. Clients can enjoy the simplicity of making contactless, secure purchases in stores, in apps, and on the web using their iPhone or Android device. FSBT Debit Cards can be linked by following these steps:

1. Open up Apple Pay or Google Pay on your iPhone or Android device.
2. Agree to Apple's or Google's usage agreement.
3. Select Add Credit or Debit card.
4. Enter in your card details manually or allow app to take picture of your debit card.
5. Make sure that all of the information is entered correctly.
6. Agree to FSBT's terms and conditions for using the Mobile Wallet.
7. Activation.
 - Select text message or email for a one time password to activate your debit card in Mobile Wallet. Make sure your contact information is up-to-date with FSBT.
 - Call FSBT to activate your debit card if the text or email one time password option is not available.



PLEASE BRING YOUR GENTLY USED OR NEW COATS AND OTHER WINTER ITEMS TO ANY FIRST STATE BANK AND TRUST LOCATION
NOW THROUGH NOVEMBER 2ND.
YOUR GENEROSITY IS GREATLY APPRECIATED.

[DONATIONS TO BENEFIT LOCAL CHARITIES]

HUDSON GROUND BREAKING



“We are looking forward to establishing a permanent presence in Hudson to better serve our current & future clients in Western Wisconsin,”

First State Bank and Trust recently celebrated the planned relocation of their downtown Hudson bank with a groundbreaking ceremony. The new two-story, 13,200 SF building, located at the corner of Vine Street and Carmichael Road will be a full-service bank offering retail, commercial, and mortgage banking services as well as trust, investment, and insurance services.

“First State Bank and Trust focuses on serving the diverse financial needs of our St. Croix Valley community. We are looking forward to establishing a permanent presence in Hudson to better serve our current and future clients in Western Wisconsin,” said Jason Howard, President of First State Bank and Trust.

FSBT remains locally owned, just as we have been since 1914. We are unique in being able to combine local decision making with a wide range of financial services not typically found at other financial institutions including trust and investment services through our Trust department, as well as insurance services, through Valley Agencies, Inc., our affiliate.

“Our Trust team will have a dedicated staff of professionals onsite to work with clients on investment management, trust administration, and estate services. Hudson is an incredible community and we look forward to the future!” comments Chad Fett, President of Trust Services.

Andy Sexe, President of Valley Agencies, Inc. adds, “We look forward to having a full-time agent and support staff based in Hudson. This new location will allow us to strengthen our current client relationships as well as help build new relationships.”

The project is designed by Hudson-based Studio EA. FSBT has also engaged local general contractor Braden Construction and is focused on using local labor and materials when possible. Going into this project, the organization was looking to create something beyond a traditional bank design. The building will focus on creating an open and welcoming space with ample natural light and a contemporary look and feel. Clients will be greeted with more of a concierge approach as banking continues to evolve and goes beyond cashing checks and making deposits through a traditional teller line.

The building, when complete in summer 2021, will allow FSBT to support its growing St. Croix Valley staff with 25 employees eventually calling the building their home office. The building will feature a drive thru, large training space, 4 high tech conference rooms, and welcoming open common spaces.

FINANCIAL SURVIVAL AFTER A JOB LOSS

You may have lost your job already, or it's something you're concerned about. Either way, the keys to surviving a job loss financially are to plan ahead, take stock of your income, and cut your expenses.

PLAN AHEAD

If you haven't been laid off, it's a good idea to plan ahead for that possibility. It's hard to know how long you'll be out of work, so to be on the safe side, prepare for at least six months of unemployment. You might find a job much sooner, but you don't want to be forced to take the first opportunity that comes along, especially if it isn't suitable.

Come up with a financial plan for unemployment, and design your plan with some flexibility to allow for adjustments if your situation changes. Circumstances can vary based on how long you're out of work, and whether unanticipated expenses arise while you're unemployed.

PREPARE A SURVIVAL BUDGET

A big part of your unemployment plan is a survival budget. Start with a list of all your income and expenses. You might already have a budget that you can use as a base, but your survival budget should be a bare-bones version of your regular budget. Include only expenses that are necessary. The goal of your survival budget is to have a good idea of what income you need to actually survive.

Your plan also should include an emergency fund that's equal to at least six months of living expenses from which you can draw to supplement other sources of income. If you haven't set up an emergency fund, you may still have time to do so.

IF YOU LOSE YOUR JOB, FIND SOME INCOME

Start by checking with your former employer. Are you eligible for severance pay? Whether it's available depends on your employer's policy, but if you're offered severance pay, you might have the option of taking it in a lump sum or as a continuation of salary for a fixed period of time. Taking severance pay in a lump sum gives you control over your money, but you may lose some employee benefits such as group health insurance. If you take your severance as a continuation of salary, you may be able to keep your benefits, but you'll be dependent on your former employer's ability to make payments to you.

But don't stop there. Check with your local unemployment office to find out if you're eligible for unemployment benefits. You can receive at least 26 weeks of benefits (more in some cases). Generally, to qualify for unemployment benefits you must have been laid off. You may even qualify if you've been fired, so long as it's not for misconduct. You probably won't qualify if you quit your job, however.

REDUCE YOUR EXPENSES

If you're unemployed, you may find that your income won't support your current expenses. Aside from reducing your debt by selling big-ticket items like your car or house, there are other things you can do to minimize your living expenses.

One of your first considerations should be to identify and discontinue discretionary expenses. Such items as magazine subscriptions, health club memberships, extra phone services, credit cards you don't use that have an annual fee, dining out regularly, and extra pay services on your cable television are examples of some of the expenses you can trim from your budget.

TALKING WITH YOUR CREDITORS

Another way to cut your expenses is to try negotiating with your creditors to lower interest rates on your credit cards, defer a payment or two on your car loan, or reduce your monthly payments temporarily. You also may be able to lower your home mortgage monthly payments by refinancing to a lower rate (if you can qualify in spite of your job loss), or by negotiating a longer repayment period. You'll have to admit that you're facing some financial difficulty due to your job loss, but if your credit is good, now's the time to make the calls—not when you fall behind in your payments.

While technically not an expense, you can also decrease your spending by reducing your contributions to retirement or education funds. However, the less you contribute now, the less you'll have for retirement or college, so this option should be a last resort. But you might be able to make up for the reduction in contributions by increasing payments to those funds when you're back on your feet financially.

INCREASE YOUR INCOME

You've cut your expenses and spending as much as possible, but you still don't have enough income. Here are some ideas that might help you meet your expenses while unemployed.

Consider a part-time or temporary job. This will provide another source of supplementary income while you search for your next full-time job. And your part-time job could turn out to be your next full-time job—or at least it might lead to another opportunity with another potential employer. Also, your spouse or partner may be able to get a job if he or she is not already working, or pick up more hours at a present job.

Another income-generating option is borrowing from the cash value of your life insurance policies. But you'll be limited as to how much you can borrow by the amount of cash available and other policy restrictions. And you'll be charged interest on the borrowed funds, so if you don't repay the loan, it can reduce your death benefit or even cause the insurance to lapse.

IF YOU'RE REALLY STRAPPED

Your home is another source of savings you may be able to tap into. If you have enough equity in your home, sometimes you can obtain a home equity line of credit even if you've lost your job. You'll only pay interest on the portion you use. But you'll still have to make a monthly payment, so make sure you're able to afford the new loan payments before you put your house on the line.

If you're still strapped for cash, consider withdrawing from your tax-deferred retirement accounts, such as your IRA or employer-sponsored retirement. Any money you withdraw from these types of accounts likely will be taxed as ordinary income for the year in which you make the withdrawal. Also, you may

have to pay a 10% penalty tax for early withdrawal if you're under age 59 ½ unless an exception to the penalty applies.

IF ALL ELSE FAILS

If money really starts getting tight, be prepared to take more drastic steps. You might consider moving from your home and renting it temporarily. Obviously you'd have to find cheaper alternative housing, but the rental income from your home may be enough to cover your rental expenses while your tenants pay for most of the home costs, such as utilities and even real estate taxes.

As a last resort, you may have to consider selling bigger items like your car or even your home. Since these larger possessions usually carry a debt, by selling them you're not only generating some cash, but you're decreasing your expenses by ridding yourself of the debt attached to the item sold.

ALL IS NOT LOST

A job loss is not the end of the world, even though it may feel that way. Mapping out your priorities and drafting a bare-bones budget can help you come up with your own financial strategy for job loss survival.

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EMPLOYEE ANNIVERSARIES

Chris Dressel // 5 years (October 2015)

Tom Sigstad // 10 years (November 2010)

Bob Gray // 10 years (September 2010)

Erin Crowder // 20 years (August 2000)

Mary Jo Diiioia // 25 years (July 1995)

HOLIDAY OPEN HOUSE

FSBT has made the difficult decision to cancel our 2020 holiday open house featuring the Stillwater Vagabonds. We hope you and your families have a safe and healthy holiday season!

RISK OF LOWERING AUTO COVERAGE

Dropping some of your coverage—like comprehensive or collision—to the lowest legal level can cut your premium, but it could also put you at serious risk.

DETERMINING WHICH COVERAGE YOU NEED

An automobile insurance policy is designed to provide you with a level of protection against property, liability and medical costs if you are involved in an accident.

- > Property coverage pays for damage to or theft of your car.
- > Liability coverage pays for your legal responsibility to others for bodily injury or property damage.
- > Medical coverage pays for the cost of treating injuries, rehabilitation and sometimes lost wages and funeral expenses.
- > Underinsured motorists coverage pays for property damage and bodily injury caused by another driver whose coverage is insufficient to cover damages suffered.

Selecting the correct liability limits is fundamental. 100/300/50 means you are covered for up to \$100,000 in bodily injury coverage per person, \$300,000 in bodily injury coverage per accident and \$50,000 in property damage per accident.

Many states have minimum liability limits of 25/50/10, although some states are higher or lower

than this. While it may lower your premium, reducing your liability limits to minimum legal levels and dropping underinsured motorists coverage could open you up to substantial risk.

COLLISION INSURANCE – KNOW THE VALUE OF YOUR CAR

Your policy will not pay for repairs that exceed the value of your vehicle. For this reason, if you are driving a vehicle that isn't worth more than a few thousand dollars, it may not make sense to purchase collision coverage. Valley Agencies can help you determine whether or not collision insurance makes sense for you.

TOP WAYS TO SAVE ON YOUR AUTO PREMIUM:

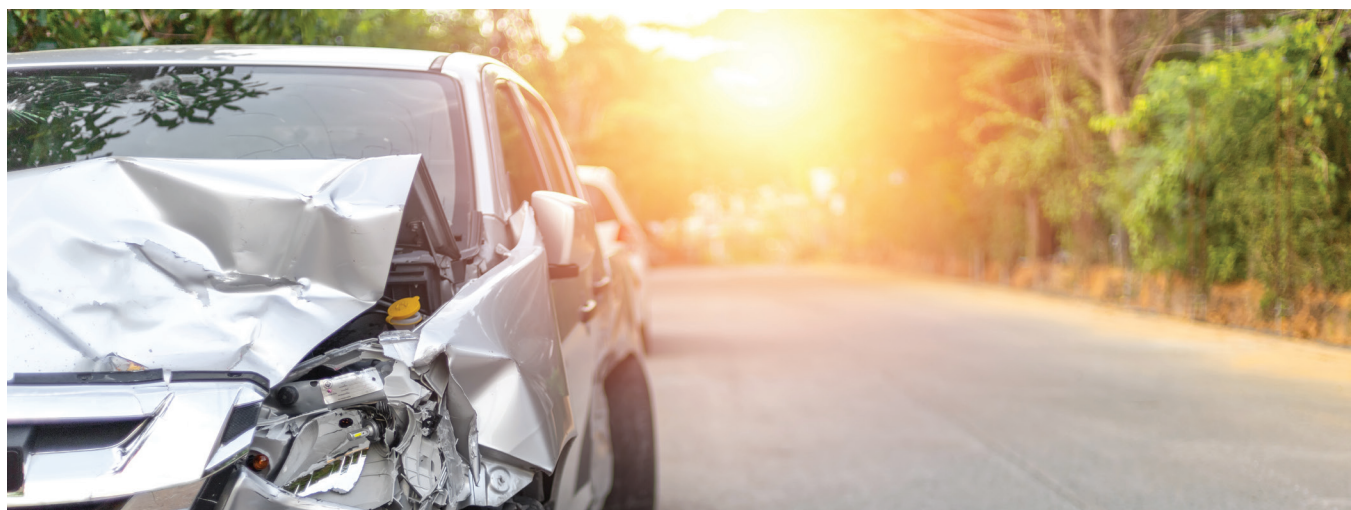
- > Consider raising your deductible.
- > Keep up your good driving record.
- > Drive less to qualify for a low-mileage discount.
- > Drive a car with safety features such as anti-lock brakes and airbags.
 - Install an anti-theft device.
 - Ask about our multi-policy discounts.

WE'RE HERE TO HELP

Accidents happen to cautious drivers, too, and having adequate insurance can save you from serious financial burden should one happen to you.

We can help you determine which automobile insurance coverage is needed and what limits to buy. Contact Valley Agencies at 651.439.2930 today to discuss your options.

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MINNESOTA BANKERS COMMUNITY IMPACT MONTH

In September, Minnesota Bankers Community Impact Month gave member banks a focused period within which to engage employees in one or more community service activities. This campaign helped showcase the vital role that banks play in their communities throughout the year.

HOW DID FSBT EMPLOYEES CONTRIBUTE?

We continue to make blankets to be donated to Hudson and Lakeview Hospitals. Since March 2020, we've donated over 50 blankets and have material to make at least 50 more.

We ordered masks and delivered them to the following local schools:

- > St Croix Prep
- > Lily Lake Elementary
- > Andersen Elementary
- > Stonebridge Elementary
- > North Hudson Elementary



Additionally, employees participated in the Meals From The Heart B2B Meal-Packing Challenge on September 23rd. The FSBT team packed over 1,800 meals for families in need!





FIRST STATE BANK AND TRUST

950 HWY 95 NORTH
BAYPORT, MN 55003

[COMING SUMMER OF 2021 TO THE CORNER OF VINE & CARMICHAEL]

NEW HUDSON *office*

