



# SIMPLY STATED

SPRING 2020



**WELCOME** to our new issue of Simply Stated and thank you for your continued business with our organization. I hope this finds you healthy and doing well in these unprecedented times.

A lot has changed in the past several weeks affecting all aspects of our society and our economy. We are still conducting all bank, trust, and Valley Agencies business daily, but interacting with clients in new and different ways. Thank you for your patience and understanding of these necessary changes.

We are fortunate to be a strong, well-capitalized bank that is well prepared for the economic challenges that may lie ahead. During the last “great recession”, I wrote a letter to all clients dated August 2009, which contained the following message:

**“We are fortunate that, since our founding in 1914, our Board and staff have embraced conservative and sound banking practices. Although we may have occasionally sacrificed some bank growth opportunities, these sound strategic plans have kept the bank stable during tough economic times throughout history and today. Our Board, staff and shareholders remain committed to serving the financial needs of our clients in the St. Croix Valley.”**

That message still holds true today.

Our staff of experienced professionals are dedicated to helping you, our valued clients, navigate challenges in the current economic recession and ultimately prosper in its recovery. Please call us at 651.439.5195 or visit our website ([fsbt.com](http://fsbt.com)) to discuss any issues where we can assist you. We all look forward to better days ahead for our families, businesses, and communities.

Peter J. Clements  
CHIEF EXECUTIVE OFFICER



# UTILIZE OUR BANK AT HOME KIT

As a community bank, we understand the challenges you may be facing during these uncertain times and want you to know that we are here for you!

We encourage you to take advantage of our full suite of eBanking products. We've created an easy to use BANK AT HOME KIT which provides simple step-by-step instructions on how to get started.

You can even apply for a consumer loan, mortgage, and/or deposit accounts online. Visit [fsbt.com](http://fsbt.com) for more information.



## SHOP LOCAL

Support local businesses from the comfort of your own home! Purchase a gift card, order food for pickup, shop online or over the phone, leave a review, or follow and promote businesses on social media. Every gesture helps!







*It's no secret the last several weeks have been challenging for all of us. We continue to work hard to make sure we can serve each of you, our clients, in the best ways possible. That is what the St. Croix Valley community has come to expect over our 100+ years of existence. Our service approach may have changed due to stay at home orders, but our staff continue to support our mission to meet the diverse financial needs of our community. It remains our commitment to ensure all your banking, trust, mortgage, and insurance needs continue to be met, no matter the environment. Thank you for your continued support of First State Bank and Trust, Valley Agencies, and our community.*

JASON HOWARD // PRESIDENT - BANK

## KEEP YOUR MONEY SAFE

Financial markets have become extremely volatile over the last several weeks due to the coronavirus outbreak. We have received numerous inquiries from clients asking about the best place to keep their money during these uncertain times. An FDIC-insured account remains the safest place for consumers and businesses. Since its founding in 1933, no depositor has lost a penny of FDIC-insured funds. As a reminder, your deposits held at First State Bank and Trust are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Your deposits are safe and secure with First State Bank and Trust. Additionally, accessing your deposit accounts is easy and convenient through multiple channels including our four staffed branches; 24/7 ATM network; debit cards; and iTalk (our telephone banking system), Internet Banking and Mobile Banking applications.

**During these unprecedented times consumers may receive false information regarding the security of their deposits or their ability to access cash. The FDIC does not send unsolicited correspondence asking for money or sensitive personal information. The agency will never contact people asking for personal details, such as bank account information, credit and debit card numbers, Social Security numbers, or passwords.**

Recently, the Coronavirus Aid, Relief, and Economic Security Act (or CARES Act) was signed into law. Within this bill, there is a provision for the FDIC to evaluate insurance coverage levels beyond \$250,000. However, as of the date of this printing, no formal revisions to insurance levels have been made. If this changes, we will communicate any updates as necessary.

Please visit [fdic.gov](https://www.fdic.gov) to learn more about FDIC insurance coverage or to calculate your insurance levels.



# MORTGAGE MADE SIMPLE

Mortgage rates continue to hover at historic lows. Now is a wonderful time to consider refinancing your current loan or purchasing a new home. Even with the uncertainty our global community is experiencing, getting a mortgage is something First State Bank and Trust can safely help you maneuver.

Our friendly and experienced lenders can take your application over the phone, or start the application process online through our website, [fsbt.com](http://fsbt.com). More comfortable with paper? We can send you an application packet with a postage-paid envelope to return your documents.

## HOME PURCHASE

We have the experience to guide you through the purchase of your home. From getting pre-approved for your dream home to the day you get your keys, our knowledgeable staff will be there to help you navigate through the process.

## REFINANCING

Not sure if a refinance makes sense? We'll look at your current loan and all the variables to see if a refinance might be to your benefit. How much could your rate improve? Could a refinance remove mortgage insurance? You may be looking to take cash out of your home's equity to pay down other debt, make home improvements, or save for a rainy day. Let us crunch the numbers so you can make the decision you feel is best.



Required disclosures can be mailed to you for your signature, or sent safely and securely through an electronic signature system. Signing the final documents will be a breeze...you may even sign from the comfort of your own home.

Our technology can create seamless transactions, even in our current world of social distancing. With all the tools we have available, we will be right there with you.

Visit our website, or give us a call at 651.439.5195 and ask to speak to Jon Weaver or Dan Olson. For over one hundred years, First State Bank and Trust has been your community lender. With a history of successfully navigating challenging times, let us take the stress out of your mortgage experience.

SMALL BUSINESS ADMINISTRATION

SBA LOANS

PROUD TO SUPPORT OUR LOCAL SMALL BUSINESSES

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## 2019 UNITED WAY EMPLOYEE CAMPAIGN

FSBT and Valley Agencies employees raised over \$5,200 during our 2019 employee giving campaign! We played games, had the option to wear jeans on Fridays in October with a small donation, and enjoyed an employee auction.

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Thank you all for supporting our 2019 Share the Warmth campaign. This is a great event that helps out a lot of people in our communities. The Salvation Army Grace Place (New Richmond, WI) and Valley Outreach (Stillwater, MN) were grateful for all the donations, as we were able to drop off a total of 296 winter items this year. Without contributions from clients and other community members, none of this would have been possible!

# TRUST SERVICES DEPARTMENT



*First, and foremost we want you and your family to remain healthy and safe. We miss seeing you in person, but look forward to future meetings. The markets are scary right now and we expect the volatility to continue until the virus is contained or eliminated. World changing events like this remind us all why we need to plan, diversify, and remind ourselves about long term goals. The world will recover.*

CHAD FETT, CFP®, CTFA // PRESIDENT - TRUST

## GETTING STARTED: ESTABLISHING A FINANCIAL SAFETY NET

In times of crisis, you don't want to be shaking pennies out of a piggy bank. Having a financial safety net in place can ensure that you're protected when a financial emergency arises. One way to accomplish this is by setting up a cash reserve, a pool of readily available funds that can help you meet emergency or highly urgent short-term needs.

### HOW MUCH IS ENOUGH?

Most financial professionals suggest that you have three to six months' worth of living expenses in your cash reserve. The actual amount, however, should be based on your particular circumstances. Do you have a mortgage? Do you have short-term and long-term disability protection? Are you paying for your child's orthodontics? Are you making car payments? Other factors you need to consider include your job security, health, and income. The bottom line: Without an emergency fund, a period of crisis (e.g., unemployment, disability) could be financially devastating.

### BUILDING YOUR CASH RESERVE

If you haven't established a cash reserve, or if the one you have is inadequate, you can take several steps to eliminate the shortfall:

- > Save aggressively: If available, use payroll deduction at work; budget your savings as part of regular household expenses.
- > Reduce your discretionary spending (e.g., eating out, movies, lottery tickets).
- > Use current or liquid assets (those that are cash or are convertible to cash within a year, such as a short-term certificate of deposit).
- > Use earnings from other investments (e.g., stocks, bonds, or mutual funds).
- > Check out other resources (e.g., do you have a cash value insurance policy that you can borrow from?).

A final note: Your credit line can be a secondary source of funds in a time of crisis. Borrowed money, however, must be paid back (often at high interest rates). As a result, you shouldn't consider lenders as a primary source for your cash reserve.





## WHERE TO KEEP YOUR CASH RESERVE

You'll want to make sure that your cash reserve is readily available when you need it. However, an FDIC-insured, low-interest savings account isn't your only option. There are several excellent alternatives, each with unique advantages. For example, money market accounts and short-term CDs typically offer higher interest rates than savings accounts, with little (if any) increased risk.

*Note: Don't confuse a money market mutual fund with a money market deposit account. An investment in a money market mutual fund is not insured or guaranteed by the FDIC. Although the mutual fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund.*

*Note: When considering a money market mutual fund, be sure to obtain and read the fund's prospectus, which is available from the fund or your financial advisor, and outlines the fund's investment objectives, risks, fees, and expenses. Carefully consider those factors before investing.*

It's important to note that certain fixed-term investment vehicles (i.e., those that pledge to return your principal plus interest on a given date), such as CDs, impose a significant penalty for early withdrawals. So, if you're going to use fixed-term investments as part of your cash reserve, you'll want to be sure to ladder (stagger) their maturity dates over a short period of time (e.g., two to five months). This will ensure the availability of funds, without penalty, to meet sudden financial needs.

## REVIEW YOUR CASH RESERVE PERIODICALLY

Your personal and financial circumstances change often - a new child comes along, an aging parent becomes more dependent, or a larger home brings increased expenses. Because your cash reserve is the first line of protection against financial devastation, you should review it annually to make sure that it fits your current needs.

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# VALLEY AGENCIES

*Valley Agencies wants to assure you that we are taking the appropriate steps in making sure our employees stay healthy. We are still open for business and remain available to handle all your insurance needs.*



*To help during this pandemic, our insurance carriers are taking appropriate steps to make changes/accommodations for special billing options and suspension of cancellations for nonpayment. If you have any questions or concerns regarding your policy, please give us a call 651.439.2930. Stay healthy!*

ANDY SEXE // PRESIDENT - VALLEY AGENCIES

## BUSINESS INTERRUPTION POLICIES AND THE CORONAVIRUS

As the coronavirus (COVID-19) outbreak evolves, businesses face growing uncertainty as to how this pandemic will affect their operations long term. This is especially true when you consider that many organizations—including bars, restaurants, entertainment venues, retailers and manufacturers—have had to close their doors or cease operations as a result of COVID-19. Not only has this severely impacted their ability to serve their customers, but, for some, it has also led to indefinite disruptions—disruptions that could impact their bottom line.

As a result of the unprecedented challenges COVID-19 brings, many businesses are turning to insurance, like business interruption insurance, for help. In the event of a loss, business interruption insurance provides coverage for income a business would have earned had it been operating normally. It can also help pay for expenses like employee wages, taxes, rent, loan payments and relocation expenses.

However, these policies are complex, and protection for losses stemming from COVID-19 are typically not included. This article highlights some characteristics and types of business interruption insurance, examining why these policies will likely not cover the outbreak.





## DESIGNATED PERILS

Under most business interruption insurance policies, coverage is only available if the loss in question stems from a covered peril. In many cases, covered perils include common interruptions like natural disasters, equipment damage and vandalism.

This means that, if the insurance policy requires a specific loss (e.g., a fire or earthquake) and the loss in question doesn't qualify or is not stated explicitly, coverage may not be available. For the vast majority of businesses, COVID-19 will not constitute a designated peril, and business interruption insurance will not respond to losses.

Further, business interruption claims may arise from multiple causes, including both covered and uncovered perils. In these instances, the availability of coverage will depend on the policy language and any applicable laws regarding concurrent causes. Once again, coverage for COVID-19-related losses is unlikely.

## CONTINGENT BUSINESS INTERRUPTION INSURANCE

Business interruption insurance is a crucial component of risk management programs, but it does not extend to disruptions to a third party. That's where contingent business interruption insurance (CBI) comes in.

Unlike traditional business interruption insurance that compensates the policyholder for a loss resulting from damage to its own property, CBI lets businesses transfer the risk of certain losses to the property of a third party. CBI reimburses policyholders for lost profits and extra expenses resulting from an interruption of business at the premises of a customer, vendor, supplier or other third party.

Businesses are increasingly looking to this type of coverage as COVID-19 continues to affect the global economy. This is because, even if a business is not located in an area where COVID-19 has been detected, aspects of their supply chain might be, leading to potential disruptions. However, for the vast majority of cases, CBI will not be available.

With CBI, the covered third-party property may be specifically named, or the coverage may simply blanket all customers and suppliers. To secure coverage for COVID-19, insureds will have to review policy language to determine if their suppliers are included in the policy.

But even if the third party is explicitly named, CBI includes some of the same caveats as traditional businesses interruption insurance. Specifically, for CBI policies, some form of property damage will need to occur before coverage is triggered. Again, contamination will likely not constitute property damage.

## MOVING FORWARD

As the COVID-19 situation evolves, more organizations are looking to business interruption insurance, hoping it will respond to losses and help them weather the outbreak. However, COVID-19 is uncharted territory, and a number of factors come into play when it comes to insurability. In the vast majority of cases, business interruption policies will not apply to COVID-19 losses.

Moving forward, businesses should review their insurance programs to:

- > Ensure the policies they have in place provide sufficient protection.
- > Avoid overlooking unique exposures COVID-19 brings.
- > Determine how COVID-19 could impact their various lines of insurance beyond business interruption coverage.

To continue the discussion, contact a Valley Agencies agent today at 651.439.2930.



## 2020 VALLEY OUTREACH FOOD DRIVE

Since 2014, FSBT and Lake Elmo Bank have had a friendly competition to see which bank can collect the most food and monetary donations for Valley Outreach. Unfortunately, due to the coronavirus outbreak, both banks decided to postpone the competition this year; however, that did not stop us from collecting!

WITH YOUR HELP, WE WERE ABLE TO DONATE 600 POUNDS OF FOOD AND NEARLY \$15,000 FOR VALLEY OUTREACH!

We would like to thank everyone who helped make a difference in our community! Valley Outreach was extremely appreciative of our donations and looks forward to next March.

## EMPLOYEE ANNIVERSARIES

Pam Baker // 5 years (March 2015)

Tracee Hoel // 10 years (April 2010)

Sue Lee // 10 years (February 2010)

Joette Barr // 15 years (March 2005)

Teri Barnholdt // 30 years (January 1990)

## RETIREMENTS

We would like to recognize and congratulate two long time FSBT employees who retired in December 2019.

**WE WISH THEM THE BEST IN RETIREMENT!**

Sandy Kolashinski

VP - Retail Banking // 43 years with FSBT

Debbie Main

Trust Operations Specialist // 21 years with FSBT

EVOLVE  
ADOPTION  
& FAMILY  
SERVICES

ArtReach St. Croix





950 HWY 95 NORTH  
BAYPORT, MN 55003



WE'RE EXCITED TO ANNOUNCE  
THE OPENING OF  
**A NEW HUDSON OFFICE  
IN EARLY 2021**

MORE DETAILS TO COME