

# The United DIFFERENCE

Member FDIC



## A Message from the President

Have you noticed how spectacular the moon has been on some nights so far this year? If you're an aspiring saver, here's something to think about. I've seen where there's interest in putting a man or woman on the moon again. Most of the world's current population was likely not yet born when the last Apollo mission to the moon and back was completed in December, 1972, over 40 years ago. On the other hand, if you were just entering the workforce that same month and put aside \$50 monthly, you would have in excess of \$50,000 saved up today. Being successful at building your savings isn't as challenging as going to the moon. Like a lot of things, it really just boils down to two things – getting started and staying with it. UBI has a variety of savings products to offer and we're anxious to help you get started with a savings plan you can stick with.

For those of you who have been saving for retirement, new laws affecting Individual Retirement Accounts were enacted in 2019 and the Internal Revenue Service has announced the resulting rule changes. If we are the Custodian of your IRA, you have been sent a 2020 IRA Amendment explaining the changes that could affect your account at United Bank of Iowa. I encourage you to review this information carefully and contact any United Bank of Iowa location if you have questions.

It's a frigid zero degrees in Ida Grove today, but according to information received from a source in Pennsylvania earlier in February, spring weather is on the way sooner rather than later. If you have

a home improvement project planned or a major new purchase you've delayed until warmer weather arrives, a United Bank of Iowa Home Equity Line of Credit (HELOC) is a great lending product to consider. It's perfect for financing larger expenses that are anticipated later because it's a revolving line of credit you can arrange for now and then draw on when you need the funds.

The staff and I enjoyed seeing many of our ag customers at the Roach Ag Seminars recently. It's an opportunity for us to listen, and learn as well, not only from John's presentation, but from the questions asked and interactions with the producers in attendance. I always come away from these meetings grateful for the opportunity to do business with such an awesome group of world class producers.

And on an ag related note, here's something to conclude. According to the USDA, in 1972 the average yield for corn in West Central Iowa was 115.4 bushel per acre and the average corn yield for 2018 was 199.9 bushels. Once finalized, I suspect the 2019 yield may end up being even higher. Considering we walked on the moon in 1972, perhaps we should be setting our sights to take a walk on Mars.

Thank you for choosing to do business with United Bank of Iowa.

Owen C. Bolte, President & CEO

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## Apply for a UBI Scholarship

A total of \$21,000 in UBI scholarships will be awarded to 37 seniors graduating in 2020 from school districts represented by communities where we have offices. Student must have at least a 2.5 overall high school GPA, be involved in school and community activities, and be enrolled in a full-time undergraduate course of study. Preference will be given to students entering the following fields of study: business, finance, accounting, agriculture, or a related field. Preference will also be given to applicants who are a customer, or their parents are a customer, of United Bank of Iowa.

To apply, contact your local high school guidance counselor for an application. Deadlines vary depending on school district.

# ANNOUNCING...

# WE'VE **LOWERED** OUR **HELOC RATE**

**LIMITED TIME ONLY!**

Dreaming of a new boat  
or family vacation?

Worried about how  
to pay for your child's  
college or wedding?

Have you been talking  
about a new kitchen?

**We have a solution!**

Use the equity in your home with a HELOC.  
Lower rate starting **March 16** for a limited time.

### What is a HELOC?

A HELOC (Home Equity Line of Credit) is a revolving line of credit using your home as the collateral. You are approved for a certain dollar amount of credit and may advance as needed for major expenses. HELOCs can be used for any expense, but are most commonly used for larger expenses such as:

- Home remodels
- Education
- Extras – vacations, boat, RV, etc.
- Medical bills

A HELOC is a great option for you if you own your home without any debt or have built up equity in your home by paying down your first mortgage.

### Ready to apply? Interested in learning more?

Call or stop in to any of our locations and talk to a Consumer Loan Officer. They will go over the terms and application process with you. Don't miss out... take advantage of our new lower rate while it lasts!

## FACEBOOK CONTEST... **COMING SOON**

Three lucky winners will win prizes totaling **\$1,000** to kick off their household renovations. Like us on Facebook and watch for details.

**March 16 - April 1**



**SHOW US YOUR RENOVATION REALITIES**



During renewal season, one of the most common questions we hear from customers is, "How are things looking?" I think this is because we all seem to have a natural curiosity about how things look in general and how we might match up to the norm. I'll do my best to provide some general observations.

As in previous years, I can see some patterns taking place this year. Overall, things are looking pretty good and maybe a little better than initially expected earlier in the year. Even though grain prices have not been at what most consider to be a desirable level, working capital has grown for many. How is this possible? A primary factor has been increased yields. It feels like yesterday when producers were excited with 55 bushel beans and 200 bushel corn. In the last couple years, those numbers would be considered low and if you produced at those levels today, one might even ask you what happened. We are experiencing more yields in the 60 to 70 bushel range for beans, and corn in the 230 to 250 range and even higher. Technology is paying off and as farm expense has grown, volume is carrying the day. Prices have not been as high as most producers had hoped. Fortunately higher yields have resulted in the gross revenue necessary to cover all costs and reach profitability.

Another factor that has helped improve the customer's financial situation over the last two years has been the MFP government payment. Receipt of these funds has kept most operations from eroding their working capital position. As tariffs and trade talks loomed over our nation's agriculture sector, the MFP was the support needed while waiting out the daunting task of a potential trade agreement. Today, it is still being debated whether an MFP payment will be received for the 2020 crop year. As we prepared cash flow projections with our customers, we did not include a potential payment. If a payment is made, it will be a pleasant surprise to many of us.

The livestock sector is where we have seen the most weakness this winter. Without going into a lot of detail, like grain enterprises, we see rising costs in livestock enterprises as well, coupled with markets under pressure due to trade tensions and other global concerns. This situation is compounded for our cattle producers by a lack of government support in the form of an MFP payment.

I believe communication between lenders and customers continues to improve. Communication has always been

good and as margins have tightened, there has been more of a focus on the financial numbers of operation and as a result the quality of that communication has improved. This year in particular I was impressed with the detail customers used to explain what took place with their working capital position. It is evident customers are more aware of their finances and many are more active at exercising more control over the financial decisions that influence their operations.

We have a lot of uncertainty and tension taking place in our nation's capital. We have global situations such as trade negotiations, economic concerns, and viruses impacting humans and livestock. With all this taking place, we are seeing individuals looking to invest in physical assets, such as farmland and keeping the demand high. Land appears to be holding its value even with depressed grain prices and tighter margins.

Could it be our attitudes and the fundamentals about carrying debt beyond retirement is changing? Growing up it seemed the ceremonial burning of the mortgage prior to retirement was a common goal. The last few years it's not uncommon to see customers growing their balance sheets later in their careers instead of maintaining or even downsizing their farm enterprise. A number of factors appear to be contributing to this. Today's modern farming seems to allow individuals to continue in their farm business later in life. Others might not want to invest in traditional conservative assets quite yet, or tax planning strategies suggest it is more advantageous to extend debt rather than sell assets to pay it. Still others might be expanding to accommodate the next generation coming back to the farm or going into other business ventures requiring capital. Regardless of the reasons, it is a trend we are following and looking to the future with plans to accommodate.

If you haven't already, I encourage you to sit down with your UBI lender and go over questions you may have regarding your financial information and historical trends. Communicating and growing our relationship is a key to your success . . . and our success. We are always here to assist you.

On behalf of the staff at UBI, I would like to wish all of you a safe planting season. Thank you for allowing us to be your partner for all your banking needs.

Jim Friel  
V.P. Regional Branch Manager  
Carroll Office



Iowa's  
#1 Ag Bank  
15 years!

We're Committed to Agriculture!



501 2nd Street  
Ida Grove, IA 51445

PRSRT STD  
US POSTAGE  
PAID  
PRINTCO GRAPHICS



- |             |            |           |               |
|-------------|------------|-----------|---------------|
| Alta        | Cushing    | Kingsley  | Onawa         |
| Anthon      | Denison    | Kiron     | Pierson       |
| Arthur      | Dunlap     | Lake City | Pocahontas    |
| Aurelia     | Fort Dodge | Lohrville | Rockwell City |
| Boone       | Galva      | Lytton    | Rolfe         |
| Carroll     | Glidden    | Marcus    | Sac City      |
| Charter Oak | Harlan     | Moorhead  | Schleswig     |
| Churdan     | Holstein   | Moville   | Storm Lake    |
| Cleghorn    | Ida Grove  | Odebolt   |               |

[unitedbk.bank](http://unitedbk.bank)

# John Roach Ag Seminar

Ag customers, UBI lenders, and guests recently had the opportunity to listen to John Roach, well-known ag marketing analyst and founder of Roach Ag Marketing. UBI hosted Roach Marketing Seminars in Carroll, Holstein, and Rockwell City on February 12 and 13. John Roach presented information on marketing strategies, and customers were able to get their questions answered by an expert.



# the Emerald Club

THE  
EMERALD  
CLUB



**Wendy Lorenzen**

Emerald Club  
Coordinator

**Tuesday, April 28 • 7:00 pm**

**Free Movie Night**

**Holstein State Theatre, Holstein**

Come see the movie *McClintock*. A free medium drink and popcorn is included. Limited seating available. RSVP by calling the Holstein office at 712-368-4502 by April 24. This event is for Emerald Club members only.

**Saturday, October 3, 2020**

**Mystery Trip**

A Mystery Trip has been planned for you, To know where we're going, just follow the clues. We may travel east, we may travel west, Only the driver knows 'cause he pilots our quest.

Let's all participate the whole day through. The more we act, the better the clue. We all will be laughing and looking around, To see if hilarious clues can be found.

As the day goes by, we feel no harm. We visit a place that's loaded with charm. Lots to do and lots to explore, Whatever it is, it won't be a chore.

So come on and join us,  
And grab a seat.  
This Mystery Trip will be a great treat.

**Reservation deadline August 1, 2020**

**\$155/person** includes transportation, events & lunch

**Two coaches traveling to same destinations:**

**Coach #1 pick-up locations:** Holstein, Ida Grove, Arthur, Odebolt, Carroll

**Coach #2 pick-up locations:** Sac City, Rockwell City, Lake City, Glidden, Boone

REMINDER: We reserve the right to make itinerary and pick-up location changes. Members are allowed to invite guests only on certain trips or events.

**An Emerald Club member shares...**

*“ I feel safe traveling with United Bank of Iowa. My trip to Alaska involved flying and changing gates.*

*Wendy and Denise made travel easier and took good care of the 50 travelers. They would do head counts and hold up bright objects to follow. It's a satisfied feeling of worry free for us travelers.*

*I started going on trips in 2013. I have seen many amazing states and their beauty. I have never been disappointed. Wendy and Denise work hard to make sure we see the best. I enjoy laughter and the fun times with all the new friends I have met on trips.*

*Please consider an adventure with United Bank of Iowa. I look forward to meeting you. ”*

*-Sharon Schoenfeld*

**Emerald Club Travel Certificates**  
*make great gifts!*

		<b>Emerald Club Travel Certificate</b>	
To:	<u>UBI Emerald Club Member</u>	Amount	\$ <u>          </u>
From:	<u>Family Member or Friend</u>		
	<u>UBI Employee</u>	Year 2020	
	<small>Signature of United Bank of Iowa Employee</small>	<small>Date of Purchase No expiration date</small>	

**Cancellation Policy:**

Trip cost is not refundable unless a person is available to take your place, or we are able to get a refund from the supplier.

Important

# IRA Changes

*that may affect you*

Recent IRA changes offer some nice benefits. On December 20, 2019, President Trump signed into law the Further Consolidated Appropriations Act of 2020; otherwise known as the SECURE Act. Numerous law changes go into effect, in general, for tax year 2020. Here are a few of the major changes.

## **Good News – No Age Restrictions on Contributions**

Beginning January 1, 2020, as long as you have earned income compensation, you are eligible to make a Traditional IRA contribution with no age restrictions. In the past, once you reached age 70 ½, you could no longer make a contribution to a Traditional IRA.

## **Required Distribution Age Extended to 72**

Since 1975, the age for required distributions from a Traditional IRA, SEP IRA and SIMPLE IRA has been age 70 ½. Commencing for 2020, the age is now 72. Those individuals who are already subject to the required minimum distribution (RMD) rules would remain subject to the old rules and will continue to take an RMD each and every year. An RMD would apply, for 2021, for any person attaining 72 in 2021. It appears those individuals attaining age 71 in 2020, would not have any RMD for 2020.

## **New Life Expectancy Tables**

The amount of each RMD is determined by applying a formula that includes the year-end plan balance and the applicable life expectancy table. The life expectancy tables currently being used were developed in 1987 and altered in 2002. In November, 2019, the IRS proposed

that these tables be updated for use in calculating the required distributions. These new life expectancy tables will become effective January 1, 2021.

## **Rule Changes for Beneficiaries**

There are new rules applying to IRA beneficiaries. These new rules, for the most part, would only apply to an IRA owner who dies on or after January 1, 2020. These new rules are complex, so check with your tax advisor in the event that you would become a beneficiary of an IRA.

## **New Exception Offers More Benefits**

A new exception to the 10% early distribution penalty tax was added. The 10% tax is not owed for certain childbirth and adoption expenses up to \$5000. Such a distribution may be paid back into the Plan.

## **New Small Employer Automatic Enrollment Credit**

This credit is to help defray startup costs for employers opening new 401-K Plans and SIMPLE IRAs that have no more than 100 employees. This credit is in addition to the plan startup credit allowed under present law and would be available for three years. Learn more from your tax preparer.

Above are some of the more notable changes, however, there were more included in the SECURE Act. If you currently have an IRA, you have recently received detailed amendments. If you have questions, contact any UBI office. Since these changes are so new, the IRS has not yet clarified all the new rules. We will continue to acquire new information as they provide it.

Don't forget to make your 2019 Traditional IRA or Roth IRA contribution before the deadline of **April 15, 2020!**

