



SIMPLY STATED

SPRING 2021



As the weather warms and the flowers bloom, spring offers us a chance at new beginnings, new opportunities, and new hope. This spring brings even more optimism and excitement as we anticipate a return to a more normal world. The last year has challenged us all; yet, through our resiliency, we can all be encouraged by the brighter future that lies ahead. We look forward to reconnecting with you in the coming months as our community awakens and we look beyond a COVID-19 world.

Please take a few moments to read through this spring edition of *Simply Stated* and learn about a few of the great things happening throughout our organization. In this issue, we highlight various community support activities, which we believe are key in keeping our communities healthy and vibrant. Some of these activities include our small business lending through the SBA's Paycheck Protection Program (PPP), our recent food drive for Valley Outreach, and our Share the Warmth campaign which collected winter gear for those in need. We know many of you also actively support our communities every day, and for that we thank you!

Finally, I am grateful for the opportunity to lead First State Bank and Trust as I transition into my new role as President and CEO. I am excited to build on our traditions as we focus on serving our clients and community while being a resource for mortgage, trust, insurance, business banking, and personal banking needs. On behalf of our employees, thank you for your continued support and for allowing us to be your trusted financial partner.



Jason Howard
PRESIDENT / CEO

OUR NEW HUDSON LOCATION

OPENING FALL 2021 ON THE CORNER OF VINE AND CARMICHAEL



Follow us on Facebook & YouTube to see construction progress!

FIRST STATE BANK AND TRUST & PAYCHECK PROTECTION PROGRAM LOANS

While a global pandemic unfolded before our eyes, on March 27, 2020 the Coronavirus Aid, Relief and Economic Security Act was signed into law to assist businesses across the country who were forced to shut down. Part of that aid bill included the Small Business Administration (SBA) Paycheck Protection Program (PPP), which was designed to provide a direct incentive to keep employees on the payroll.

As a local community bank, we understand the vital role small businesses play in our communities and are dedicated to serving those who need our help. In a matter of days, our commercial lending team shifted its resources to understand the program and focused on guiding our existing clients through the process.

FSBT has proudly supported over 160 local business and non-profit clients through PPP and reinvested over \$18 million back into our communities. Now, more than ever, community banks are being recognized for their commitment to small businesses.

JAMIE PRETTNER // YOUTH SERVICE BUREAU, INC., FINANCE MANAGER

“Youth Service Bureau, Inc. is very happy that we chose First State Bank and Trust as our lender for our PPP loan. The PPP loan allowed us to maintain all our staff levels for the majority of the year. In addition, FSBT’s timely processing of our applications

allowed us the ability to budget accordingly. 2020 was a very challenging year, specifically regarding business management, and FSBT was extremely helpful in navigating these challenges.”

BILL TIEDEMANN, MSW // HOPE HOUSE OF ST. CROIX VALLEY, EXECUTIVE DIRECTOR

“It seemed we were approved in minutes! Quick and professional on our PPP loan, and when we requested forgiveness. We used our PPP funds to offset losses due to the cancelation of our two major fundraising events, in addition to our inability to fill an empty bed in our foster care facility. We needed the expertise and professionalism of this first-rate team at First State Bank and Trust!”

JUSTIN TERBEEST // HOP & BARREL BREWING CO., CO-FOUNDER/CEO/CFO

“We chose to work with FSBT for our PPP needs, and are extremely glad we went the local route. We found it was beyond beneficial, and even comforting, to be able to work with a local and familiar company. Even as the government seemed to change rules about the application or forgiveness weekly, our FSBT lender was aware of the changes and skillfully guided us through the process in real time. Last year was chaotic and surreal, having a local and reliable resource and partner like FSBT throughout this all has been one of the few silver linings.”

SUPPORT LOCAL BUSINESSES

2020 was a year like no other! It is so easy to support locally owned businesses. Dine in or grab some food to go, purchase a gift card, leave a review and more. Every gesture helps!



TRUST SERVICES

IS IT TIME TO THINK ABOUT TAX-FREE INCOME?

Federal and state governments have spent extraordinary sums in response to the economic toll inflicted by the COVID-19 pandemic. At some point, it is likely that governments will look for ways to increase revenue to compensate for this spending and increase income taxes as a result. That's why it might be a good time to think about ways to help reduce your taxable income. Here are three potential sources of tax-free income to consider.

ROTH IRA

Contributions to a Roth IRA are made with after-tax dollars — you don't receive a tax deduction for money you put into a Roth IRA. Not only does the Roth IRA offer tax-deferred growth, but qualified Roth distributions including earnings are not subject to income taxation. And the tax-free treatment of distributions applies to beneficiaries who may inherit your Roth IRA.

MUNICIPAL BONDS

Municipal, or tax-exempt, bonds are issued by state and local governments to supplement tax revenues and to finance projects. Interest from municipal bonds is usually exempt from federal income tax. Also, municipal bond interest from a given state generally isn't taxed by governmental bodies within that state, though state and local governments typically do tax interest on bonds issued by other states.

HEALTH SAVINGS ACCOUNTS

A health savings account (HSA) lets you set aside tax-deductible or pre-tax dollars to cover health-care and medical costs that your insurance doesn't pay. HSA funds accumulate tax-deferred, and qualified withdrawals are tax-free. While an HSA is intended to pay for current medical and related expenses, you don't necessarily have to seek reimbursement now. You can hold your HSA until retirement, then reimburse yourself for all the medical expenses you paid over the years with tax-free HSA distributions — money you can use any way you'd like. Be sure to keep receipts for medical expenses you incurred.

The Congressional Budget Office estimates that the federal budget deficit will be roughly \$3.7 trillion in fiscal year 2020 and \$2.1 trillion the following fiscal year. By comparison, the federal budget deficit for fiscal year 2019 was \$984.4 billion.

Sources: Congressional Budget Office, April 28, 2020; U.S. Department of the Treasury, May 2020

Municipal bonds are subject to the uncertainties associated with any fixed income security, including interest rate risk, credit risk, and reinvestment risk. Bonds redeemed prior to maturity may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk. Some municipal bond interest could be subject to the federal and state alternative minimum tax. Tax-exempt interest is included in determining if a portion of any Social Security benefit you receive is taxable. Because municipal bonds tend to have lower yields than other bonds, the tax benefits tend to accrue to individuals with the highest tax burdens.

HSA funds can be withdrawn free of federal income tax and penalties provided the money is spent on qualified health-care expenses. Depending upon the state, HSA contributions and earnings may or may not be subject to state taxes. You cannot establish or contribute to an HSA unless you are enrolled in a high deductible health plan (HDHP).

To qualify for the tax-free and penalty-free withdrawal of earnings, a Roth IRA must meet the five-year holding requirement and the distribution must take place after age 59½ or due to the owner's death, disability, or a first-time home purchase (up to a \$10,000 lifetime maximum).

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

COMMUNITY FOCUSED

First State Bank and Trust and Valley Agencies takes great pride in the philanthropic support, events sponsorship, staff volunteering, and board leadership for several local non-profit organizations whose mission it is to serve the needs of the St. Croix Valley. Our employees value the opportunity to contribute to the betterment and enrichment of our community creating a better community to live, work, and play. Some of the many great organizations we are proud to support:

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| ANDERSEN ELEMENTARY | HUDSON HOSPITAL FOUNDATION | ST. CROIX ECONOMIC DEVELOPMENT CORPORATION |
| ARTREACH ST. CROIX | HUDSON HOT AIR AFFAIR | ST. CROIX VALLEY FOUNDATION |
| BAYPORT PUBLIC LIBRARY FOUNDATION | HUDSON ROTARY CLUB | STILLWATER AREA HIGH SCHOOL |
| BAYPORT FIRE DEPARTMENT RELIEF ASSOCIATION | LAKEVIEW HEALTH FOUNDATION | STILLWATER KIWANIS CLUB |
| CANVAS HEALTH | MEALS FROM THE HEART | STILLWATER PUBLIC LIBRARY FOUNDATION |
| COMMUNITY THREAD | NORTH HUDSON PEPPER FESTIVAL | SUMMER TUESDAY, INC. |
| COURAGE KENNEY | THE PARTNERSHIP PLAN | TEE IT UP FOR THE TROOPS |
| DERBY FOR A CAUSE | PHIPPS CENTER FOR THE ARTS | TWO RIVERS COMMUNITY LAND TRUST |
| EVOLVE ADOPTION & FAMILY SERVICES | PONIES TOUCHDOWN CLUB | UNITED WAY OF WASHINGTON COUNTY - EAST |
| FAMILY RESOURCE CENTER - ST. CROIX VALLEY | RIVER CITY CHORALE | VALLEY OUTREACH |
| FAMILYMEANS | RIVER VALLEY RIDERS | WASHINGTON COUNTY HISTORICAL SOCIETY |
| GREATER STILLWATER CHAMBER OF COMMERCE | ROTARY CLUB OF STILLWATER | WISHES & MORE |
| HOPE HOUSE OF ST. CROIX VALLEY | SCANDIA ELEMENTARY ENRICHMENT | YOUTH ADVANTAGE |
| HUDSON AREA CHAMBER OF COMMERCE AND TOURISM BUREAU | ST. CROIX VALLEY OPERA | YOUTH SERVICE BUREAU |
| HUDSON BLUE LINE CLUB | ST. CROIX PREPARATORY ACADEMY | |

WATCH FOR POTHOLES AS YOU DRIVE

Hitting a pothole with your vehicle can be frustrating, dangerous, and costly. Here are some examples of damage that potholes can cause and tips for how to avoid them.

WHAT DAMAGE CAN POTHOLES CAUSE TO MY VEHICLE?

STEERING PROBLEMS. The jolt from hitting a pothole can knock the steering out of alignment, causing the vehicle to pull in one direction. The steering wheel may start to vibrate, and the vehicle could sway while turning, making it difficult to control the vehicle.

TIRE ISSUES. An immediate concern could be a blown-out tire. Potholes can also dent the rims, cause inconsistent wear and tear, lessen fuel economy, and weaken tires over time, which could lead to an eventual blow out.

DOWN UNDER TROUBLES. Striking a pothole can scrape the undercarriage of your vehicle, which houses hoses for fluids and the exhaust system. Bottoming out can wreck the suspension, shocks, and struts as well.

HOW CAN I AVOID POTHOLES?

Beware when driving in areas with a lot of water or precipitation, particularly during winter and spring. Snow, ice, or water may be covering a pothole.

Notice what vehicles are doing in front of you. Traffic that slows down or changes lanes quickly may be dealing with potholes.

Slow down when you encounter a pothole. If you cannot safely go around it, roll through it. Refrain from swerving, hard-braking, or speeding through it.

It can cost hundreds to thousands of dollars to repair vehicle damage caused by potholes. Your auto insurance policy may help pay for the damage. Contact your insurance agent if you are unsure about your coverage. Follow these tips to help keep you, your passengers, and others safe on the road.

We can help you determine which automobile insurance coverage is needed and what limits to buy.

CONTACT AN AGENT AT 651.439.2930 TODAY!



EMPLOYEE ANNIVERSARIES

Brian Hart // 5 years (March 2016)

Summer Langness // 5 years (June 2016)

Trista Johnson // 20 years (June 2001)

PETER CLEMENTS RETIRES FROM FSBT



In December 2020, Peter Clements retired as CEO after a career spanning over forty years with First State Bank and Trust. He remains an active member in the St. Croix Valley communities and is Chairman of the Board at First State Bank and Trust. We wish him all the best in his retirement! Congratulations Peter!

2021 VALLEY OUTREACH FOOD DRIVE

In our seventh year of participating in Minnesota FoodShare's March Food Campaign, First State Bank and Trust and Valley Agencies teamed up with Lake Elmo Bank to collect food and monetary donations for Valley Outreach.

With your help, FSBT and Valley Agencies collected close to 650 pounds of food and raised over \$21,000 to donate to Valley Outreach.

Thank you to everyone who helped make such a difference in our community.



SHARE THE WARMTH RESULTS

Additionally, our 2020 Share the Warmth campaign was a success as we were able to collect over 200 winter items and donate to Valley Outreach (Stillwater, MN) and Salvation Army Grace Place (New Richmond, WI).



FIRST STATE BANK AND TRUST

950 HWY 95 NORTH
BAYPORT, MN 55003

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