

■ The ■ Home ■ Agency



Spring Sales Closing-March 15th
Live Healthy America
Weather Derivatives & eWeatherRisk
NATIONAL COMMONGROUND PROGRAM



President's Thoughts

FROM THE DESK OF JIM BALDONDO

Time will tell as to what is going to happen to these prices, but for now we will take them. It seems like every week there is always something happening to corn, soybeans or wheat somewhere in the world to drive prices up some more.

Below you will see what the prices were showing on the Chicago Board of Trade and also the Kansas City Board of Trade for January 19, 2011.

Jan 3, 2011	Corn-CBOT	Soybeans-CBOT	Wheat-KCBOT
2011	5.68	13.36	8.96
2012	5.23	12.05	8.69
2013	5.21	11.97	

As you all know, we keep track of the CBOT and KCBOT dating back to 1998 and all prices through 2013 are in the top 8% of the market dating back to 1998.

I really think in today's environment we need to look at locking in profits when we can. In some cases a producer could contract three years out, and that is something we should be looking at now. I was told once that you want to pay taxes and it's hard to go broke making money. At these prices you will probably be looking at paying taxes, because you should be making money.

Weather Derivatives

Something new to The Home Agency is weather derivatives. You will read more about this on pages 20-21, but I feel this is something we are going to need to pay attention to in the near future. We plan on having a number of meetings this spring on weather derivatives, some of which will be at our spring dinner/luncheon meetings.

Take a couple minutes to read the article and if you have any questions please give us a call. We can get you a quote on just

about any weather related event, from drought to excess rain, to heat at pollinating time. Tell us your concerns, the time frame you want the coverage, the dollar amount of coverage you want and then we can get you a quote.

Production Hail

By the time you read this article, some of you will have attended our Spring Appreciation Dinners in your area and will have a heads up on what you are about to read.

Production Hail was a big winner this past season as there was enough hail in most areas to make Production Hail really pay off well. Just ask the guys north of Gothenburg how Production Hail pays out. If you had a 200 bushel APH and bought the Production Hail 120 plan, you were insuring up to 240 bushels. If you had a 15% loss and raised 204 bushels you were then short 36 bushel. Take those 36 bushels times the base price, which was \$3.99 last year, and you would have a \$143.64 claim. If you had a 38% loss and harvested 150 bushels you could have collected up to \$359.10.

SOME SAY CROP INSURANCE DOESN'T PAY...
 In 2010 The Home Agency paid in excess of \$12.5 million in Multi-Peril and Hail claims. \$8 million was paid in the Gothenburg, NE area alone!

Why Do People Buy From The Home Agency

Do you recall the first time you talked to someone from The Home Agency? For some producers it was as far back as 1986. Can you believe that? I recall the ones I talked to way back then and many of you are still with us. Some of those producers, I'm sorry to say, have passed away. That was a long time ago.

Why did you come to The Home Agency? I didn't know much about crop insurance back then. Deb Arends was here from the beginning and that was a great thing. What did you see here and why, twenty-five years later, are you still here? Looking back, this is what I foresaw and hopefully you did as well. We were an agency that wanted to be something someday, with agents that wanted to lead by example and strive to be the leader in the crop insurance industry. Well, after twenty-five years we are still doing that and I want to say **thank you** to all of you, as you know we could not do this without you!

Do you remember the insurance products MVP or VIP introduced in the early 90's? You all bought these, and just think in 1996 CRC came to the table and you were the first to buy that product as well. How about CRC Plus? That was the best product ever; it's too bad it is no longer here. The same goes for the company that founded it. I remember seven years ago we were not the leader in mapping, but we sure took that to a whole new level. Livestock Risk Protection (LRP) came into the picture about six years ago, and with the help of KRVN radio, we are one of the largest writers of LRP in the nation. Speaking of KRVN, we could not have done this without Dewey Nelson and the rest of the staff at KRVN, and I say thank you very much to them.

Operating Cost w/o Insurance	663
APH	200
Base Price	\$5.75

State	Nebraska
County	Gosper
Crop	Irrigated Corn

MARKETS GO DOWN

Level of Coverage	85	80	75	70	65
Bushels Raised	176	176	176	176	176
Harvest Price	4.55	4.55	4.55	4.55	4.55

NO MARKETING

		Basis		-0.55	
Insurance Payment	176.70	119.20	61.70	4.20	0.00
Insurance Cost	84.63	56.76	38.37	26.58	19.40
Net Cost	747.63	719.76	701.37	689.58	682.40
Net Income	158.07	128.44	89.33	43.62	46.60
% Return on Investment	21.14	17.84	12.74	6.33	6.83

MARKETING***

Insurance Payment	176.70	119.20	61.70	4.20	0.00
Insurance Cost	84.63	56.76	38.37	26.58	19.40
Net Cost	747.63	719.76	701.37	689.58	682.40
Net Income	328.07	288.44	239.33	183.62	176.6
% Return on Investment	43.88	40.07	34.12	26.63	25.88

***Marketing Involved ~ Sold Guaranteed Bushel \$ 5.55 less basis -0.55

MARKETS GO UP

Level Of Coverage	85	80	75	70	65
Bushels Raised	176	176	176	176	176
Harvest Price	6.95	6.95	6.95	6.95	6.95

NO MARKETING

		Basis		-0.55	
Insurance Payment	0.00	0.00	0.00	0.00	0.00
Insurance Cost	84.63	56.76	38.37	26.58	19.40
Net Cost	747.63	719.76	701.37	689.58	682.40
Net Income	403.77	431.64	450.03	461.82	469
% Return on Investment	54.01	59.97	64.16	66.97	68.73

MARKETING***

Insurance Payment	0.00	0.00	0.00	0.00	0.00
Insurance Cost	84.63	56.76	38.37	26.58	19.40
Net Cost	747.63	719.76	701.37	689.58	682.40
Net Income	165.77	207.64	240.03	265.82	287
% Return on Investment	22.17	28.85	34.22	38.55	42.06

***Marketing Involved ~ Sold Guaranteed Bushel \$ 5.55 less basis -0.55

The last few years you have been purchasing Production Hail, a great product, but priced way too cheap. In the future the premiums for this product will probably have to go up, or the product may have to go away. Now, beginning with the 2011 crop year, we have the Combo policy, which for the most part is nothing more than combining the CRC and RA products.

We have always talked about marketing and how to use your crop insurance to market your crops with very little risk. We are now building a program to assist you in doing just that. Take a look at the chart above and ask yourself, "Is a 40% return good enough?" If you don't know the answer, ask your spouse. And, by the way, no one else has anything like this! It will only be available for The Home Agency customers and at no charge to them.

At the present time The Home Agency has a lot going on and for the next 45 days through March 15th we will all be running around the country doing renewals for our current customers and also visiting with many new ones. Our current customers know we are different here at The Home Agency, and that is why most of you are here, because we have a number of things to offer that most agencies do not.

The picture at the beginning of the article is of my grandson Hudson and me at the top of Keystone Mountain. We took him out to Colorado and he loved it. I still snow ski as often as I can – even at the age of 53.

Oh yeah...Duke and Tank are good. Tank is still a pain in Duke's butt, but he is also good for him as well! Duke turned

eleven this January and Tank will be two this July.

Times change and we change with them. But some things stay the same. We still are, and will continue to be, the leader in the crop insurance industry! ■



OUR MISSION

We firmly believe that our Company is a powerful vehicle through which we channel our time, talent and energy in pursuit of the fundamental goal of serving God by serving others. Through our collective action, we greatly magnify the impact of our individual efforts to:

- Provide extraordinary service to our customers
- Help improve each other
- Support our communities
- Increase the value of our Company

The Andersons

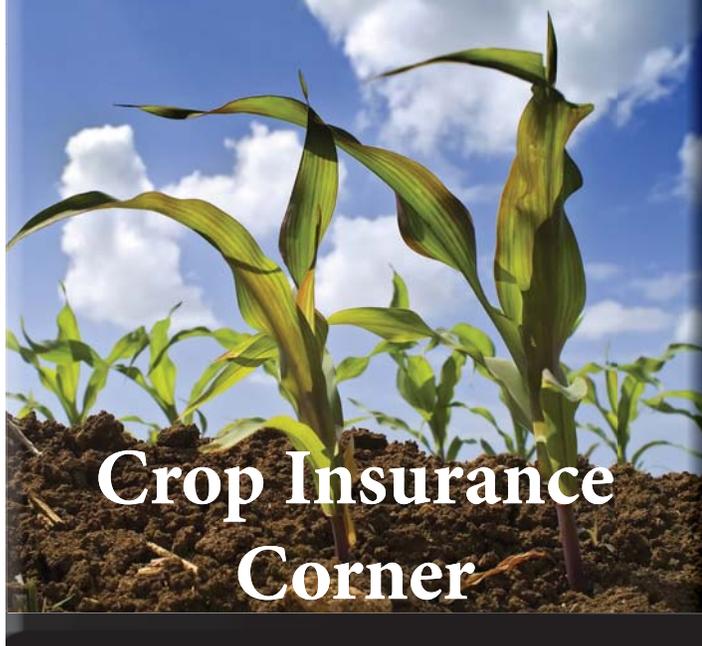
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www.andersonsgrain.com

We believe that success in farming is not assured because you have an ethanol plant or processor to sell to. You are successful in farming because you manage your risks, you are disciplined about all aspects of your business and you do business with trustworthy partners.



Crop Insurance Corner

CROP INSURANCE UPDATE

By Cindy Davis

We hope you all had a very blessed holiday season and the New Year is treating you well. While I'm writing this article in late December, I don't recall a time in recent years in which we haven't had measurable snowfall before January, but as of today, at least in south-central Nebraska, very little precipitation has fallen. Hopefully 2011 brings much needed moisture for the 2011 wheat crop currently in the ground and will restore moisture to fields as producers begin preparations for the row crop season.

Sales Closing Deadline – Row Crops

Speaking of the row crop season, it will be here before we know it! The Sales Closing Deadline for the spring planted crops is **March 15, 2011**. Be sure to meet with your agent before this date to review your policy for the upcoming crop year. All changes must be made to your policy before this date. This includes plan changes, level changes, price elections, entity type changes (individual, spousal, corporation, LLC, trusts, etc...). New applications and cancellations must be signed by this date as well. Be sure you have a policy for every county in which you intend to insure row crop acres. Each county must have a separate policy. If you've picked up additional ground or will cash-rent new ground or will be sharing new ground...make sure you have a policy for that county!

Another thing to keep in mind while reviewing your policy is tax id numbers (TIN). Companies are now validating each TIN on your policy, including the tax id number for the primary insured (SSN or EIN) as well as the tax id's for all SBI's (Substantial Business Interest) on your policy. Anyone with more than a ten percent interest in the policy must be listed in the SBI section of your policy with their address and TIN included. If a company finds a TIN does not match or is invalid, your agent may need

further documentation to verify these numbers.

We do see a couple policies each year in which a tenant chooses to insure the landlords share or vice versa. This is an option on your policy; however, the option must be chosen by the Sales Closing Deadline. If the tenant is the primary insured on the policy, he/she must include the landlord in the SBI along with the landlord's address and TIN, and the landlord is not allowed to have an active MPCCI policy for that crop year. The tenant will be responsible for the entire premium. If the landlord is the primary insured, he/she must include the tenant's address and TIN in the SBI also, and the tenant would not be allowed to have an active MPCCI policy for that crop year as well. The landlord would be responsible for the entire premium. A landlord is not allowed to insure for another landlord.

We talked about new policies, or additional counties, earlier in this article. If you are insuring ground for the first time, either on a new policy or on your existing policy and have prior production to add to your policy, that production needs to be submitted prior to 45 days past the sales closing deadline. So, for spring planted crops new production needs to be submitted by April 29th. Don't wait until acreage reporting time to turn in prior production to your agent, as it may not be allowed to be used for the current year.

Combo Policy – 2011 Row Crops

The 2011 wheat crop was the first to see the new Combo Policy and as of the Sales Closing Deadline of **March 15, 2011** we will say farewell to CRC and RA plans of insurance as the row crops will also convert to the new policy. The wheat conversion went well and I think it is safe to say the row crops will as well. In the last issue of the magazine I explained the changes as far as the plans of insurance now available and will summarize those again below.

Revenue Protection/Yield Protecion	Projected Price Tracking Dates
Corn	Feb 1-Feb 28 Dec Corn-CBOT
Grain Sorghum (Multiplied by price percentage relationship between corn and grain sorghum, as determined by RMA)	Feb 1-Feb 28 Dec Corn-CBOT
Soybeans	Feb 1-Feb 28 Nov Soybeans-CBOT

The biggest change most of you will notice is in the revenue plans. If you elected CRC or RA in the past, both of those plans will convert to the **Revenue Protection** plan (**RP**). With **Revenue Protection**, 100% of the projected price must be used. The guarantee is determined by multiplying your production guarantee by the greater of the projected price or harvest price. The projected price is used to determine premium, replant payments and PP payments; the harvest price is used to value production to count. If you elected **APH** coverage in the past, that plan will still be available, but only for crops in which revenue protection is not available. Oats, popcorn and dry beans are examples of those crops. If you elected APH coverage in the past on crops where

revenue protection is available, then most likely your coverage will roll to the new plan called **Yield Protection (YP)**, unless you choose to change plans and go with revenue protection. With the **Yield Protection** plan a producer may elect a percentage of the projected price, and the guarantee is determined by multiplying the production guarantee by the projected price only. The projected price is used to determine premium, replant payments, PP payments and to value production to count. The harvest price is **not** used with the Yield Protection plan. These are the major changes for insurance plans within the new Combo policy. If you have any questions on these make sure to ask your agent prior to Sales Closing Deadline.

Once again, remember Sales Closing Deadline for Row Crops is March 15, 2011. Get in to visit with your agent prior to that date to review your coverage. The chart shows when the projected price for Corn, Grain Sorghum and Soybeans will be tracking. Normally, the price is released no later than three business days following the end of the projected price discovery period.

2011 Wheat Reminders

For fall planted wheat in certain areas, in accordance with section 6 of the Small Grains Crop Provisions, a reduced premium rate is provided for acreage intentionally destroyed before harvest by grazing or other means. To qualify for the reduced premium rate you must notify your agent no later than the date set in the special provisions for your state/county. In prior years, that date has been **March 15th** and the premium reduction is 65% (the producer would pay 35% of original premium for short-rated acres). Check with your agent for the date and reduction for your state and county.



A revised acreage report is required in order to short rate acres and needs to be signed and submitted to your agent prior to that date found in the special provisions. Once the revised acreage report is accepted, insurance terminates on the short rated ground and the acres are no longer eligible for an indemnity payment. Short rated acres cannot be reinstated, and prevented planting coverage is not available on acreage that is short rated and subsequently planted to a second crop.

If you find you may be in a wheat loss situation, or are planning to destroy the wheat crop to go to a second planted crop, make sure you **always** check with your agent, especially before you destroy a crop. Except in short rating situations (in this case coverage ceases and no indemnity is paid), an appraisal will be

needed before the crop can be destroyed. Once the wheat crop was planted, it became the first crop for 2011. There are many different scenarios you can be in once you have the wheat planted and have a claim or want to destroy the acres. This will depend on several different factors: is the wheat already to the headed stage; will a second crop be planted; is insurance available for the second crop, and if it is, do you want to insure the second crop; if there is a share party involved – which decision did they make for the second crop. If you didn't get your wheat planted as hoped and elected prevented planting on the wheat, a whole new set of rules comes into play. As you can see, there could be many different situations and outcomes so contact your agent to go over all your options as soon as you discover a loss, and in all situations.....**before** destruction of the crop. ■

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 There you will find up-to-the-minute information about:

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- Stock Markets
- Local Forecast and Radar
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You can also request a quote, find the THA office nearest you and check out all the product lines that The Home Agency has to offer you!

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Working in your fields

FROM COAST TO COAST

Operating for more than 80 years, ProAg is a pioneer in the crop insurance industry. Today, we continue to fine-tune our risk management tools in response to the ever-changing needs of the American farmer. With highly experienced teams in five regions, our agents live and work alongside the producers we insure – giving us a unique perspective on local conditions, markets and farming practices. Our local presence and our adaptability to evolving technology make us an ideal risk management partner, today and into the future. Connect with us at www.ProAg.com.

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rently, we are writing coverage at \$123.99 on 8-9 weight steers (which converts to \$136.39 for 599# steers) with expiration dates from summer to early fall. These prices are higher than the coverage prices we wrote last summer, which at that time were at record highs. We will be watching these prices closely to see if they hold into spring. Since we are starting out higher than we have in recent years, we are currently writing LRP coverage as producers' calves start hitting the ground and on the cattle being backgrounded into this summer.

One of the things I need to touch on is the 2010 coverage prices and resulting payments for expiring endorsements. Some producers got small payments, some received their premiums back and others didn't collect any LRP loss payment on their cattle. As a result of the cattle prices moving up, the cash prices either didn't exceed or only slightly exceeded the coverage prices which resulted in little or no loss being paid to the producer. With that being said, since the cash price exceeded the coverage prices in many situations, this should have resulted in a high cash price being paid to the producer.

As we go into a new year, one thing we have been hearing about for the last couple of years now is the cow numbers are in short supply and how and when will this affect our market prices. From the reports I have read, the exports are currently good and the number of replacements are down. If you look back at my previous article, 2010 is going to be the third consecutive year of global beef declines. Looking ahead with the current prices we have now, I feel 2011 has a great opportunity for the cow/calf producer to be profitable, and I hope these prices continue. In 2011, I hope we write coverage at these current or higher levels and have the same result we had last year, a rise in the cash market with little or no losses paid out for LRP. Comparing this

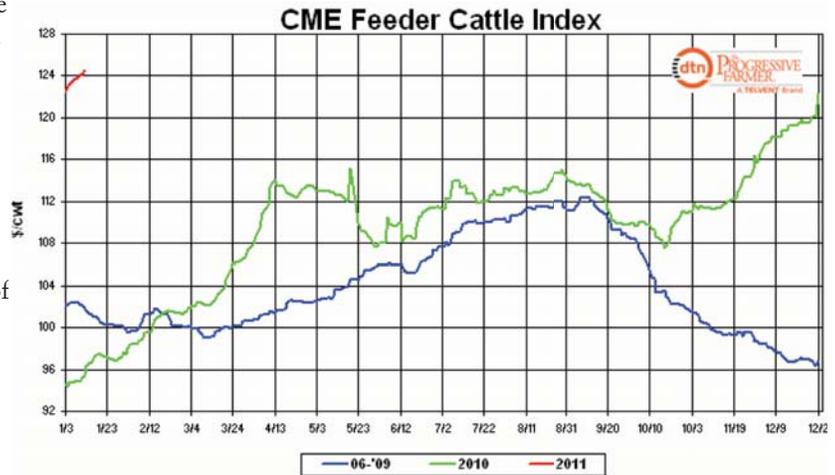
2011—THE YEAR OF UNCHARTERED WATERS

By Arlyn Rieker

As I reflect on the 2010 cattle market, I compare it to an amusement park ride I rode with my daughter in Denver a few summers ago. It was what McKenna and I called the "bungee ball". You approached it just like any other ride by standing in line. There were very few people in line and we had to pay \$20 per person to go on it. These should have been our first warning signs as to what to expect. Secondly, the person who got off before we rode didn't spill their pop in their lap, but I will say it was very wet from the excitement of the ride. Well off we went, got strapped in and went for the ride of our lives. We were kind of nervous at the start, but would do it all over again if we had the chance. Both of us came off smiling, laughing and we were ready to go back again. Through the short cycle of this ride, we went to our highest point directly off the start and rode the ups and downs until finally settling in to a high that we had quite a time getting to, didn't know how long it would last, but enjoyed the outcome. And at the end, we had to come back to the location where we started the ride.

When I compare the cattle market over the past couple of years, I think the cattle producers have been on the same "bungee ball" ride. Coming off of some of the largest payouts on LRP in 2008 (\$144.78/599# steer), to the 2009 year settling back down to what producers considered normal prices with LRP paying out mid-range payouts per head (\$62.87/599# steer).

As you look at the 2010 indexes on the chart we had an early spike in the market in what seemed like an early attempt at the highs. Then we saw a retreat in the prices until early in October. Since then we have seen a constant rise in market prices. Throughout this time, we were watching the coverage prices and premiums and were writing coverage with expirations for the fall of 2010 and the spring of 2011. Some of these coverage prices range from \$118.80 to \$128.65 for the light weight steers. Cur-



Recent CME Feeder Index numbers can be found in your Livestock segment under DTN Stats at a Glance

to the "bungee ball", I hope we go through some normal ups and downs in the market, but end on a high. If anyone is interested in having an informational meeting, please call and we can get together.

I look forward to visiting with all of you and putting a price floor on your livestock to protect your investment. ■

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(Indiana, Iowa, Kentucky, Nebraska and South Dakota) and the goal is to share what it's like on a family farm; how livestock and crops are raised to feed the world.

This effort is backed by the United Soybean Board (USB), the National Corn Growers Association (NCGA) and farmers. They were all looking for ways to reach consumers with real information about agriculture. So they teamed up with state corn and soybean associations and the Spokeswomen of CommonGround to showcase the commonalities between the life and experiences of real farm families and the consumers who benefit from all that farms grow—to show that there is, in fact, CommonGround.

American Family Farms

According to American Farm Bureau, 98% of American farms are run by farm families. Today's American farmer feeds 155 people worldwide, which is up from 25.8 people in 1960, according to farmersfeedus.org. Thanks to modern American farmers, U.S. families enjoy the safest, most affordable and abundant food supply in the world! In order to do this farmers are producing more food on less land because of technology and seed advancements that have developed over the years. Modern farming is good—it is the reason food is so affordable.

Farming is our livelihood and our legacy. It is a lifestyle that is a safe and nourishing environment to raise our children in and to teach them family values. My husband is the 6th generation to farm our family's farm, which makes our son the 7th generation to grow up on our farm in Southwest Iowa. We raise cattle and



grown corn and soybeans. We are doing our part to raise and grow safe and healthy products we can be proud of. Producing an abundant crop and healthy cattle is very important to us and we take pride in what we do. Farm life is a 24/7 job and it's not always fun or easy, but it's so rewarding to see those baby calves being born in the spring and the crops growing tall in the summer.

The Next Steps for CommonGround

Our role as Spokeswomen is to get in front of as many urban consumers as possible and tell them about our family farms and farming experiences. We want them to put a face with the food they put on their tables every day. We will be attending local and national events, speaking engagements, media tours and farm visits. One of the first events to be held by CommonGround is by

AG WOMEN INFORMING URBAN CONSUMERS

By Sara Ross

After work you stop by your local grocery store to pick up a few things for dinner. As you are walking down the frozen food aisle, you look down at your grocery list:

- Milk....check.
- Chicken....check.
- Bread....check.
- Tomatoes....check.
- Steaks....check.
- Cheese....check.

Have you ever thought to yourself, “I wonder where all this food came from? Is it safe? How was it raised?” If you have, then you are thinking like a growing number of consumers these days.

There is so much information out there that reaches consumers, but it's not always the “whole” story and farmers are concerned about that. With more Americans growing up in urban and suburban areas, miles from farm life, there is an increasing disconnect between consumers and the people who grow their food. In 1950, 75% of the world's population was rural. In 2050, 75% of the world's population is expected to be urban. Because of this, there are many misconceptions about farming and the food we eat.

This is where CommonGround steps in. CommonGround is a national, grassroots program aimed at increasing consumer trust in modern agriculture by connecting farm families with urban



commonground™

consumers. There are currently sixteen Spokeswomen in five states

the Iowa Spokeswomen. They will be holding an in-store promotion at HyVee West Lakes in Des Moines, IA on February 5th.

We will also be attending the Commodity Classic in Tampa, FL the beginning of March to launch our national campaign. If any of you are there, please stop by our booth and attend our informational session to learn more!

Social Media

“A lie can travel half way around the world while the truth is putting on its shoes.” This is a quote from Mark Twain. If he only knew how fast word travels today with the use of cell phones, email and the internet!

The CommonGround Spokeswomen are using social media to get the true story out about today’s farming and the people behind it. Many of us use Facebook, Twitter (follow me @sarashousehd), YouTube and some even have their own blogs. A few of the blogs you might be interested in reading are:

- www.galinthemiddle.blogspot.com
- www.3kidsandpigs.blogspot.com
- www.agonthe4front.blogspot.com
- www.meyerdairy.wordpress.com,
- www.sarashousehd.blogspot.com

A few other farm related blogs that are definitely worth checking out are www.webelfamilyfarm.blogspot.com and www.thepioneerwoman.com!

CommonGround also has its own Facebook page (search for CommonGround), Twitter account (follow @CommonGround-Now) and webpage www.findourcommonground.com.

Fun Farm Facts

The beginning of January all of the Spokeswomen came together and met each other for the first time. We all had a chance to tell our own personal farm stories. Let me tell you, there are A LOT of things I learned that week from those ladies. Each one of us has our own unique story and it was fun sharing it with everyone. We came away from that trip with a renewed sense of who we are and how important American farmers are to not only this country, but to the world. We look forward to the future and all the people we will meet and tell our stories too. If you have any questions or want a Spokeswoman to speak at an event, please contact me at sarashousehd@gmail.com. With that, I’m going to leave you with a few fun farm facts from www.farmersfeedus.org:

- Mature turkeys have more than 3,500 feathers.
- There are 47 different breeds of sheep in the U.S.
- Pork is the most widely eaten meat in the world.
- The average person consumes 584 pounds of dairy products a year.
- 160 degrees Fahrenheit is the correct cooking temperature to ensure safe and savory ground beef.
- Elevators in the Statue of Liberty use a soybean-based hydraulic fluid.

- Like snowflakes, no two cows have exactly the same pattern of spots.
- The longest recorded flight of a chicken is 13 seconds.
- Twenty-nine cuts of beef meet government guidelines for lean.
- The average dairy cow produces seven gallons of milk a day, 2,100 pounds of milk a month, and 46,000 glasses of milk a year.
- Turkeys originated in North and Central America, and evidence indicates they have been around for more than 10 million years.
- Agriculture employs more than 24 million American workers (17% of the total U.S. work force).
- Today’s American farmer feeds about 155 people worldwide. In 1960, that number was 25.8.
- Raising beef cattle is the single largest segment of American agriculture.
- One pound of wool can make 10 miles of yarn. There are 150 yards (450 feet) of wool yarn in a baseball.
- Soybeans are an important ingredient for the production of crayons. In fact, one acre of soybeans can produce 82,368 crayons.
- The heaviest turkey ever raised weighed 86 pounds, about the size of an average third-grader.
- Cows have four stomachs and can detect smells up to six miles away!
- Cows are herbivores, so they only have teeth on the bottom jaw.
- There are 350 squirts in a gallon of milk.
- Cows must give birth to a calf in order to produce milk. ■

Sources: CommonGround Material, farmersfeedus.org, American Farm Bureau, suite101.com.



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Wood Burning Fireplaces

TAKING CARE OF YOUR CHIMNEY AND FIREPLACE
By Diane O'Donnell & Janet Haas

If you own a fireplace, it is important to think about getting your chimney cleaned. Ideally, the time to have your fireplace and chimney cleaned and inspected is in the spring when chimney sweeps are not as busy. However, if you haven't already done so, don't wait until the thaw.

The best thing you can do to maintain your wood burning fireplace is have it regularly cleaned by a professional. Cleaning once a year is the minimum interval, with more frequent visits from the sweep being needed if you use your fireplace nightly or otherwise burn a lot of wood during the season. A trained professional can notice problems you might miss, problems that could lead to a chimney fire or toxic fumes or smoke spewing into your living area.

An Ounce of Prevention

The best way to prevent a chimney fire is by not creating a lot of creosote. Creosote is the flammable, tar-like substance that sticks to the inside of your chimney. A bit of paper wafting up or a hot



spark can catch this creosote on fire.

So what creates creosote and how do you avoid it? Well, creosote is the result of wood that doesn't burn hot enough. Ideally, the wood will burn at such a high temperature that the components of creosote will go straight up

the chimney as a gas rather than condensing on the inner walls as a sticky solid. But if you burn new "green" wood, there is too much water content in the wood to get a hot fire going. Only burn seasoned wood. Also, don't close the glass doors to the fireplace too quickly. Let the fire get good and roaring by ensuring it has plenty of air. Some creosote buildup is unavoidable.

Another thing you can do is ensure that flames don't go up the chimney to reach it. Building smaller fires is a good idea. And if you use newspaper kindling, make sure the newspaper is balled up tightly.

You can inspect your chimney by shining a flashlight up from the bottom or down from the top. If you see shiny, tar-like deposits, that's creosote. The duller black deposits are soot, which is also flammable. If the soot gets more than 1/8 inch deep, call the chimney sweep. Check the outside of the chimney also, paying particular attention to the mortar to make sure there are no cracks.

You should also have a chimney cap. This prevents birds from building nests in it during summer months or leaves from collecting in it during the fall. Without a chimney cap, rain can go down your chimney any time which is also a problem, moisture creates rust and moisture seeps into the brick encouraging cracks.



Check the venting and damper system to make sure everything fits tightly. If anything is loose, you should have a professional repair it. If it is loose it will be a big drain on your heating bill because the air in your house will escape up the chimney.

It's easy to clean a wood burning fireplace. Just remember not to use chemicals or abrasive cleaners. A soft, damp cloth will work great for most surfaces. A little window cleaner on the glass should polish it up just fine.

Fireplace Regulations and Insurance

Always check with your local code officials for the process and fees required to obtain permits, if any. Generally, you will have to provide your name, address and measurements and details of your fireplace and chimney. You will need to indicate the location of the fireplace in your home, which is best shown on a plan drawing.

As for your insurance, confirm with your insurance agent that your company provides coverage for fireplaces, inserts or wood stoves. Check on requirements for placement, in addition to whether the company requires professional installation for damage coverage or to validate manufacturer's warranty.

The chimney must be a non-combustible material such as ma-

sorry or stainless steel (class A) insulated chimney. The chimney must reach a minimum of 3 feet above the roof and 2 feet higher than all other roof elements within a 10 foot radius. But, as always, check with your local regulations and codes.

You must also use non-combustible materials for the flooring below the fireplace. Use materials such as concrete, brick, marble, tile or slate. Typically, you are required to place this flooring 10 inches beyond the sides and 16 inches in front of the fireplace. If the wall is combustible and unprotected, do not install the fireplace closer than 36 inches to an adjacent wall. A rule of

thumb is that the walls should never feel uncomfortably warm. If you find they do, or if you wish to place the fireplace closer to the wall, add a non-combustible wall protector. Check with your local building codes and insurance company to know which wall protection materials are approved.

Please call The Home Agency with any concerns or questions you may have on this subject. We will be glad to help! ■

Information obtained from www.fireplacesmagazine.com and www.ehow.com.

New Agent in Southeast Nebraska

Hello! My name is John P. Nunez. My insurance journey began with Iowa Farm Bureau in 2005. I was a career agent in the Southwest Iowa region. I specialized in crop, health, property and casualty insurance. This led me to Financial Brokerage, Inc., where I spent the last two and a half years marketing, recruiting and supporting 1000+ agents across the country in



their cross-selling efforts for LTCi, DI, Life, and hybrid Annuity products. I am excited to be joining The Home Agency team.

I am supported by my loving family. My wife of 16 years, Carrie, and my four children (Luke - 11, Lydia - 8, Lila - 5, Liana - 2) are looking forward to the opportunities ahead. We moved to Elmwood, NE, a

little over one year ago. We are continuing to be more involved in the Elmwood community and truly enjoy the smaller community atmosphere. We hope to build the same type of relationships we built while in Glenwood, IA for 5 years. I am positive we will!

I am extremely honored to volunteer for Camp Quality Heartland. This association is a camp and yearlong support system for children with cancer and their families. Most of the children are from Nebraska and Southwest Iowa. I have been a companion for many years. I truly believe that these children inspire me to greater heights.

As a fully licensed agent (Crop, Property & Casualty, Life and Health, and Variable products), I look forward to earning my clients' business. I have found the best success is earned when helping others meet their needs. This can only be accomplished by building strong relationships. Please do not hesitate to contact me for any of your insurance questions and needs. My phone numbers are 402-217-6128 and 308-746-6450. ■



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All registered companies are eligible to receive awards for having 25%, 50% or 100% of their employees participate in the Challenge. Companies with more than 1,000 employees are also eligible for a 10% participation award. Any company can earn a special award when 90% of its enrolled employees record their physical activity minutes or weight loss at least monthly during the 100-day challenge.

In the past years, the Live Healthy Nebraska 100-Day Challenge has been a success. In 2010, Nebraskans lost 17,498 pounds and had an amazing 192,865 activity hours recorded. More than 50 companies had multiple teams, and more than 4,500 individuals on 742 teams used the daily tips and logging system.

My first question about this wellness challenge was does it really work? According to Live Healthy Nebraska, they survey every participant six months after the 100-Day Challenge ends and come to find out more than 70% of the participants (over the past nine years) report maintaining their weight loss and/or activity levels at the six-month mark!

So will this be a success for The Home Agency employees? Check out the next article to see how we are progressing and to see who is winning in the weight loss and activity minutes competition. ■

For more information about what Live Healthy Nebraska has to offer, please check out www.livehealthynebraska.org.

LIVE HEALTHY NEBRASKA
By Morgan Baldonado

“Live Healthy America is a non-profit program that is funded by the Iowa Sports Foundation and the Richard O. Jacobson Foundation. Their goal is to increase awareness of obesity, overweight, and associated conditions and to provide the tools, resources, and technology to assist individuals, organizations, and corporations in creating a culture of wellness. Live Healthy America is a nationwide, Web based, and teamwork driven program that will motivate and teach individuals and organizations how to make positive and lasting changes to achieve a healthy lifestyle through increased physical activity, improved diet and weight loss over the course of 100 days,” according to www.livehealthynebraska.org.

To kick off the year, The Home Agency is proud to be competing in the Live Healthy Nebraska Challenge. This challenge is a 100-day wellness challenge from January 20, 2011 to April 29, 2011. We will be competing in both the activity minutes and weight loss competition.

The Home Agency has three teams competing this year for a total of 22 participants. Team 1: The Hyper Herbies. Team 2: The Hearty Agents. Team 3: The Happy Agents. Each participant will receive weekly tips which will help motivate and educate them to increase physical activity and improve nutrition. Each team will be competing against the other 2 teams within The Home Agency and also with all other participants in the state of Nebraska and nationwide. The Home Agency is known for their competitiveness within Nebraska. How far will they succeed in this 100-day challenge? My bet is that they will go far in the competition!

Over the 100-day challenge, the Live Healthy system calculates team averages and maintains a leaderboard which can be sorted by company, state or nation to motivate teams as they have a friendly competition.



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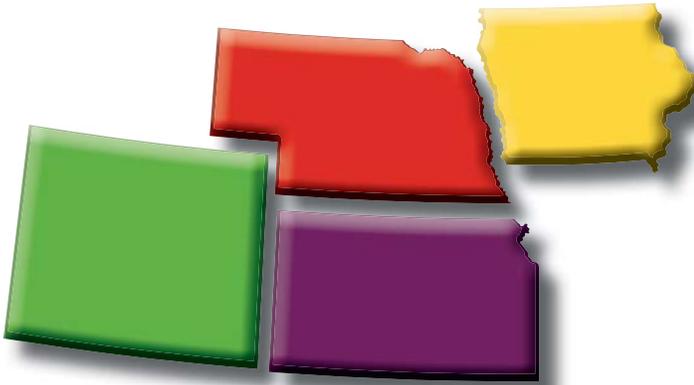
Jim Daldonado



Keriu Ross



Melissa Harris



Regional Office News

STRATTON, CO

By Penni Fox

Happy New Year to Everyone! Our part of the world is asking Santa for much needed moisture this holiday season. I am not complaining about having 60 degree weather in December, but it's dusty and extremely dry. Eastern Colorado needs a big drink before long.

We had our LRP meeting in October but with it being during corn harvest, we knew the attendance would be minimal. It's one of my personal goals to get cattleman to take a look at this insurance and understand what an excellent product it is.

One new thing I am working on is getting the new Agri Range Plus information out to farm customers. There are two options which increase prior coverage as well as add some additional items. Plus Option 1 increases and adds farm coverages for an annual premium of \$150 and Plus Option 2 increases and adds coverages related to dwellings on the farm policy for an annual premium of \$50.

With customer appreciation dinners around the corner, we hope that all will come join us for Sharri's fantastic food and Jim's updates for the upcoming year. ■

MCCLELLAND, IA

By Kevin Ross

Regional news from Southwest Iowa! So far this winter has been a complete 180 degree difference from the last. Harvest got done in speedy fashion and a lot of fall field work was done also. The commodity prices have been great, though with high sales prices we seem to gain high input prices also. Hopefully the basis will narrow in the area and farmers can lock it in on some of their open sales.

The spring crop insurance sales season is starting and optimism at our office has never been higher. Sara passed her Property and Casualty test and we are looking forward to being able to offer those new services out of our McClelland office as well. We hope you have all had a wonderful holiday season and we are anxious to serve your insurance needs, helping your operation prosper in 2011! ■

BELOIT, KS

By Enos Grauerholz

Premium value in your crop policy

To start or continue a business, one must have a plan to achieve a return on investment. I doubt we could borrow capital to start a venture in town without a business plan. Farmers need to take a similar approach to agribusiness. Being an independent operator brings big responsibility. Many factors that influence our profit are out of our control. Crop insurance can be a major tool to protect our return on investment (ROI).

I believe no other industry has a tool so powerful. I would assume Detroit automakers would enjoy knowing large shares of their sales were guaranteed. Revenue plans can insure 85% of your income for each crop enterprise. The revenue options are set before you have to invest in inputs. In the event of price increase, the coverage has a chance to increase. Revenue cannot decline on most options. The premium will not increase and is due near harvest.

Take action to protect ROI. Revenue policies give you freedom to forward price grain. Historically profitable prices are here today. Take action to protect some prices before the opportunity is gone. Taking no action to protect ROI is sheer speculation. The policy backs you up if and when uncontrollable factors impact yield.

Is huge risky speculation in your business plan? A revenue policy should be the foundation of your grain production plan. Compare the value of high level revenue plans to any other risk tool. Option Puts today on new crop Wheat are near a dollar a bushel. That equates roughly to forty dollars an acre. That cost is an up-front investment. That position would only protect a board price and is not normally considered collateral. The revenue policy is collateral and protects income. I often use puts in my plan. I would not accept a lower insurance level in exchange for more puts. Puts are not a substitute for revenue insurance.

The Home Agency is here to walk you through the steps to protect return on your investment. We have tools to quantify the value in the actions you may be considering. ■

CLAY CENTER, KS

By Chris Hauserman

As I write this we are heading full steam into the Christmas season and the New Year. When I look back at the year 2010 it was

a good year for the area overall. We had a good wheat crop and decent fall crops in our area, and as everyone knows the prices for all grains are well above average.

Also, as I look back at last year I am reminded of the frailty of our lives, in our community we seem to have had more than our fair share of loss and serious illnesses. I pray the families that have been affected by these events will be comforted by the support of the family and friends around and through the holiday season.

Since this is the February issue of the magazine, it is time to talk about the March 15th deadline to make changes to your crop insurance policy. This year we are converting to the Combo Policy. This will automatically happen and your coverage will remain mostly the same if you do not make any additional changes. We will be putting on meetings this spring to cover the changes with the new policy and some new terminology that it uses. Thank you for all of your business over the last year and I'm looking forward to serving you and working with you for years to come! ■

HOME, KS

By Paula Brown

As I see the fields lay resting over the winter months, I reflect on the past crop year. 2010 had its share of challenges with delayed planting, hail storms, and excessive heat; but also its blessings with abundant moisture, great harvest weather and good prices.



Now that 2011 is here and with it comes all the opportunities a new year brings. So far the talk seems to be centered on the wheat crop quality and price. Many are, or already have, taken the opportunity to lock in wheat bushels at profitable prices. At the office, I've been busy providing insureds their marketable bushels so they can take advantage of forward contracting. Questions remain on the quality of the crop stand as many fields appear spotty. Hopefully adequate winter moisture will fall and conditions will be favorable for getting additional germination. The crop insurance base price is set at \$7.14, so there is a good revenue guarantee on the insured wheat.

This time of year is spent learning new software and attending training to stay informed of any changes with the Combo Policy. Soon it will be time to begin meeting with each of you to review your coverage and options. We will be having meetings to update

our insureds and are always available to answer questions. Thank you for your business, I appreciate each one of you. As always, our success is measured by yours! ■

KIRWIN, KS

By Rhonda Jones

Greetings and Happy New Year! I wonder what Mother Nature has in store for us in 2011. The weather seems to be the topic of conversation amongst the farmers. In 2009 we were wet and had a difficult time getting harvest in and last year just the opposite.

The geese have been flying in by the thousands. Kirwin has been known to be the Goose Capital of Kansas. My son loves to hunt and would go everyday if I let him.

Spring signup deadline is March 15th and we will have a customer appreciation dinner late January or early February with a short meeting on what will be new to crop insurance for spring crops. Now is a good time to review your maps for any acre changes or added ground. Please let me know if you need to update your map book for 2011.

New crop grain prices are attractive and marketing your guarantee bushels maybe rewarding. We have some new tools available to keep track of your marketing. Please ask me about them if you are interested!

Give me a call anytime as my office is open 24/7. ■

LARNED, KS

By Clark Redding

In the article I wrote for the November issue, I recalled how wet Western Kansas was right up to and shortly after wheat harvest. Remember how good the dryland corn looked those first weeks, and then it got dry and stayed that way. Well, it's staying that way still. In fact, it's staying that way all the way to the Front Range.

There are some areas of decent wheat here and there, but for the most part the wheat is very spotty. Man it is dry! These same dry conditions may be the reason for the high wheat futures prices we are seeing now. At this writing, July of 2011 K.C. wheat futures are at \$8.45/ bu. Even with the basis we are still looking at some very good prices going into next year.

Comments and Suggestions

Email us at

tha.magazine@hotmail.com

There's not a whole lot we can do but wait and see. Last October and November we were keeping our fingers crossed until we got through harvest, well right now we're keeping our fingers crossed and waiting to get this wheat crop through this winter. Your crop insurance policy may be a welcomed friend next year. Many maybe wondering why they didn't buy up for 2011! ■

BENKELMAN, NE

By Meghann Pursley

It's just a couple of days before Christmas and no snow to speak of yet! Even though I am dreaming of a "white" Christmas, I am glad we don't have the excess moisture we had last year at this time. Corn harvest is complete and all wheat acres drilled! The only real losses this year in our area were due to hail and grasshoppers.

Hopefully at some point you were able to stop by and get a custom expense worksheet that Jim went over at our 2010 summer meeting. These worksheets have been useful to many producers; helping them to see the big picture of input cost versus return on investment. If you haven't gotten one, or just need to update your direct costs, stop by and I would be happy to make one for you.

Have you been keeping an eye on the markets and getting those guarantees sold? New crop wheat prices have looked good this December reaching \$8.54 on the 7th! Hopefully we will see prices like this continue on through 2011. You can always check futures prices on our website at www.thehomeagency.com. You can find lots of other information there as well, such as different insurance programs we offer, weather charts, Ag news, etc. If you need to know your guarantee to figure out how many bushels you can forward market, I can help you with that as well.

Property and Casualty insurance coverage has been growing this year at our Benkelman office. We are one of the only offices open 8-5, Monday through Friday. If you are looking for a local agent, or just want the simplicity of having all your insurance at one location, please stop by for a quote. We can write farm, auto, home, watercraft, business and commercial trucking coverages.

Sales closing for corn is March 15th. By then I will have hopefully already seen you at our yearly informational meeting where we can talk about the different available options.

It's hard to believe that I have been here almost 2 years already! It's been a busy two years for sure. As you may already know, Drew and I bought a house last year (The Haaburg House) on the south divide. He will be farming some dryland acres across from the property and we are planning on moving in this coming fall. Stop by and say hi or just to snoop around if you would like! ■

RUSKIN, NE

By Dave Meyer

It's the time of year for making plans for another growing season. I can hardly believe 2010 has come to a close. With the run-up in prices, it looks like 2011 should be another profitable year in the farming industry.

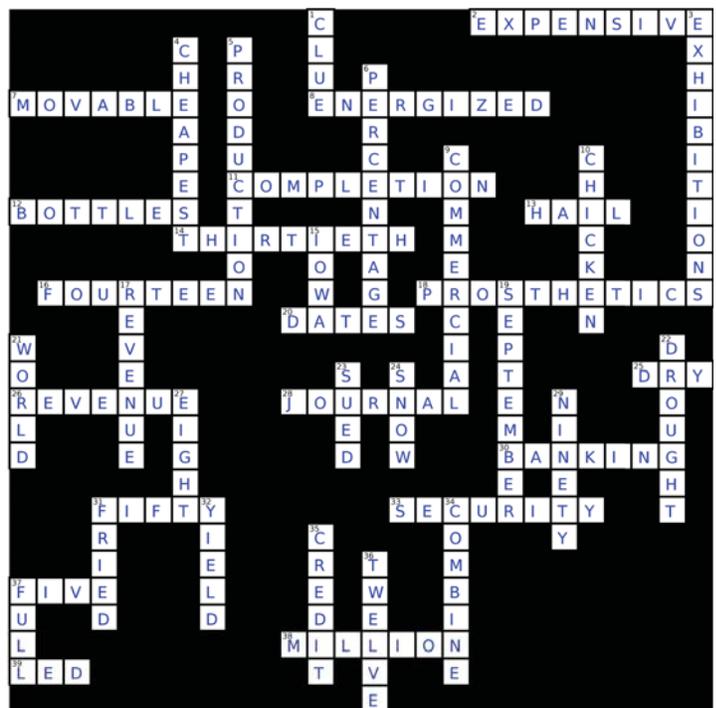
We had a late summer hail storm in the area with defoliation in some fields close to 100% in both the corn and beans. Luckily, the crops were nearly mature so the losses were mostly in the 0% to 10% range. If the storm would have come through a month earlier, there would have been many 100% losses in the worst areas. Even with the relatively small losses, because of how production hail works, I delivered some big checks. When you consider that in most cases production hail premiums are considerably less than traditional hail insurance premiums, together with the way production hail pays out, I think it is an outstanding value.

I want to thank all of my current crop insurance customers for placing your trust in me. I hope and pray you feel I am adding value to your farming operation.

To all of my prospective customers, I would like to ask for the opportunity to sit down with you and show you what I and The Home Agency have to offer. Let me explain to you how production hail works. I would like to show you how the revenue products allow you to market your grain at these higher levels with very little risk.

With the rising grain prices, we can also expect the cost of production to rise. Let me show you how to use crop insurance revenue products to help manage the additional risk. ■

NOVEMBER 2010'S PUZZLE ANSWERS



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Jim Baldonado and Dan Tinlin of The Home Agency have been visiting Tanaku Lodge since the early 1990s and we invite you to ask them about their experiences at the Lodge. Both The Home Agency and Tanaku Lodge are family-owned businesses that believe in quality and service.

We still have openings for this coming summer, so please talk to Jim or Dan and then give us a call. We would love to have you visit!

For more information or to schedule a fishing trip, please contact Dennis Meier at dennis@tanaku.com or 800-482-6258.

WHERE THE INTERNET TOUCHES THE PLAINS... EWEATHERRISK.COM

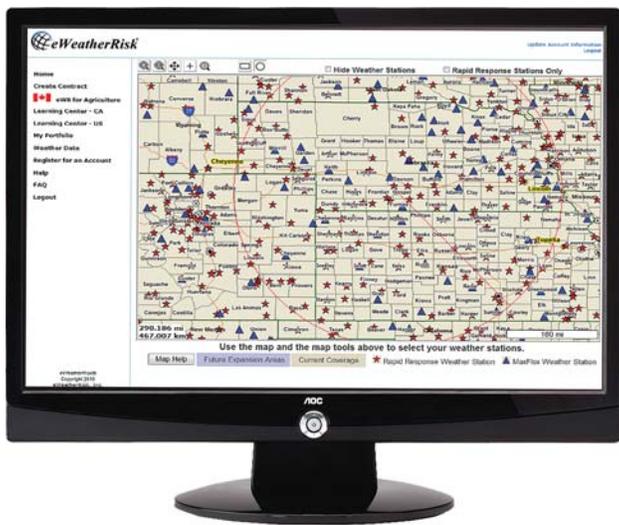
By Brian O'Hearne, *eWeatherRisk* President

eWeatherRisk was formed for the agricultural industry by a company that has deep roots in agriculture. *eWeatherRisk* provides the producer and Agribusinesses a means to manage weather risk not covered by crop insurance, including quantity and quality risks, and is now available from The Home Agency.

Called weather risk contracts, these financial instruments are available from *eWeatherRisk* through your Home Agency agent and can be developed, priced and purchased with your agent. Once you have set up an account, you can purchase right from the desktop or use your agent to price and purchase. They are used to level the financial impact of unpredictable and increasingly volatile weather. Simply put, weather contracts enhance



crop insurance for producers and offer a new way for Agribusinesses that do not have crop insurance to manage their weather risk exposure. They are very simple as well, if the weather event you chose in fact happens at the weather station you chose, you get a payment regardless of whether a physical loss occurs and without loss adjustment.



How It Works

A producer or Agribusiness can locate a weather station or multiple weather stations close to your operation and specify which stations are more important than others and weigh them as a percentage of importance. Using a self specified series of weather stations is a first in the United States. *eWeatherRisk* plans to add new weather stations in the near future, beyond the 3,965 now in their network; giving the producer even more choices.

The producer can currently choose either temperature or precipitation as the risk category, with more weather risk such as wind and snow in development.

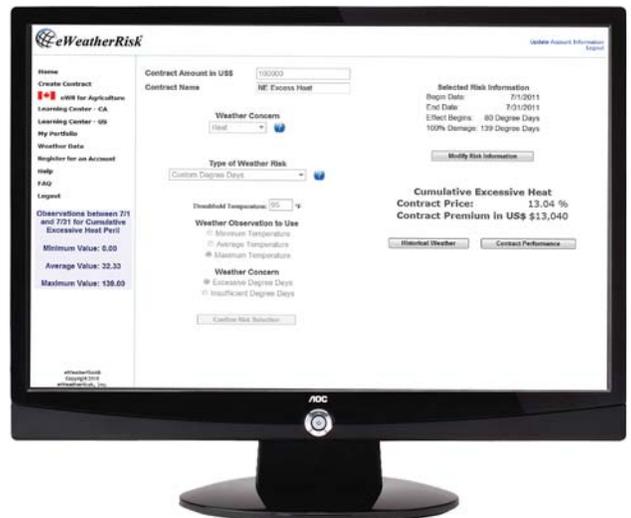
Then there are specific risks that can be chosen such as lowest (or highest) temperature in a calendar period, too few growing degree days or too little or too much rain. The producer has broad weather risk categories to choose from; designed for what the producer might face in the planting, growing and harvest seasons that impact yield as well as quality. *eWeatherRisk*

emphasizes that the entire concept of its website was developed by those in the agricultural industry as producers, ranchers, business, weather and agricultural experts.

Once the type of risk is chosen, the producer chooses dates that the risk could occur. Then, *eWeatherRisk* goes to work and shows the producer weather events that occurred in the last 60 years based on the specific weather risks that were chosen. The producer can then see historical weather and payout graphs and charts over the last 60 years. Once the producer has completed their weather risk strategy and has a price, with one click they can purchase the weather contract and print out the contractual documents.

Winter/Spring Climate Outlook

La Niña is officially here and is projected to be one of the strongest in years. The last strong La Niña was in 1999 and this should mean a cold and wet



winter in the northern plains, plus warmer and drier conditions in the southern Plains.

This could create difficult seeding conditions in the northern plains and already extreme dryness from Nebraska south creating extra expense of irrigation as well as difficult winter wheat survival and corn, cotton and soybean emergence and establishment. *eWeatherRisk* suggests producers and Agribusinesses look to the risks they experienced during the 1999 growing season as a guide to what might



occur in 2011 as well as carry on effects from 2010, such as continued dryness in the southern plains.

eWeatherRisk can provide weather risk protection for 2011 for excess rain, late spring freeze, drought and many other weather conditions that might arise.

The process takes less than 10 minutes from beginning to end for those that have used the website before, and the producer can develop the farm's weather risk management right at home and track their contracts through the web.

The website, www.eWeatherRisk.com, is very easy to navigate and there are case studies and other information on weather risk, including learning videos.

When you register on www.eweatherrisk.com, all of its services are free of charge and easy to navigate. Then you can explore all the ways that can be found in weather risk protection programs including case studies, pricing wizards, video tutorials and other key areas to learn about weather risk management. Answers to your questions on the use of the *eWeatherRisk* platform are available by calling their toll free number.

Your Home Agency agent has all the details you need to learn more about weather risk products through *eWeatherRisk* and they can be quickly purchased and used to protect your crops beyond crop insurance. ■



Popular New Year's Resolutions

1. Be more active
2. Be more organized
3. Spend more time with friends and family

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Farming & Banking

BECOMING YOUR OWN BANKER PART 2

By Alan E. Kuzma CLU ChFC

In Part 1, I introduced an alternative concept to the traditional banking relationship. As an agri-business man/woman you probably have a very tight relationship with your banker. For most of you, you would not be able to operate on a year to year basis without this relationship. In short, banking is the most important business in the world! This relationship allows us to access a pool of money to live how we want to live.

But, this relationship comes with a cost. That cost is the interest you pay to the bank and the **lost interest** you could have earned if you didn't have to borrow the money. In Part 1, I presented a scenario in which the agricultural producer borrows \$300,000 annually for operating expenses. I assigned a 6% annual interest rate; made the assumption that interest is paid in full annually in the amount of \$18,000. That is \$18,000 that you could have **earned interest** on. In other words it is your **opportunity cost** had you been able to earn 6% instead of pay it, one year's interest would be worth \$32,234 in 10 years, \$57,727 in 20 years and \$103,383 in 30 years. If you were able to not pay interest, but instead earn it on \$18,000 annually in 30 years you would have a future value of \$1,655,806! This is your cost to annually borrow your operating expenses.

So if you could find a way to recapture your costs, what characteristics would you want "your bank" to have?

What if "your bank" did the following?

- Created an instant estate or death benefit. If you deposit \$20,000 would you want a \$400,000 - \$1,000,000 death benefit?
- Made your current deposits creditor proof. (Subject to individual state limits.)
- Distribute your assets free at death.
- Guarantees to grow at a given interest rate every year.
- Guarantees you lose no principal.
- Guarantees to contribute your deposit in the event you

become disabled.

- Guarantees buy back amount-you know the exit cost before you sign on the dotted line.
- Your account grows tax deferred.
- You can access those accounts with no income tax.
- Pays you tax free dividends on your account.
- Provides you retirement income on a tax advantaged basis.
- **GIVES YOU COMPLETE CONTROL OF YOUR BANKING DECISIONS!**

If this could be done, how would it be structured? **The ideal vehicle to do this is a dividend paying whole life insurance policy!**

How to start building your own banking system

In many ways becoming your own banker is much like growing a crop. It first takes thought and planning, preparation, planting the seeds, nurturing and cultivating and then finally the harvest. No different than the process I am referring to.

The first thing you have to decide is:

- 1) Do you want to pay yourself interest or the bank?
- 2) Do you want control of your banking decisions or have someone else or a committee makes those decisions?

If you answered yes then we need to start planning your banking system. Just like deciding how many acres you plant and what variety of seed, you need to decide how big your bank will be.

Your bank needs to be adequately funded. This will take a shift in your thinking. Most people think about life insurance premiums to be an expense that needs to be kept as low as possible. When using life insurance for banking purposes the more you can put in the more you will harvest.

Remember our example of annually borrowing \$300,000 for your operating expenses and the wealth transfer to the commercial bank? Let's look at an alternative.

In our banking system the input, or the seed, needs to be adequate to grow our "crop"-which in this case is cash.

Let's use the assumption that we are willing to devote \$35,000 annually for 10 years to fund our bank.

So where does this "seed" money come from? Maybe you have just paid off equipment, land or some other financial obligations and those payments can be repositioned. Maybe you are making contributions to retirement plans or putting money into savings and those contributions could be used. Maybe you will need to include the contribution initially in the amount that you annually borrow from your current banker.

Our next step is to take the money to the life insurance company and have their hired help set up your account.

So let's use a sample family. Let's say that we have a 48 year old male as the person as our banking candidate.

Normally, when purchasing life insurance you try to get as much death benefit as possible for as little annual premium as possible. In this situation we reverse the structure and want the policy to have maximum cash and minimum death benefit.

So the “hired help” at the life insurance company does the math and comes up with your account. The policy is structured so you overpay the premiums for the basic coverage. This overpayment goes into a paid up additions rider, which is like a “side pocket” on the policy.

The cost to pay the life insurance company’s “hired help” is paid over a two year period. Looking at the numbers below you will

Age	Annual Outlay	Increase in Net Cash Value	Total Cash Value	Total Death Benefit
49	\$35,000	\$21,404	\$21,404	\$677,228
50	\$35,000	\$26,800	\$48,204	\$741,080
51	\$35,000	\$37,627	\$85,831	\$805,251
52	\$35,000	\$39,717	\$125,548	\$869,795
53	\$35,000	\$41,714	\$167,262	\$936,238
54	\$35,000	\$41,209	\$208,471	\$1,020,676
55	\$35,000	\$43,265	\$251,736	\$1,098,306
56	\$35,000	\$45,444	\$297,180	\$1,176,227
57	\$35,000	\$47,703	\$344,883	\$1,254,332
58	\$35,000	\$50,042	\$394,925	\$1,333,174

see that starting in year 3, the account value, or cash value, increases faster than what is put in.

As soon as the cash value is in the account, you can access it with only a phone call to the “hired help” at the life insurance company home office. You sign a policy loan request form and in 72 hours a check is generated and mailed to you! No more annual trips to see your banker, no more financial statements, no more dealing with committees.

Once money inside the policy is there, there is virtually no limit, except your imagination, as to what the funds can be used for. One client using this concept, after year one, dropped the collision portion of his farm policy and applied those premiums toward his banking system. His rationale was: he hadn’t had a claim for over 10 years and now he had the funds to pay if a claim occurred. Another client, who has a son at UNL Dental College, used the cash inside his banking policy as a down payment on a house near East Campus for his son to live. The son has two roommates who pay him enough in rent to cover the mortgage payment. Once the son has graduated the house will be sold and my client will have recaptured what normally would be a pure cost.

While “your bank” is building you will still need to use some traditional banking. If \$300,000 is our banking target, you can see that you will not reach this level until approximately year 8-9. However, you can start to “wean” yourself away from commercial banking after one year.

As I alluded to above, the money is there for whatever purpose

you need. Yesterday I received a call from clients in Omaha whose primary business is rental real estate. I don’t know if you have noticed what has happened in that market, but things are a little rough. They own over 100 units and their property taxes have quadrupled since 2001! That’s your government at work folks. Long story short, they had fallen behind on some property taxes and they owe \$30,000 in back taxes. One of the banks they had done business with for over 20 years (and never was late on a payment, mind you) had recently been sold. The new owners told them that if the property taxes were not current by January 1, 2011; the properties would go into default. After learning about this dilemma I called the life insurance company to check on how much cash they have in “their bank” (I have been preaching this concept to them for over 15 years). Turns out they have over \$185,000 available with just signing one form. The plan is to borrow the money from the policy; then loan the money to their real estate corporation at a “reasonable” interest rate—say 8%; then repay the policy loans on their schedule. In fact they intend to borrow enough to pay off several properties with low mortgage balances and then repay the money to their policies.

You might be wondering why use a dividend paying life insurance policy, can’t just a regular saving account work? The answer is that you get a bigger bang for your buck with mutual life insurance



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companies. A mutual life insurance company has no stock holders; rather the company is run for the benefit of the policyholders. Much like a Co-op; owned and operated by farmers.

Policies are designed by financial engineers in life insurance home offices. These folks are called actuaries. A dividend paying life insurance policy is designed to “endow” at a certain age, either age 100 or 120. Endow means that if the insured person is alive at that age the life insurance must pay them the amount of death benefit in cash. In order for this to happen the cash reserves must grow at a guaranteed rate of interest. Currently this interest rate is 4%. So once the expenses of the policy have been paid your money earns 4%. Compare that to current interest rates at your local bank. In addition, the company then pays a dividend on top of the guaranteed rate.

Several other features of the contract are significant. There is a “self completion clause”, called a waiver of premium. This is a rider attached to the base policy that says if the insured becomes disabled; the entire contribution is paid by the insurance company. The gentleman that I mentioned earlier that has the real estate business suffered a stroke four years ago. Since that time the insurance company has paid all his premiums and will continue to do so until his death.

Then the most powerful part of the contract is the **TAX FREE DEATH BENEFIT**. Congress in the early 1900’s recognized the social good of life insurance and decreed that life insurance proceeds are free of income tax.

Everyone is going to die. If you look at our table of values on the previous page, in only 10 years the death benefit has more than doubled. Cash is king and life insurance delivers cash when it is needed at the most critical time.

The Key Element....

It is imperative, I repeat imperative, that you treat this banking structure as a business transaction. In other words, for “your banking system” to prosper you must repay the money you borrow from the policy.

You should treat this arrangement no differently than if you borrowed money from a commercial lender. Bankers want to be repaid. In fact they demand it. If you don’t, you wind up in court.

Remember, the whole idea of having your own banking system is to recapture the interest paid to your current lender and put that money to work for you.

In reality, you can borrow from the policy at a net rate of approximately 2-3%. The life insurance company charges a gross rate of about 6% to borrow funds from the policy. But while the money is outside of the contract the life insurance company **PAYS INTEREST ON BORROWED FUNDS!** The rate they pay is approximately 4%. They must do this in order for the policy to endow if the insured lives long enough.

Many of my banking clients assign a higher interest rate than

what is charged by the insurance company. Here is why. If you borrow money from a commercial lender and use the funds for business purposes you can deduct the interest as a business expense. So if you charged a reasonable rate of interest for your policy loan, say 8% or 10% that is a deductible expense (since I am not a CPA, please check with your tax advisor) not only do you get higher tax deductions, but your values are restored quicker and there is more to borrow the following year.

Another aspect of being your own banker is you control the repayments to the policy. You know that not all years are going to be good and your ability to repay the loans will fluctuate. But ask yourself these questions; who do you want to dictate the terms? You or your current banker?

All in all, a pretty sweet deal.

Conclusion

This concept works and works well because life insurance is a mathematical function. Whole life dividend paying policies are designed to increase in value every year regardless of what happens to the economy, interest rates or the political environment.

If you have read this far, do yourself and your family a favor to investigate entering into this profitable and rewarding venture. You will be more than satisfied that you did.

Please contact the professionals at The Home Agency for more details. ■



GIVING TO SUPPORT LOCAL CASA PROGRAM CHAPTER

For the past eight years, Jim and Sharri Baldonado of Elwood have given \$5,000 to the local CASA program on behalf of The Home Agency in Elwood, Cozad and Gothenburg and BHA Real Estate in Lexington. CASA program director Christina McIntire said the gift will be used to defray volunteer expenses, such as training and mileage. Pictured are Christina McIntire, Jim Baldonado, Patti Johnson of BHA Real Estate, CASA volunteer supervisor Linda Shaw and Justine McIntire. Not pictured is Sharri Baldonado. For further information about CASA Program call 308/324-7364 or visit their website at www.casaquadcounty.org.



3. Paint your walls light colors so the light can reflect.
4. If your vehicle has a sunroof, let in the light while you drive.
5. Add the raw materials your body needs to make more serotonin by taking supplements every day: 2 grams of fish oil and 1 B complex 100.
6. Eat a small amount of high-quality carbohydrates with every meal and as snacks throughout your day. (Your craving for comfort food is your body's cry for more carbs to boost serotonin, but do not over do it!)
7. Try alternative therapies such as acupuncture, Chinese herbal remedies and massage therapy. ■

For more information about this topic please visit. www.healthcastle.com, www.articles.cnn.com/2007-01-25/health/HM.SAD_1_winter-blues-cnn-seasonal-affective-disorder?_s=PM:HEALTH and www.wintertimeblues.com.

ARE YOU FEELING THE WINTERTIME BLUES? By Morgan Baldonado

Most of us start to feel a little sluggish once the season changes from fall to winter. Have you ever stopped to notice why this would be? This is commonly known as Seasonal Affective Disorder (SAD). This happens when the days get shorter and the sky clouds over into a perpetual gray. People say they start experiencing this in November when the clocks move back an hour.

Wintertime blues is a lack of the feel-good brain chemical, serotonin. Serotonin that is stored up in the sunny summer months starts declining. Your brain then starts storing melatonin which is a sleep-inducing chemical.

"Winter blues differs from SAD just in that it is milder. In this condition people will have a reduced quality of life, they will have less sparkle, less fun, less productivity, but they won't be impaired to the degree that they can't work or their relationships suffer," says Dr. Norman Rosenthal, psychiatrist and author of *Winter Blues*.

Women more than men are the victims of the wintertime blues because all women start life with less serotonin in their brains than men. There are approximately 43 million sufferers of wintertime blues. Some symptoms of SAD include depression, brain fog, sleepiness, carb cravings, and weight gain.

"You have to be active to combat SAD. You can't just be passive, otherwise it engulfs you and you're like a hibernating bear all winter long," says Dr. Rosenthal. Here are 7 steps you can take to banish the wintertime blues:

1. Go outside for a brisk walk with your face in the sunlight for 20 minutes a day.
2. Keep your curtains or blinds pulled open all the way so sunlight can pour into your home and workplace.

WINTERTIME BLUES QUIZ

1. Seasonal Affective Disorder (SAD) is a depressive episode associated with the onset of fall and winter.

- True
- False

2. Which of the following is the most likely cause of SAD:

- Low temperatures
- Lack of sufficient natural light
- Gloomy skies
- The holiday blues

3. Scientists speculate that reduced sunlight:

- Triggers a mammalian hibernation response.
- Causes a shortage in the brain's serotonin.
- Affects the brain's manufacture of melatonin.
- Throws circadian rhythms out of phase.
- All of the above.

4. Winter depressions are characterized by "atypical" features.

- True
- False

5. Which of the following are used to treat SAD:

- Bright light therapy.
- Antidepressants.
- Talking therapy.
- Walking outdoors.
- A regular sleep schedule.
- All of the above.

6. A good light box equates to a walk outdoors on a summer day.

- True
- False

Answers on the next page.

Winter Favorites

Mushroom-Garlic Pork Chops

From: Shari Baldonado

Ingredients:

1 Tbl. vegetable oil
4 pork chops
1 can cream of mushroom
2-3 garlic cloves, minced
½ c. milk
Noodles

1) Heat the oil in a 10-inch skillet over medium-high heat. Add pork chops and cook until chops are browned on both sides. Remove the pork chops and set aside.

2) Add the minced garlic cloves to the skillet and cook 1-2 minutes until fragrant. Then add the soup and milk. Heat to a boil.



Option 1: Return pork chops to the skillet and reduce the heat to low. Cover and cook for 5 minutes or until chops are cooked through.

Option 2: Place browned pork chops in a crock-pot with sauce and cook on low until chops are cooked through.

3) Cook noodles, drain. Serve pork chops and sauce over cooked noodles. Enjoy!

Try out our easy recipe on a night where you are pressed for time. It only takes about 20 minutes to make this delicious meal!

Also, if you would like to share a recipe with us to use in an upcoming issue of this magazine, please send it to us via e-mail at tha.magazine@hotmail.com. Thanks!

ANSWERS:

1. True
2. Lack of sufficient natural light.
3. All of the above.
4. True
5. All of the above.
6. True



Finished Size: 12" x 26"

Cutting:

Blue:

- A - (4) 2 1/2" x 2 1/2"
- B - (8) 1 1/2" x 1 1/2"
- C - (1) 1 1/2" x 6 1/2"
- D - (2) 1 1/2" x 2 1/2"
- E - (2) 1 1/2" x 4 1/2"
- F - (2) 1 1/2" x 14 1/2"

White:

- G - (1) 8 1/2" x 8 1/2"
- H - (1) 6 1/2" x 6 1/2"
- I - (1) 4 1/2" x 4 1/2"

Black:

- J - (1) 2 1/2" x 4 1/2"
- K - (1) 1 1/2" x 6 1/2"

Assorted: (34) 2 1/2" x 2 1/2"

"On the Prairie We Can Build A Snowman"

*All seam allowances are 1/4".

1. Snowball Blocks: Draw a diagonal line on the wrong side of the 2 1/2" and 1 1/2" blue squares. Layer a blue 2 1/2" square on each corner of the white 8 1/2" square. Stitch on drawn line, trim seam to 1/4", press towards blue. Repeat using the 1 1/2" blue squares on the corners of the 6 1/2" white and 4 1/2" white squares.



2. Sew a 1 1/2" x 4 1/2" blue rectangle to both sides of the 4 1/2" white snowball block.
3. Sew a 1 1/2" x 2 1/2" blue rectangle to both sides of the 2 1/2" x 4 1/2" black rectangle. Sew the 1 1/2" x 6 1/2" black rectangle to the bottom of this unit. Sew a 1 1/2" x 6 1/2" blue rectangle to the top of this unit.
4. Arrange the hat and top two snowball units as shown, sew together. Sew the 1 1/2" x 14 1/2" blue rectangles to both side of this unit. Add large snowball to bottom of unit.
5. To form the pieced border, sew two sets of (11) 2 1/2" squares together for side borders, sew to quilt. Sew two sets of (6) 2 1/2" squares together for top and bottom borders, sew to quilt.
6. Add buttons to snowman, or cut small circles from wool felt to make buttons.
7. Add any face details as desired including buttons and a nose.

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Crossword Puzzle

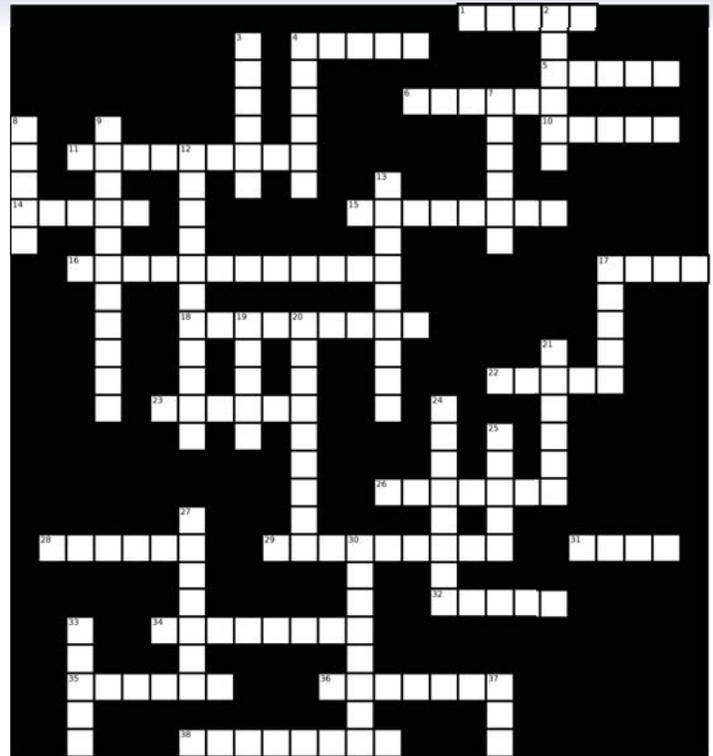
Please enjoy this crossword puzzle. You will find every answer somewhere in this magazine. The correct answers will be in the next issue. Also, please check out page 21 for our crossword puzzle contest!

ACROSS

- 1 Eastern Colorado has been ____ and extremely dry.
- 4 The average dairy cow produces ____ gallons of milk a day.
- 5 ____ million dollars was paid in Multi-Peril and Hail claims in the Gothenburg, NE area this past year.
- 6 CommonGround is a national, grassroots program aimed at increasing consumer trust in ____ agriculture by connecting farm families with urban consumers.
- 10 2010 is going to be the ____ consecutive year of global beef declines.
- 11 Wintertime blues is a lack of the feel-good brain chemical, ____.
- 14 Once money is inside of your whole life insurance policy, there is virtually no ____ as to what the funds can be used for.
- 15 The longest recorded flight of a chick is ____ seconds.
- 16 Life insurance is a ____ function.
- 17 Jim ____ skies as often as he can.
- 18 ____ are the financial engineers in the life insurance home offices that design the policies.
- 22 Kirwin, KS has been known to be the ____ Capital of Kansas.
- 23 *eWeatherRisk* can provide weather risk protection for 2011 for a late spring ____.
- 26 If you find out you may be in a wheat loss situation, or are planning to ____ the wheat crop to go to a second planted crop, make sure you always check with your agent.
- 28 There are specific risks that can be chosen with *eWeatherRisk*, such as too free growing ____ days.
- 29 ____ has been with The Home Agency from the very beginning.
- 31 2010 in Kansas had its share of challenges with ____ storms.
- 32 The average person consumes 584 pounds of ____ products a year.
- 34 New Agent John Nunez believes that the ____ at Camp Quality Heartland inspire him to greater heights.
- 35 Crop insurance can be a major tool to protect our ____ on investment.
- 36 2010 in Kansas had its share of blessings with great ____ weather.
- 38 ____ is the flammable, tar-like substance that sticks to the inside of your chimney.

DOWN

- 2 One step to banish wintertime blues is to go outside for a brisk walk for ____ minutes a day.
- 3 The last strong ____ was in 1999, which should mean a cold and wet winter in the northern plains, plus warmer and drier conditions in the southern Plains.



- 4 Ideally, the time to have your fireplace and chimney cleaned and inspected is in the ____ when chimney sweeps are not as busy.
- 7 Duke turned ____ the past January.
- 8 ____ life dividend paying policies are designed to increase in value every year regardless of what happens to the economy, interest rates or political environment.
- 9 Something new to The Home Agency is weather ____.
- 12 With *eWeatherRisk*, the producer can currently choose either ____ or precipitation as the risk category.
- 13 To kick off the new year, The Home Agency is proud to be competing in the Live Healthy Nebraska ____.
- 17 As you look at the 2010 cattle indexes, you can see there was an early ____ in the market.
- 19 A chimney must reach a minimum of ____ feet above the roof.
- 20 Seasonal ____ disorder happens when the days get shorter and the sky clouds over into perpetual gray.
- 21 Each ____ must have a separate Multi-Peril policy.
- 24 You should only burn ____ wood.
- 25 There are 150 ____ of wool yarn in a baseball.
- 27 *eWeatherRisk* provides the producer and Agribusinesses a means to manage ____ risk not covered by crop insurance.
- 30 Thanks to modern American farmers, U.S. families enjoy the safest, most affordable and ____ food supply in the world!
- 33 All changes to your row crop policy must be made by ____ 15, 2011.
- 37 Anyone with more than a ____ percent interest in the policy must be listed in the SBI section of your policy. ■



The Home Agency is an equal opportunity provider.

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ADDRESS SERVICE REQUESTED

*Photo on the front cover is by Sara Ross.
Design & Layout of The Home Agency Magazine
by Sara Ross.*

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