

■ The ■ Home ■ Agency



Sales Closing-March 15th
Retirement Planning and IRAs
Optional vs. Enterprise Units
BIOTECH ENDORSEMENT



President's Thoughts

Greetings! Is there anyone wishing the snow and the cold would just go away and the weather would start warming up, because I sure am? 2009 was a very trying year with snow coming in October, the crops not drying down like we wanted, and then more snow and cold temps in December and January.

I hope that by the time you get this issue of the magazine the beginning of February everyone was able to get done harvesting. I know that as of the first part of January there was still some corn standing, so hopefully it will get harvested soon.

I am going to spend quite some time talking about something that I never really liked in the past, but I have learned over the last 23 years that it's not what **I** like; it's what **you** like and want to buy. I want to talk about Enterprise units VS Optional units. Optional units are what 99% of you have been buying over the years.

When you are reading this article, please read it all, don't just get to some point and say, "I'm not interested" and quit reading. Read it all, and like me, you may think to yourself that there may be a place for this sometime, maybe not now, but sometime in the future.

Over the last few years the Government has been subsidizing Enterprise units more than your Basic and Optional units, which is the main reason that I have started paying more attention to it. Also, coupled with some form of Production Hail you can put together a very attractive program for the same money or not much more.

Subsidy Table				
Coverage Level	70	75	80*	85*
Optional/Basic Unit Premium Subsidy Factor (*where applicable)	.59	.55	.48	.38
Enterprise Unit Premium Subsidy Factor (*where applicable)	.80	.77	.68	.53

With Enterprise units, the more acres you have or the more sections you farm in helps determine what your ending premium will be. The government knows the more acres or sections you farm in; the less likely you are to have a loss, hence, the reason for a cheaper premium.

If you look at the chart showing Optional units and an Enterprise unit you will see that under the Optional units we have 8 pivots in 8 different sections and also 8 units. If you look at the Enterprise unit you have the same fields but only 1 unit. Let's look at 3 examples and see what you think.


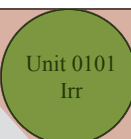

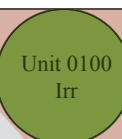
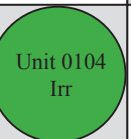
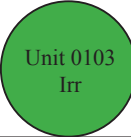
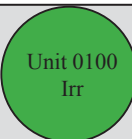

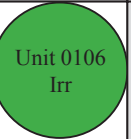


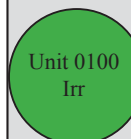

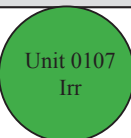

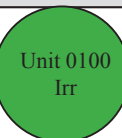
1] As you all know, with Optional units, if you have a production loss in any one unit you will be paid on the unit. So let's say a storm comes up and totally wipes out unit 0101 and you have an appraisal of "0" bushels and all the other fields get good rain and go on to produce 200 bushel an acre.

Under the Optional unit structure you have an APH of 200, times your level of coverage. For this example, we will use 75% level which is 150 bushel an acre on 125 acres and that gives you a total of 18,750 bushel guaranteed. Let's use the base price of \$4.04. You would be paid \$75,750 for the loss on that unit.



2] On the other hand let's say you purchased the Enterprise unit structure and you have the same fields as above but you bought up to the 85% level. You have 21,250 bushel guaranteed on 8 pivots for a total of 170,000 bushel. Again, let's say you lose the one unit and have a "0" appraisal on that unit. The balance of the units make 200 bushel an acre, times 125 acres, times 7 pivots for a total of 175,000 bushels. Remember, your guarantee was 170,000 bushel and you harvested 175,000 bushel on 7 pivots, so you DON'T have a loss.

3] The last example I want to show is that we have a really big hail storm and it wipes out all 8 units of corn and you get a "0" appraisal on all 8 fields. With the Optional unit structure, at the 75% level of coverage, you would be paid 150,000 bushel at a base price of let's say

Optional Units		Enterprise Unit	
Section 2 	Section 1 	Section 2 	Section 1 
Section 11 	Section 12 	Section 11 	Section 12 
Section 14 	Section 13 	Section 14 	Section 13 
Section 23 	Section 24 	Section 23 	Section 24 
Optional Units		Enterprise Unit	
<ul style="list-style-type: none"> • 8 Optional Units (8 Sections Irrigated) • 125 Acre Irrigated Pivots = 1000 Irrigated Acres • 200 Bushel APH, 75% Level • 18,750 Guaranteed Bushels per unit • 150,000 Total Guarantee → 1000 Total Acres 		<ul style="list-style-type: none"> • 8 Pivots in 8 Sections • 125 Acre Irrigated Pivots • 200 Bushel APH, 85% Level • 170,000 Guaranteed Bushels → 1000 Total Acres 	

Enterprise unit will pay you \$80,800 more than the Optional unit structure would.

So what you need to do is ask yourself, "What are the chances of any one of those examples happening to me?" If you can't afford or just plain don't want to lose any revenue off a given unit then the Enterprise unit concept is NOT for you. On the other hand, if all you care about is total guaranteed bushels and you don't care where the bushels come from then you may want to look into Enterprise units.

When looking at Enterprise units and the premium savings, what most people do is buy up at least one level and in most cases two. Because, if you stay at the same level you were at with optional units, you will have a big premium savings, but unless you have a big storm and some major losses, you won't have much of a claim under the Enterprise unit.

Bottom line is you get what you pay for. Since the base price won't be set until the end of February and we do not have all the factors for 2010 yet, we are not able to give you the difference in premiums for 2010. However, below you can see the difference in premiums for 2009.

If someone asks for my opinion, I like the 75% or 80% level of coverage with optional unit structure and some form of hail coverage on the top part.

\$4.04, for a total of \$606,000. With the Enterprise unit, at the 85% level, you will be paid 170,000 bushel at the same \$4.04 for a total of \$686,800. In this case, you can see the Enterprise unit will pay you \$80,800 more than the Optional unit structure.

So, to compare the results from the three examples above: In the first example you have the Optional unit structure and were paid \$75,750. The second example you bought the Enterprise unit and lost one pivot, but the balance of the acres raised the 200 bushel an acre and 7 pivots raised 175,000 bushel. Your guarantee was 170,000 so you have NO claim. And in the last example, we got totaled out on all 8 units and raised "0" bushels. The

Net Premium	75% Levels	80% Levels	85% Levels
Optional Units	\$22.48	\$31.54	\$54.29
Enterprise Unit	\$7.47	\$13.50	\$25.61
**These are 2009 rates for York County, Nebraska using \$4.04 as the base price.			

President's Thoughts continued on next page....

Production Plan Calculator

County	Twtnshp	Range	Base Rate
York	1N	10W	\$ 3.40

Guarantee per Acre				
MPCI	APH	Level	Price	Dollars
	194	75	\$ 4.04	\$ 587.82

Companion Hail Plans							Crop Hail Production Plan						
Compare to CPP Level: 115							Production Plan Level						
CPP Price: 7.05							Bushel Guarantee/Acre						
Plan Rate							Price						
Rate							Rate						
% Loss	Comp 1.5	Comp 2	Comp 2-10	Comp 2+	Comp 3	Comp 4	% Loss	Yield Loss	IPA	Yield Loss	Yield Loss	Yield Loss	Yield Loss
5%	\$ 3.35	\$ 4.30	\$ 3.35	\$ 4.60	\$ 5.70	\$ 7.10	5%	184.3	\$ 195.94	\$ 39.19	\$ 274.32	\$ 211.9	\$ 45.07
10%	\$ 15.75	\$ 16.40	\$ -	\$ 15.30	\$ 18.60	\$ 19.80	10%	174.6	\$ 78.38	\$ 192.1	\$ 86.21	\$ 200.8	\$ 90.13
15%	\$ 31.50	\$ 32.80	\$ 21.00	\$ 30.60	\$ 37.20	\$ 39.60	15%	164.9	\$ 117.56	\$ 181.4	\$ 129.32	\$ 189.6	\$ 135.20
20%	\$ 47.25	\$ 49.20	\$ 42.00	\$ 45.90	\$ 55.80	\$ 59.40	20%	155.2	\$ 156.75	\$ 170.7	\$ 172.43	\$ 178.5	\$ 180.26
25%	\$ 63.00	\$ 65.60	\$ 63.00	\$ 61.20	\$ 74.40	\$ 79.20	25%	145.5	\$ 195.94	\$ 160.1	\$ 215.53	\$ 167.3	\$ 225.33
30%	\$ 78.75	\$ 82.00	\$ 84.00	\$ 76.50	\$ 93.00	\$ 99.00	30%	135.8	\$ 195.94	\$ 149.4	\$ 258.64	\$ 156.2	\$ 270.40
35%	\$ 94.50	\$ 98.40	\$ 105.00	\$ 91.80	\$ 111.60		35%	126.1	\$ 195.94	\$ 138.7	\$ 274.32	\$ 145.0	\$ 313.50
40%	\$ 110.25	\$ 114.80	\$ 126.00	\$ 107.10	\$ 124.00		40%	116.4	\$ 195.94	\$ 128.0	\$ 274.32	\$ 133.9	\$ 313.50
45%	\$ 126.00	\$ 131.20	\$ 147.00	\$ 122.40			45%	106.7	\$ 195.94	\$ 117.4	\$ 274.32	\$ 122.7	\$ 313.50
50%	\$ 141.75	\$ 147.60	\$ 168.00	\$ 137.70			50%	97.0	\$ 195.94	\$ 106.7	\$ 274.32	\$ 111.6	\$ 313.50
55%	\$ 157.50	\$ 164.00	\$ 189.00	\$ 153.00			55%	87.3	-	\$ 96.0	-	\$ 100.4	-
60%	\$ 173.25		\$ 210.00				60%	77.6	-	\$ 85.4	-	\$ 89.2	-
65%	\$ 189.00						65%	67.9	-	\$ 74.7	-	\$ 78.1	-
70%	\$ 204.75						70%	58.2	-	\$ 64.0	-	\$ 66.9	-
75%	\$ 210.00						75%	48.5	-	\$ 53.4	-	\$ 55.8	-
80%							80%	38.8	-	\$ 42.7	-	\$ 44.6	-
85%							85%	29.1	-	\$ 32.0	-	\$ 33.5	-
90%							90%	19.4	-	\$ 21.3	-	\$ 22.3	-
95%							95%	9.7	-	\$ 10.7	-	\$ 11.2	-
100%							100%	0.0	-	\$ 0.0	-	\$ 0.0	-

President's Thoughts continued from previous page...

I also want to show you the Production Plan Calculator showing 9 different hail plans and how they pay out. I don't want to spend too much time on Hail in this issue, but feel it's very important for you to know how each plan pays out, as it may make a difference on which Federal Crop policy you buy, and you have to make that decision by the 15th of March.

On the right-hand side in the chart above, you will see Production plans, and the left side Companion hail plans. What I did was choose the 115 Production plan with a premium of \$7.05, and I used that as the Maximum premium I will spend when comparing against the companion plans on the left. If you follow the yellow line across you will see that all the Production plans pay out a lot more than the Companion plans.

When it comes to Production plans, all companies have a different way of defining units. So, if you have any interest in Production plans, talk to your agent before March 15th to determine the best plan for you.

Well, that should do it for now. I look forward to seeing most of you sometime this spring, hopefully at one of our customer appreciation dinners. I know I am starting to get really busy when Sara asks for a picture of the dogs and me for this issue of the magazine and for two days we couldn't find time. We had to set up an appointment at 7:15 this morning. Trying to get Tank and Duke to smile that early in the morning was not easy. They seem to like getting their picture taken outside or on the four-wheeler better than sit-

ting by the fireplace! We had to entice them with some doggie treats, which is what Tank is looking at in the picture! Thanks for reading this entire article and we'll see you soon! ■

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- Support our communities
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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 1-800-482-6258.





Crop Insurance Corner

SPRING UPDATE

By Cindy Davis

Excess moisture last fall paired with several early winter snowstorms led to numerous frustrations for producers. Many wheat acres were drilled later than normal, and corn was still standing in fields at Christmas time. It seems Mother Nature felt the need to throw in yet another obstacle for the busy producer. We know we can't change the weather, but we can provide you with information to keep you abreast of crop insurance changes and supply you with the coverages you need for your farming operation.

Sales Closing Deadline – Row Crops

March 15, 2010 is the sales closing deadline for row crops. Be sure to contact your agent to go over your policy with them prior to this date. **All** changes or additions to your policy and the coverage included must be made **before** this deadline. Several things to double check as you go over your policy and coverages include: Are social security numbers and employer identification numbers correct? Are entity types correct (spousal, individual, corporation, partnership, etc.)? Do additional crops need added to your policy and have you acquired land in a new county? We have emphasized these reminders numerous times, but have found we are still correcting some of these issues even with insureds who have had their policy active for many years. RMA has begun comparing data between the crop companies and farm service agencies and has found several policies with inconsistent data. The policies with inconsistent data are sometimes suspended at the company level which could in turn hold up coverage or even loss payments until they are corrected. When you meet with your agent please double check the information we show on your policy.

Short-Rating Wheat Acres

For fall planted wheat in certain areas, the special provisions provide a reduced premium rate for acreage that is reported as insurable on the acreage report, and then later intentionally destroyed prior to harvest either by grazing or by mechanical means. In past years and for states bordering with Nebraska, the date in the special provisions has been **March 15th**, and the premium

reduction has been 65% (the producer would pay 35% of original premium for short rated acres); however, the date and reduced premium rate are subject to change. Please contact your agent soon for information pertaining to your county/state if you are interested in short rating any of your planted wheat acres.

A revised acreage report is required in order to short rate acreage and it must be completed by the short rate date provided in the Special provisions for the insured crop. Once a revised acreage report for short rated acreage is accepted, insurance terminates on the acreage designated to be destroyed and the acres are no longer eligible for an indemnity payment. Short-rated acres cannot be reinstated for insurance coverage after the insured notifies the agent that the acreage will be destroyed prior to harvest. Prevented planting coverage is not available on acreage that is short-rated and subsequently planted to a second crop.

2010 Row Crop Coverage

The base price for RA and CRC for the 2010 row crop season is currently being set. It will track the month of February and the price is normally published the first week in March. As you are going over your coverage for the new row crop season and looking ahead to planting, we thought we would go over a couple policy options that have been utilized more often in the last few crop seasons – the biotechnology endorsement for corn and enterprise units.

Biotechnology Endorsement

The Pilot Biotechnology Endorsement allows a premium rate reduction on the unit when at least 75% of the total insured, non-high risk corn acreage planted in the unit, including replanted acreage, is planted to corn for grain (1) with a qualifying hybrid, and (2) to a qualifying practice. The endorsement – Pilot BE – is available on APH, CRC, or RA plans of insurance that provide corn coverage for grain. Pilot BE does not apply to CAT coverage, acreage designated as high-risk in the actuarial documents, prevented planting acreage or to units for which a written agreement is attached. An exception to the written agreement rule is a written unit agreement or high risk land agreement. Units with these written agreements attached may be eligible for Pilot BE.

The states in which Pilot BE is available are: Colorado, Kansas, Nebraska, Illinois, Michigan, Ohio, Indiana, Minnesota, South Dakota, Iowa, Missouri and Wisconsin. An eligible policy and plan of insurance must be available in the state. **All hybrids may not qualify for all practices**, your agent will need to verify that each specific hybrid is available for your county/state by practice.

To qualify for the biotechnology endorsement a producer must: (1) Obtain qualifying Pilot BE seed. Note: qualifying corn hybrid seed that could have been planted in the 2009 crop year, was not planted but was carried over and planted in the 2010 crop year, **cannot** be used to obtain the Pilot BE rate reduction for 2010. (2) Plant the qualifying seed on at least 75% of the unit's acreage (excluding any high-risk acreage). (3) By the acreage reporting date, by policy: Complete the insured's certification form and attach copies of purchase and return seed invoices. For any Pilot BE seed obtained "free of charge" and there is no purchase

invoice, the insured must obtain a BE Supplemental Seed documentation form directly from the seed company and attach it to their certification form. Finally, the producer must file an acreage report with their agent and identify the corn units that qualify for the Pilot BE on the policy.

Companies are required to do spot checks throughout the season. They will spot-check 2.5% of all eligible policies with total liability for corn less than \$500,000 and 5% of all eligible policies with total liability for corn of \$500,000 or more. All policies eligible for the Pilot BE that have claims in excess of \$100,000 will also be checked.

An insured will not be eligible for the premium rate reduction on a unit if they are found to be out of compliance for the following reasons: (1) the approved insurance provider combines units due to the insured's failure to meet the requirements for separate units, or (2) the total insured corn acreage planted in the unit, excluding high risk acreage, is determined to be different than what the insured reported **by 10% or less**.

If an insured does not qualify for Pilot BE because a trait expression test for a unit is found to be negative, provides a false or fraudulent certification, or misreports acreage **by more than 10%**, the insured's policy will be void. In addition, if a policy is void, the insured may still be required to pay 20% of the premium amount that would have been due prior to any BE premium reductions and could be subject to administrative, civil or criminal sanctions as applicable under the Basic Provisions. As you can see, there are serious actions that can be taken with non-compliance of this program. We would remind you again how important it is to report correct acres to us especially if you will be participating in the Biotechnology Endorsement.

Enterprise Units

An Enterprise Unit (EU) is a single unit consisting of *all* of the insured's insurable acreage for the insured crop in the county – regardless of share, location, FSA Farm Serial Number or practice. An enterprise unit structure will combine all of a producer's basic or optional units. A producer will receive a premium discount for enterprise units because combining all acreage of the crop in the county into a single unit reduces the probability of a loss.

Enterprise Units are available on a limited number of crops insured under the APH, CRC or RA plans of insurance. Availability also depends on the specific county where the crop is insured. Enterprise unit structure is not available at the Catastrophic coverage level (CAT). With a CAT policy the insured is restricted to a basic unit structure. Your agent can let you know if EU is available for a certain crop on your policy.

The EU discount for the APH and CRC plans of insurance is determined based on the total acres in the EU and it increases as the number of acres increase. For the RA plan of insurance the premium discount is determined from the number of sections, section equivalents, or FSA farm serial numbers on which the RA

crop is planted. The discount increases as the number of planted sections increases and maxes out at 10 sections.

To qualify for enterprise unit structure an insured must elect this option by the sales closing deadline. The EU designation is a continuous option and will stay on the policy until it is removed in written notification to the company by the Cancellation Date for the crop year for which the insured elects to change the unit structure election.

In addition to adding the EU designation on the policy by the sales closing deadline, there are other requirements that an insured must meet to qualify for EU. For the APH and RA plans of insurance an enterprise unit must contain: one or more basic units that are located in two or more sections or two or more optional units. With the CRC plan of insurance an enterprise unit must contain two or more basic units located in two or more separate sections or two or more optional units. With respect to EU and basic units, note that the APH and RA plans of insurance require a producer to qualify with only one basic unit while the CRC plan requires two basic units. With the CRC plan of insurance the enterprise unit must also contain a minimum of 50 acres. ****With all three plans of insurance, the insured must also meet the 20/20 rule for EU.** Qualifying with basic units, the insured must have planted acreage that constitutes at least the lesser of 20 acres or 20% of the insured crop acreage in the enterprise unit in each of at least two separate sections. If an insured qualifies with optional units they must have at least two optional units containing some planted acreage each that constitutes at least the lesser of 20 acres or 20% of the insured crop acreage in the enterprise unit.

Although all units on your policy may be combined into one with enterprise units, we will keep your units separated as sub-units and we **strongly** encourage you to harvest and keep production separate by sub-unit. If you decide in future years to go back to basic or optional units this will allow us to set your APH databases up with their correct individual yields and you won't have to go to the work of separating production back out by unit.

With EU structure your risk is spread over a larger area. The risk of loss is diminished because production shortages on some acreage within the enterprise unit may be off-set by abundant production on other acreage within the enterprise unit. In return for decreasing the likelihood of an indemnity with EU structure, your crop insurance premium will be reduced. Unlike EU, with basic or optional units an insured will have separate units, each with its own individual guarantee, independent of the harvested and/or appraised production from the other units. Contact your agent if you are interested in an enterprise unit quote for your policy.

With both of these policy options (BE and EU) we hope we gave you a little more detail on how each of them work and how to qualify for them. As with many of the government programs, the rules and regulations on them are subject to change at any time. Call your agent with any questions you may have. ■



The big difference I noticed from the 2008 to the 2009 coverage was the loss per head. In 2008, we saw a higher coverage price, with a larger drop in the ending price when compared to 2009. In 2008, our largest payout was \$147 for a 599 pound steer and in 2009 for the comparable time, the largest loss paid was \$62.87 per 599 pound steer. With the net loss payment after the premium was taken out ranging from approximately \$30 - \$40 per head. I have included a chart showing some of the endorsements from the past two years and the results producers have had.

As you can see, LRP has worked very well in the past on the coverages that producers have written. As we collect more data on the trends and feeder cattle market, LRP can be used as a value



added product similar to forward marketing your grain.

One thing I would like to touch on just briefly is selling cattle on a video auction. We have had producers call in and ask if they can put coverage on cattle they have sold on the video auction. If you still have possession of your calves, you may still put a price floor on those calves. One producer told me he wants

to try to use the trend in the feeder cattle market to possibly add some extra income per head in the fall.

LRP: A VALUE ADDED PRODUCT

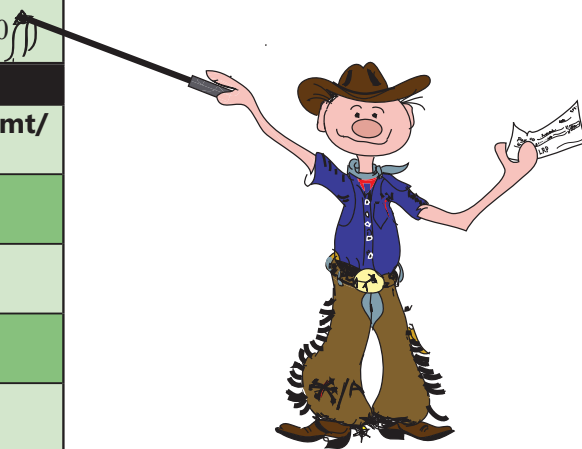
By Arlyn Rieker

Here we are already starting a new year! Where did 2009 go? As I visited with producers throughout the year, one of the major topics of discussion was how the low number of cows would affect the calf prices through this year, as well as upcoming years. I don't know the answer to this, but the producers and bankers I have spoken with felt LRP is an easy way to put a price floor on your calves.

Most of the endorsements this year on steers with an ending weight of 599 pounds were written from June to August, with ending dates in October through December. We also had numerous endorsements that expired in January. These endorsements are very similar in time to what we wrote coverage for in 2008.

2008						
Type	Target Wt.	Policy Life	Coverage Price	Ending Price	Ave. Cost/Head	Loss Pmt/Head
Steers 1	599	7/16/08-11/12/08	\$123.04	\$107.05	\$21.58	\$96.08
Steers 1	599	8/1/08-10/31/08	\$125.08	\$105.31	\$13.74	\$118.40
Steers 1	599	8/1/08-10/31/08	\$129.48	\$105.31	\$24.53	\$144.78
Steers 1	599	8/8/08-12/5/08	\$123.42	\$98.76	\$21.60	\$147.00
2009						
Type	Target Wt.	Policy Life	Coverage Price	Ending Price	Ave. Cost/Head	Loss Pmt/Head
Steers 1	599	7/9/09-11/5/09	\$110.11	\$102.47	\$19.64	\$45.76
Steers 1	599	7/20/09-11/16/09	\$112.20	\$102.58	\$18.20	\$57.62
Steers 1	599	8/18/09-11/17/09	\$110.00	\$102.47	\$14.23	\$45.10
Steers 1	599	7/16/09-11/12/09	\$114.36	\$102.93	\$22.60	\$62.87

We look forward to working with you in 2010. Please call us with any questions you may have for your livestock risk protection needs. ■



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INSURANCE-WHAT KIND DO YOU NEED?

By Diane O'Donnell & Janet Haas

Understanding insurance terms and the reason for buying different kinds of insurance can help consumers make well-informed decisions. Before you visit with an insurance agent, consider the information and questions you may have to determine your risks and insurance needs and how you could adequately address them.

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MAJOR RISKS

The importance of various risks can vary from household to household. Following is a list of the more important risks and hazards that can threaten the average individual or household.

- Death of a household member-husband, wife, child and especially a wage earner
- Total or partial disability of a household member-wage earner, husband or wife, child
- Loss of job by a wage earner
- Illness or accidents in family
- Fire or windstorm damage to home
- Damage to or theft of personal belongings
- Liability for damages done by your car
- Liability for damages suffered by someone on your property

This list could go on and on. Each risk or loss has special meaning to the individual and to the household. There are risks no one can avoid.

WHY INSURANCE?

Insurance is one means of providing financial protection against the risk of unexpected losses. It does not remove the risk of death, injury or fire; it compensates you, at least in part, for actual losses incurred. You trade a series of annual payments for the assurance that you won't have to take a major loss at some unknown time.

Insurance – whatever kind it may be – operates on the principle of spreading or sharing the risk. One person alone would find it difficult, if not impossible, to provide this protection because the possibility of a loss cannot be predicted as well for one person as for a group. Large groups of people can pool or transfer their risks to an insurance company. The individual pays the company a specified amount called the premium. The size of the premium is based on the frequency of losses by the group in past years and the costs of company administration and sales divided by the number of people in the group.

WHAT RISKS SHOULD BE INSURED?

Losses are many and varied. Some are in the nature of disasters, such as the loss of your home by fire. Others are minor, for instance, a traffic accident which damages your car's fenders. Some are remote, one-in-a-million possibilities; others are fairly likely to happen to you at least once in a lifetime.

The risks you face are not exactly the same as those other people face. Risks grow out of your particular situation: your job, the size of your household, savings and income. Your risks also will change as your circumstances change.

FOUR STEPS IN INSURANCE DECISION-MAKING

1. Determine what risks you face.
2. Determine what causes these risks.
3. Determine how you should handle each risk. There are three ways to handle risk:
 - Take care to prevent the feared occurrence from happening to you.

- Keep the risk; set aside savings to help cover it if it occurs.
 - Transfer the risk through the use of insurance.
4. Make a plan. Shop around for needed protection and a good agent.

INSURING "AGRITAINMENT"

Many farms, particularly those that surround metropolitan areas, are capitalizing on the allure of rural life by inviting the public onto their land for tours, petting zoos, hunting, corn mazes and other farm marketing activities known as "agritainment" or "agritourism."

For many farm families, agritainment is vitally important. It's the difference between keeping and selling the family farm. Many farmers want to maintain farms their families have held for generations, but are torn between the low returns made from agriculture and the lure of the windfalls they can reap by selling land for real estate development. Agritainment marketing is seen as a way to bridge the gap between farming and selling out, but often comes to overshadow agricultural production as a source of revenue.

Some insurance carriers have chosen to avoid the exposure entirely by using exclusions or declining accounts with these exposures. When agritainment risks are excepted, they are typically included in the basic farm liability premium if deemed incidental.

Another approach by some carriers has been to establish a sepa-

rate surplus lines policy with separate rates and separate underwriting questions and guidelines to address these commercial exposures on the farm.

Before venturing into "agritainment", it is a good idea to contact your agent and find out what the correct approach to this type of exposure would be when it comes to insurance needs. And as always, contact The Home Agency with any questions and concerns you may have. ■

Information for this article was provided by American Association of Insurance Services, visit the website: www.aaionline.com and UNL Extension publications, available on line at <http://extension.unl.edu/publications>.



Scholarships Available

The Nebraska Rural Radio Foundation now has scholarships available to help non-traditional students further their education.

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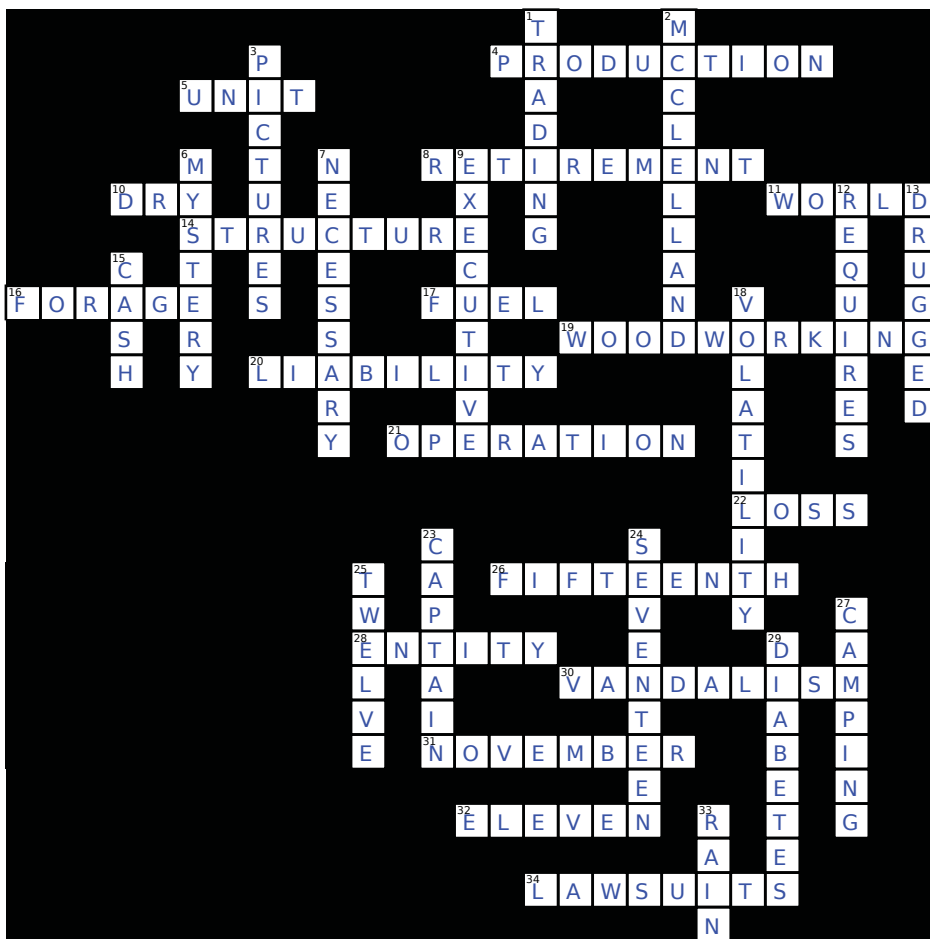
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- * men or women in the age range of 25 to 55
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Applications available at www.nrrfoundation.com or by calling 308-324-2391.

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 acquire educational opportunities.*

ANSWERS TO NOVEMBER 2009'S CROSSWORD PUZZLE



FEBRUARY IS AMERICAN HEART MONTH

- Heart Disease is the leading cause of death in the United States for both men and women.
- Heart disease caused 26% of deaths—more than one in every four people—in the United States.
- Coronary heart disease is the most common type of heart disease.
- Every year about 785,000 Americans have a heart attack for the first time.
- Another 470,000 Americans who have already had one or more heart attacks have another attack.
- Major risk factors for heart disease include physical inactivity, overweight and obesity, poor diet, high blood pressure, cigarette smoking, alcohol use, high cholesterol and diabetes.
- In the United States, someone has a heart attack every 34 seconds. Each minute, someone in the United States dies from a heart disease-related event.
- February 5, 2010 is National Wear Red Day®—wear red to show your support for women's heart disease awareness!

For more information go to www.cdc.gov or www.americanheart.org.



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MARCH IS NATIONAL NUTRITION MONTH®

- 2010 theme is "Nutrition From The Ground Up"
- The most effective way to achieve a healthful lifestyle is to be 100% free of fad diets.
- Develop an eating plan for life-long health. Get back to the basics and use the new Dietary Guidelines for Americans (<http://www.cnpp.usda.gov/Publications/DietaryGuidelines/2005/2005DGPolyDocument.pdf>) and MyPyramid (www.MyPyramid.gov) as a guide to healthy eating.
- MyPyramid Guide recommends:
 - Grains-make half your grains whole
 - Eat at least 3 ounces of whole grain bread, cereal, crackers, rice or pasta every day.
 - Look for "whole" before the grain name on the list of ingredients.
 - Vegetables-vary your veggies
 - Eat more dark green veggies
 - Eat more orange veggies
 - Eat more dry beans and peas
 - Fruits-focus on fruits
 - Eat a variety of fruit
 - Choose fresh, frozen, canned or dried fruit
 - Go easy on fruit juices
 - Oils-know your fats
 - Make most of your fat sources from fish, nuts and vegetable oils
 - Limit solid fats like butter, stick margarine, shortening and lard.
 - Milk-get your calcium-rich foods
 - Go low-fat or fat-free
 - If you don't or can't consume milk, choose lactose-free products or other calcium sources
 - Meat & Beans-go lean on protein
 - Choose low-fat or lean meats and poultry
 - Bake it, broil it or grill it
- Vary your choices-with more fish, beans, peas, nuts and seeds



For more information go to www.eatright.org and www.mypyramid.gov.

APRIL IS NATIONAL DONATE LIFE MONTH

- More than 98,000 people are in need of an organ for transplant.
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- Chances of getting a transplant increase if donor and recipient share the same racial/ethnic background.
- Ways to make it known that you want to become a donor:
 - Register with your State Donor Registry
 - Say YES to donation on your driver's license.
 - Tell your family, friends, physician and faith leader that you want to be a donor.
 - Fill out and sign a donor card, have it witnessed, and carry it with you.

For more information go to <http://organdonor.org>

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Africa's Rural Development

PRIVATE SECTOR RURAL ECONOMIC DEVELOPMENT - AN EXAMPLE FROM NAMIBIA

By Anthony Schutz

For those of you who don't know me, I'm from Elwood, Nebraska, and I am a law professor at the University Of Nebraska College Of Law. I grew up on a farm south of Elwood and I have a few (hundred) family members in the area. My wife (whose mother, Deb, works at The Home Agency) is in some way a product of the Sandhills. So I'm tied in more than one way to Nebraska and, more specifically, its non-urban landscapes and pursuits. Given those ties, I focus my courses and research on rural areas in the Midwest. Thus, I teach land use law (zoning and similar laws) from a primarily rural perspective, agricultural law, water law, environmental law and local government.

As part of my interest in rural development, natural resources management and agricultural land use, I recently spent twelve days traveling to and around Namibia to research how its citizens market the rural landscape. I was interested in the legal arrangements folks have used to help develop agricultural operations (primarily ranches) into enterprises that encompass a variety of income streams. Below, I'll talk about Namibia and some of its history, the way in which ranchers have capitalized on the landscape and the wildlife there, and how that experience could be relevant to Nebraska's landowners.

Namibia is a large country with a relatively small population. It is roughly twice the size of California with about two million people. It achieved independence in 1990. It was a colony of Germany until World War I, and it was ruled by South Africa until independence. Much of the land in the country is privately owned, though there are significant parts of the country that remain governmentally owned. The governmentally owned land includes national parks (Etosha, The Namib Desert and the Sossusvlei (pictured above) are examples), the diamond mining area of the southern coast, and communal areas, which are somewhat like the reservations we have in the United States. Most of the

landowners in Namibia are of German descent or Afrikaaners, who are of Dutch descent.

The privately owned land is cut up into "farms," which we would call ranches in the United States. Each farm has set borders encompassing about four to five thousand acres. Many landowners own more than one farm and use it in their operation. The operations are primarily geared to livestock production and, more specifically cattle. Many of the areas don't look all that different than landscapes you could find in the Midwest. There is no significant feeding industry in the country because there is little rain and insufficient crop production. The cattle are raised to slaughter weight on grass and typically sold into European markets.

Insofar as wildlife is concerned, landowners in Namibia may generally kill any game occurring on their property. Trophy hunting, selling game meat and other economic activities related to game hunting must be done with a government permit. The permits are issued by a governmental agency and are limited to the farm for which the permit is issued. In the areas where I visited (mainly in the central and southern parts of the country), the game I saw include Gemsbok (*Oryx*, pictured below), Kudu, Springbok (both pictured below), Cheetah, Leopard, Warthog,



Zebra, Ostrich and Jackal (as well as some other birds that I can't recall the names of - they don't really care much about bird hunting in Namibia). Notably, there is a robust market for game meat in Namibia. In fact, one of the ranchers I met with said they eat no beef in their household, opting instead for the game. And I noticed a lot of game meat in the supermarket and restaurants.

Because there is economic value in the game for the ranchers, they have an incentive to manage their properties in a way that increases the presence of game and maintains species' populations. Moreover, many ranchers are engaged in activities other than hunting that benefit from the presence of a diverse array of species. For instance, many market their landscape and the relative solitude of open spaces by running guest lodges. Thus, managing the landscape for species' benefit, as well as cattle, yields economic returns to the ranchers.

However, the scale of an individual operation is an insufficient area in which to effectively manage game from year to year. Unless the rancher wants to invest in a huge (and relatively expensive) fence and operate a "game farm" within its borders, it makes more sense to allow the game to cross property boundaries as they always have. And with many species there is little choice to do otherwise, given the size of the animal's habitat needs. But this poses significant problems. The fact that game doesn't respect ranch boundaries eliminates many of the opportunities

to profit. There is no guarantee from year to year the game will come to the ranchers' land. And there is no guarantee that the neighbors will compensate the rancher for the benefits they reap from his management practices, let alone contribute to the species management.

Given the boundary and scale problems, many ranchers have formed what they call "conservancies". Basically, the ranchers join together in an association at a scale where game management becomes feasible and effective. These associations range in size from 250,000 acres to nearly one million acres. The landowners forming these associations write up a document outlining their goals and the activities they will undertake to achieve these goals. Most of the goals relate to game populations. For example, the landowners may agree to conduct three game counts over the course of a year. They then meet annually to discuss how many of the existing population can be consumed for trophy hunting or other uses during the ensuing year on each ranch. The goal, of course, is to maintain the game populations at whatever level the group decides is appropriate, given the ranching activity, forage availability, likely rainfall and species' health. Once the group agrees on these quotas, they forward their information to the agency in charge of permits. To the extent permits need to be issued (for example for meat hunts, meat sales after a culling operation, catch and sell, trophy hunts, etc.), there is an informal understanding with the government agency to issue the permits.

Interestingly, there has been an ongoing push for legislation that would formalize the permitting arrangement with the landowner associations and limit the level of government oversight. After all, the ranchers argue, there is no permitting required to raise cattle and they do just fine in managing that species. Nonetheless, there has been some resistance to a wholesale relinquishment of game management to the private sector.



The viability of these sorts of associations in the grasslands of the Midwest is something I am considering. Many parts of Namibia resemble the grasslands of the US (pictured to the left), and there is much we can learn from Namibia, and vice

versa. For instance, we have never left much of anything to the private sector when it comes to wildlife management. Namibia is proof that the private sector, and specifically, privately owned lands, can be a positive force in wildlife management, provided the incentives are there. Financial returns can also follow for landowners and others in rural areas.

Namibia's associations have their problems. In general, they increase the value of individual ranchers' properties. However, there is always the possibility that individuals will withdraw from the association, choosing instead to capitalize on the benefits of the surrounding landowners' management activities without contrib-

uting at all to the overall enterprise. Or the landowners may sell their property, leaving the choice of joining to a new owner who may ride along with the association for free. In the United States, we have the ability to create obligations that inure in the title to real estate and bind both present and future owners. We do that with many residential housing developments (e.g. gated communities) in urban areas which often involve associations. My work is considering how that aspect of American law can be used to avoid some of the problems Namibian associations have encountered. Leases to an association are another option. In the end, we have an array of useful property law tools landowners can use to create associations. And those tools can be used to help landowners engage in the sort of cross-border enterprise that has worked fairly well in Namibia.

We also permit hunting somewhat differently than they do in Namibia. For reasons that would take too long to explain here, I tend to think wholesale changes to our game laws are unnecessary. Landowners' ability to exclude hunters and others from their property and their ability to charge a fee for access make the differences in permitting somewhat irrelevant, provided enough permits are issued to effectively manage the population of the relevant species.

Finally, it should be noted there are many different ways of doing business in this area and many more details I have left out. There is one more aspect of these associations that is interesting. Many conservancy members in Namibia are perfectly content to raise cattle on their land without running guest farms or hunting operations. Nonetheless, they remain part of the conservancy for a couple of reasons. One is the desire to be a good steward of the game and landscape where their community exists. The most successful conservancies are comprised of landowners who see themselves as part of a larger community. Being a good neighbor is important. Additionally, and probably more importantly, even the passive member gets economic benefits from his membership. Sometimes access to the property is sold to third-party outfitters or neighbors who want to bring people onto the property for hunting or hiking or whatever. And one can structure the enterprise so the association (owned by the landowners) pays dividends to the owners.

In the end, I think this is an interesting example of how agricultural lands can be used in ways that generate alternative revenue streams for landowners and ranch families. It has for some ranchers in Namibia, like the Pack family pictured below. If you are interested in this topic, have questions, or would like to visit Namibia, give me a call (402-472-1248) or drop me an e-mail (aschutz2@unl.edu). I'm an academic, so rest assured I won't try to sell you anything. I'll leave that to Jim and Deb. Maybe someday they'll be writing policies for one of these associations or its members. ■



REGIONAL OFFICE NEWS

BELOIT, KS

By Enos Grauerholz

The most often asked question I hear is "When do I start selling New Crop Wheat?"

This year poses some challenges on price. With huge domestic and global supply, we find we could be on the bearish side. On the other side of the spectrum, we have bullish news of a weaker dollar, lower planted acres and strong demand for soybeans, to support wheat value.

Global supply, demand and currency values are difficult to totally grasp or quantify. Locally, I see basis to be weak as elevators are essentially full.

I like to start taking marketing actions as we are planting the crop. Make sure to strictly market your insured guaranteed bushels. Revenue Crop Insurance is the irreplaceable backbone of any marketing move. For wheat, I tend to leave the top side open until spring reports come out and dormancy breaks. Last fall a \$7 wheat put was very expensive, but now it looks great. If you take a position with a broker or elevator, make sure you understand what you are doing. You need to be able to explain your reasoning to your spouse and banker. You will sleep better at night and be more successful in years to come.

Another important area to consider for your wheat pricing, is knowing your costs.

The new "buzz phrase" has been Cost of Production Pricing. I would caution anyone that is willing to quote their cost of production in any way other than a "target range". True cost of production is a moving target, with yield as a huge variable. It is difficult to nail down changes every crop year. I encourage you to find a range of your cost of production for each crop you produce.

The bottom line is markets are volatile and irrational. Get advice, pay attention weekly to opportunities and do what makes you comfortable. We all have different cash flow demands and we must plan for them accordingly. Planning, timing and luck can be your friends. Plan to create your own luck. ■

CLAY CENTER, KS

By Chris Hauserman

WOW, is the word I use to describe 2009. It seems like the last few years seem to get wilder and wilder. In the crop insurance world volatility and uncertainty are the things we try to eliminate, but, that has proven to be an unattainable goal. One positive that comes from all of this is we learn from all of these unusual circumstances.

This year we had to decide if we were going to use enterprise units or not. They worked well in most situations, but not all. For example, in 2009 with a wet planting season, cooler than normal growing season and an early frost, we encountered a lot of variability in yields. This does not work well with enterprise units.

This spring when we are going over coverage options, this will be an important point to discuss with all of you.

Also, this fall we had to decide on prevented planting claims. This was the first time I have had any prevented planting claims to file, so needless to say I learned a lot!!!! I personally think it is a good risk management tool to use in a year like this. Getting paid because you were unable to plant your wheat is better than not getting paid and not being able to get your wheat planted. After all, this is one of the reasons we buy crop insurance, to protect our livelihood. I know it has an adverse affect on a producer's APH, but so does a production loss. I have never had a producer think about not turning in a production loss because of worrying about lowering their APH.

All in all it was a very good year for most everyone in this area as we had very good wheat and fall crops for the most part. My grandpa always said if you got one good crop in a year you couldn't expect the other one to be worth a hoot. Using that logic all I can say is, WOW, what may happen next year? Spring renewals are right around the corner, and I look forward to working with all of you throughout the upcoming year. ■

HOME, KS

By Paula Brown

- Despite excess moisture, all wheat acres are planted and reported.
- All 2009 Spring crop production numbers are in and look very good despite a weather driven long harvest period.
- Livestock Risk Protection is proving to be a useful risk management tool this winter with losses averaging \$5.50-\$6.50 per 100# in December resulting in indemnities around \$35-\$40 per head depending on insured weight. Premium rates were as low as \$11-\$12 per head.
- We are currently watching the LRP policies with January ending dates.
- February and March meetings will be held to update, educate and inform insureds of changes and options available as well as opportunities for potential new customers to learn about our agency and services. ■

STRATTON, CO

By Shane Erickson

Hello from The Home Agency in eastern Colorado! I guess you could say welcome back winter! After the mild winter last year it's been a bit of a rude awakening. Even with the cool summer and late moisture, all the corn production has been reported and yields look great for the most part. Some wheat acres did fall victim to the rains and were not planted, but planted acres should reap the benefits from the winter moisture. Spring crop season is right around the corner and you will be hearing from us soon. ■

BENKELMAN, NE

By Meghann Pursley

- We are now open 8-5 and offer Property and Casualty insurance in addition to Crop insurance.
- Recent activities around the community we've been involved with include: The Chamber of Commerce activities, the Rumble on the River Concert and making donations to the hospital and the Benkelman Chamber Christmas drawing.
- Some of our producers are still picking corn the second week of January! ■

RUSKIN, NE

By Dave Meyer

As I'm writing this, it's the second week of January and it looks and feels like winter will be around for a while. It always amazes me though, how quickly winter turns to spring, and spring turns to summer. Before you know it, we'll be talking about how hot it is, and how we can't seem to catch a rain.

By the time you read this, my appreciation/informational meeting on January 21st will have come and gone. I want to thank everyone who took the time to come. I hope you enjoyed the meal and learned something in the course of the evening.

I'd like to share a few thoughts with you as I begin my second year with The Home Agency. I don't have anything profound to say, just that my goal as a crop insurance agent is simple; I want to add value to your farming operation. The purpose of every insurance policy of every kind is the same; to help people manage risk. Some insurance policies are relatively simple; if you have an item worth \$10,000, you can choose to insure all of it or a portion of it. Over the years, crop insurance has become more complex. A few of the things to consider when choosing which insurance product and level of coverage to select are; base price, premium, APH's, weather conditions, current grain prices, price trends, input costs, and projected yields. Along with those factors, you also need to consider land and machinery payments as well as living expenses.

I do think it is important to remember that with all of the variables and all of the unknowns, the intent of the policy remains the same; to help you manage risk.

Enterprise units and production hail are a couple of relatively new insurance products available to help you do this. I'd like to sit down with you and show you how enterprise units compare to optional units in your operation, as well as explain how you can insure up to 115% of your APH with a production hail policy.

By plugging in your APH's, operating costs, and income needs, I can show you the different options available, and let you decide which one is best for you.

I have been involved in agriculture in some form or another for over 35 years. I was actively engaged in farming for the first 20 years, raising corn, milo, wheat, and livestock. I tried to keep

my input costs as low as possible and tried to sell my grain and livestock for a good price. Most years I really didn't know if I made any money or not until tax time. Even then the issue was clouded because of depreciation schedules, carry-over sales, and pre-paying expenses. When I started working with The Home Agency, I began to see the full value in knowing the actual cost of production.

It's really hard to make a marketing plan when you don't know your exact cost of production. But once you have a good handle on what your cost of production is, then it's up to you to decide how much money you want to make in a given year. Or in some cases, and you hope not very often, how much money you are going to lose. The bottom line is it all revolves around cost of production. ■

COZAD, NE

By Chip Bullock

The exciting news for the Cozad office of The Home Agency is the addition of the real estate business. In case you haven't heard, Jim Baldonado has purchased BHA Real Estate in Lexington, NE. The best part is, since I've had my real estate license for several years I now can combine the insurance and real estate business together. I will be working with buyers and sellers of real estate and I look forward to working with you.

Patti Johnson, who previously owned BHA Real Estate, is staying on with the company as managing broker and the rest of the BHA staff is staying on as well. This will allow us to offer you the best of both worlds. Not only will I be working with home listings in this area but I will be working with farm and ranch land as well. With our experience in agriculture, this gives you an outstanding opportunity to get the best support—whether it's insurance or real estate. Our combined experience allows us to serve you better. ■

MCCLELLAND, IA

By Kevin Ross

Here in southwest Iowa, the big news is most likely the same as everywhere else, the brutal winter weather. Mother Nature has unleashed a winter fury unseen in decades. Being snowed in three separate times for multiple days, record setting well-below zero temperatures and a fair amount of acres that are still in the field....well, that's pretty much the talk of the area. A person gets dug out, takes care of livestock (if you have them) and that's about all that gets done between storms. From a personal standpoint, we have been working to get the new office opened up. We have also started calving out some embryo transfer babies in this lovely weather, and Sara has really begun to get going on the baby stuff. Our baby is due during the heart of calving season and sales closing. He or she will be here before we know it, so I don't see a whole lot of spare time coming in the near future. After all that, I'm thinking I will already be late with planting corn when spring gets here and the snow finally melts. I hope everyone had a great holiday season and is able to stay safe and warm throughout the rest of the winter. ■

CLARK REDDING

Hi there, my name is Clark Redding. I live in Larned, Kansas with my wife Judy. Our four kids, Georgia, Stafford, McLain, & Duston are now all grown and gone. We have many great memories of cheerleading, football games, track meets, wrestling, baseball tournaments and everything else that goes along with raising kids today. Along with this we also had eight foreign exchange students in the middle of it all. To say the least our big old house is sooooo



much quieter now than before. That was a little hard to adjust to, but you know, now it ain't bad.

Now that it is just the two of us we like to spend time at our place at Harlan County Reservoir. This past summer Judy discovered "catfishing", and became quite good at it. She also started playing golf and we had a good time playing at the local course in Alma. Besides fishing and golfing, we like to spend time reading, cooking, and occasionally dancing.

I started in crop insurance in 1988 as a marketing representative in Kansas for American Agrisure, and first came into contact with Jim and The Home Agency at that time. It wasn't long before Jim's agency became the company's largest and I got to know Jim, Sharri and his staff well. When I decided to get into the business from the private side, The Home Agency was an easy choice to make as to the kind of agency I wanted to be a part of.

I office out of my home in Larned, and write a book of crop business in Kansas for The Home Agency. I also serve as a Field Representative for THA and work with our new agents Jim is helping get started in the business, and basically go wherever Jim needs me. There is quite a lot of travel involved, but I have functioned in that capacity for a long time and I'm quite used to it. Besides, Judy says it gives her time to clean up after me.

If you're ever in the Larned area, please feel free to stop in. There's always something cooking and there's plenty of space in this old barn, and as Judy says, "we have more room than sense." ■

CINDY SOLLER

Hello, my name is Cindy Soller. I have been in the insurance business since 1997 and joined The Home Agency in Gothenburg in 2007.

I have a daughter Katy, who lives in Gothenburg. She and her husband, Josh, are busy raising their three children Kayla, Shaddix and Gauge. My second daughter Anny also lives in Gothenburg. Kayvin her one year old is walking, so he keeps mom pretty busy chasing after him. Over the years it has been great fun raising my children. And now, watching my grandchildren grow up, I love spoiling them!

Many years ago I was employed by a trucking firm in Gothenburg and learned the ins and outs of the trucking business. Being co-owner of a trucking business certainly helped increase that knowledge also. That is how I acquired my niche in the insurance industry. Most of the insurance I write is commercial auto insurance for the trucking



industry. I am also the licensing agent for my clients. I have always been involved in our community as a Sunday school and Bible school teacher. I am a member of our women's church group and happily deliver Meals-on-Wheels to those who cannot get out and need the help. I'm also a board member for Gothenburg Housing Authority. I enjoy spending time with my family, watching Husker football and I love being outside when it is warm, doing yard work or going to the lake. And this spring, Janet Haas and I plan on learning to golf!

I have joined a great group of people at The Home Agency and it is wonderful to be part of an Agency that puts forth so much effort to take care of their clients and their clients' needs. ■

KYLE YARDLEY

Hey there! I'm Kyle Yardley, a new member to The Home Agency team. I am based out of Lincoln, NE where I have lived for a few years now. Hopefully, by the time you read this these nasty subzero temperatures will have left us and I will be interacting with you discussing ways to protect yourself and the things you rely on.

I was born and raised just outside the small town of Ashland, NE. I graduated high school in 2003 then moved to Lincoln. Since then, I have worked full time and attended night classes at Southeast Community College and also Doane College majoring in Business Administration. In my free time I enjoy Husker sports, outdoor activities, traveling, attending sprint car races, and going back home to help my dad with that ongoing 10 year muscle car restoration project. I'll have the completion photo one of these days.

I have been fortunate to have seen many sides of the insurance world through previous jobs. During my senior year of high school I began working at an auto body shop in Ashland. This was a good introduction to insurance as I met many adjusters from different companies. In August 2005 I became one of those adjusters. I began working for Allied/Nationwide Insurance as an adjuster then took on the role of a total loss representative for the remainder



of my time there. As you can imagine, the sights I have seen, the stories I have heard, and the people I have dealt with in many different ways in their time of need are endless. Also, along with those things is the knowledge I have gained from being part of such a large insurance company. That office also had underwriting, marketing, property, casualty, commercial, litigation, and work comp teams. Working there gave me a great understanding of the insurance world.

I have now begun the agency side of insurance and feel that it is a great fit. I look forward to getting back out to the small towns and farming communities and talking with all of you, the backbone of the America. ■

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Investing for Your Future

RETIREMENT PLANNING AND IRAS

By Ashley Dean

The beginning of a new year brings change and resolution. For some it means the start of something, but for many it's motivation to complete a project that's been on a list for months.

Retirement planning is an ongoing process that is never complete, and the number of people who *think* about investing is often greater than the number of people who actually *do*. It takes research, and in some cases a great deal of assistance, but for those who currently have money in an Individual Retirement Account (IRA), the start of this new year brings unique possibilities.

On the first day of 2010 the \$100,000 income limit for converting Traditional IRAs to Roth IRAs was eliminated. In a Wall Street Journal article published on December 12, writer Kelly Greene refers to it as "one of the biggest changes on the IRA landscape in years."

An IRA is a tax-advantaged account designed to help a person save for retirement. Although there are many, two of the most common types are Roth and Traditional. (See *Chart 1.1* for a direct comparison.)

"I generally recommend that people invest in a Traditional IRA," says Kent Holl, Insurance Agent for The Home Agency. "Although there can be advantages to the Roth, I encourage people to take the tax deduction initially, rather than waiting until retirement."

So what does this new law actually mean? Roth IRAs are known to be an excellent option for those who are eligible, offering (federal) tax-free growth and withdrawals. There are adjusted gross income limits for persons wanting to contribute to a Roth IRA, but the income requirement has been dropped for anyone willing to pay the income taxes due upon *converting* assets from a regular IRA to a Roth, where the money can grow tax-free.

Prior to the start of the new year the Wall Street Journal reported that only 5% of the country's \$3.7 trillion IRA assets were held in Roths. About 13 million households holding more than \$1.4 trillion in retirement assets became newly eligible for conversions. Financial analysts are unsure of how many will take the plunge, but the national debate has spurred some interesting discussion about retirement planning and investment numbers.

"I don't know a lot of people who will be affected by this new tax law," says Holl, "I can't think it will directly affect the farming community a great deal, but if people are at all interested, I would suggest they visit with their accountant about the options. I do think this creates good discussion though. Even if you're not considering a conversion under the new law, retirement planning is something all farmers, young and old, need to be thinking about. An IRA is definitely an option all farmers should consider."

In recent years the United States Department of Agriculture (USDA) has addressed the importance of retirement planning for farm households. The average age of farmers has increased over the years. Improved health and longevity of life, combined with technological advances in equipment, have enabled farmers to operate farms much longer than in previous generations. According to the USDA, over one-fourth of all farmers, and about half of all agricultural landlords, are age 65 or older, compared to only about 3 percent of the national labor force. The USDA has emphasized the importance of retirement planning for farmers, citing several

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COMPARISON OF THE ROTH IRA AND TRADITIONAL IRA		
	ROTH IRA	TRADITIONAL IRA
SUMMARY	A Roth IRA offers the opportunity for federally tax-free growth and withdrawals. There are income and eligibility requirements.	A Traditional IRA may allow you to deduct contributions to your income taxes now and pay the taxes when you make qualified withdrawals in retirement. There is no income eligibility limit to contribute.
WHO IS ELIGIBLE?	Anyone (usually 18 years or older) with employment compensation.	Anyone under the age of 70.5 years old with employment compensation.
IS THERE A SPECIFIC AMOUNT I HAVE TO INVEST?	Minimum amounts are required by some investment firms, however the law states that the maximum amount that can be invested in 2010 is \$5,000 or 100% of employment compensation, whichever is less.	
ARE THERE INCOME LIMITS FOR MAKING A CONTRIBUTION?	Yes, for single filers it is up to \$120,000 in 2010. For joint filers it is up to \$176,000.	There are no income limits.
CAN I CONTRIBUTE TO AN IRA IF I HAVE A 401(K)?	Yes, you can and should contribute to both accounts.	
ARE CONTRIBUTIONS TAX-DEDUCTIBLE?	No.	Yes, subject to retirement plan participation status.
WHAT ARE THE FEDERAL TAX ADVANTAGES?	Tax-free growth.	Tax-deferred growth.
CAN I WITHDRAW WITHOUT A PENALTY?	Contributions can be withdrawn at anytime without penalty.	Penalty-free withdrawals are available, but only for specific expenses and purchases such as qualified higher education.
IS THERE A MANDATORY WITHDRAWAL AGE?	No.	Yes. Distribution must start at age 70.5 years.

on an IRA to allow me to deduct contributions from my income and let it grow tax deferred for retirement.”

For more information about IRAs and your options, speak with your personal accountant, or contact an agent at The Home Agency and we will put you in touch with someone who can help. ■

Sources: WSJ.com; usda.gov; Fidelity.com; IRA.com and

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income sources and different saving habits as two reasons why it is particularly critical.

In spite of the supporting evidence, the USDA's most recent study in 2005 found that only 40% of farm households were participating in some type of retirement account compared to the 60% of non-farm households. Of those farmers who had invested, only 7% were contributing to an IRA. The study also included a survey of farmers near retirement that provides insight into what farmers planned to rely on. Highlights from the survey are below:

- 20% planned to cash rent the farm ground to fund retirement
- 20% planned to sell the farm ground to fund retirement
- 60% planned to turn the farm ground over to others or convert their land for other uses

Many people would say that retirement planning is an absolute necessity, but for those who haven't started contributing to a retirement account, it can be overwhelming to know where to start.

“I started my first IRA at age 19,” says John Bracker, Investment Advisor Representative for Mid American Financial Group. “I had asked a friend what he was doing for savings and he referred me to an advisor. The advisor walked me through a process that helped me decide what account type was best for me and how much I should set as a goal for saving. In the end we decided

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Winter Favorites

Holiday Salad

From: Becky Bedan

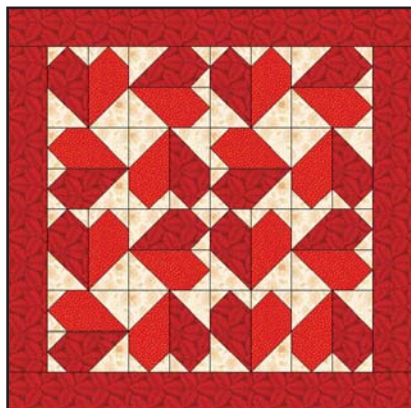
- 1 can of cherry pie filling
- 1 can Eagle brand condensed milk
- 1/4 cup of lemon juice
- 1 small can of crushed pineapple with juice
- 1 cup miniature marshmallows
- 8 ounces of Cool Whip

Mix all ingredients together and chill. Enjoy!



Try out our featured recipe at your upcoming Valentine's Day dinner. It's sure to go over well with your valentine!

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!



Wall Quilt Finished Size: 32" x 32"
Block Finished Size: 6" x 6"

Cutting:

Cream: Background (5/8 yard)
(32) 3 1/2" x 3 1/2"
(64) 2" x 2"

2 Reds: Hearts (1/3 yard each)
(16) 3 1/2" x 6 1/2"

Red: Border/Binding (7/8 yard)
(4) 4 1/2" x 4 1/2" (Borders)
(4) 2 1/2" x 2 1/2" (Binding)

My Heart Flips For You

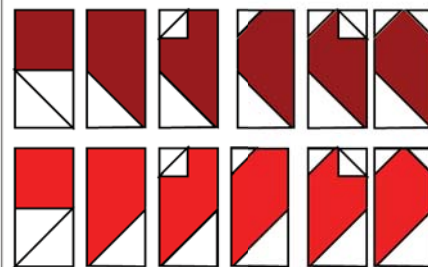
Construction: All seam allowances are 1/4"

Hearts:

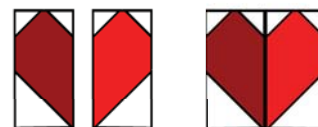
1. Draw a diagonal line across the wrong side of the 2" and 3 1/2" cream squares.
2. Pair the 3 1/2" cream squares right sides together on the lower half of the red 3 1/3" X 6 1/2" rectangles. Refer to diagram for direction of the diagonal line on each of the two reds.
3. Sew on the drawn line. Trim seam allowance to 1/4". Press towards cream.
4. Pair the 2" cream squares on the upper corner of the red rectangle. Sew on drawn line. Trim seam to 1/4". Press towards cream. Repeat on opposite upper corner of red rectangle.
5. Sew the two heart halves together. Block should measure 6 1/2" x 6 1/2" at this point.

Assembly:

1. Arrange hearts into rows, rotating direction of hearts as pictured. Join rows together.
2. Add borders to sides, then to top and bottom of quilt.
3. Quilt as desired. Bind using the 2 1/2" strips of red.



Make 16 of each colorway



Make 16

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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 13 for our crossword puzzle contest!

ACROSS

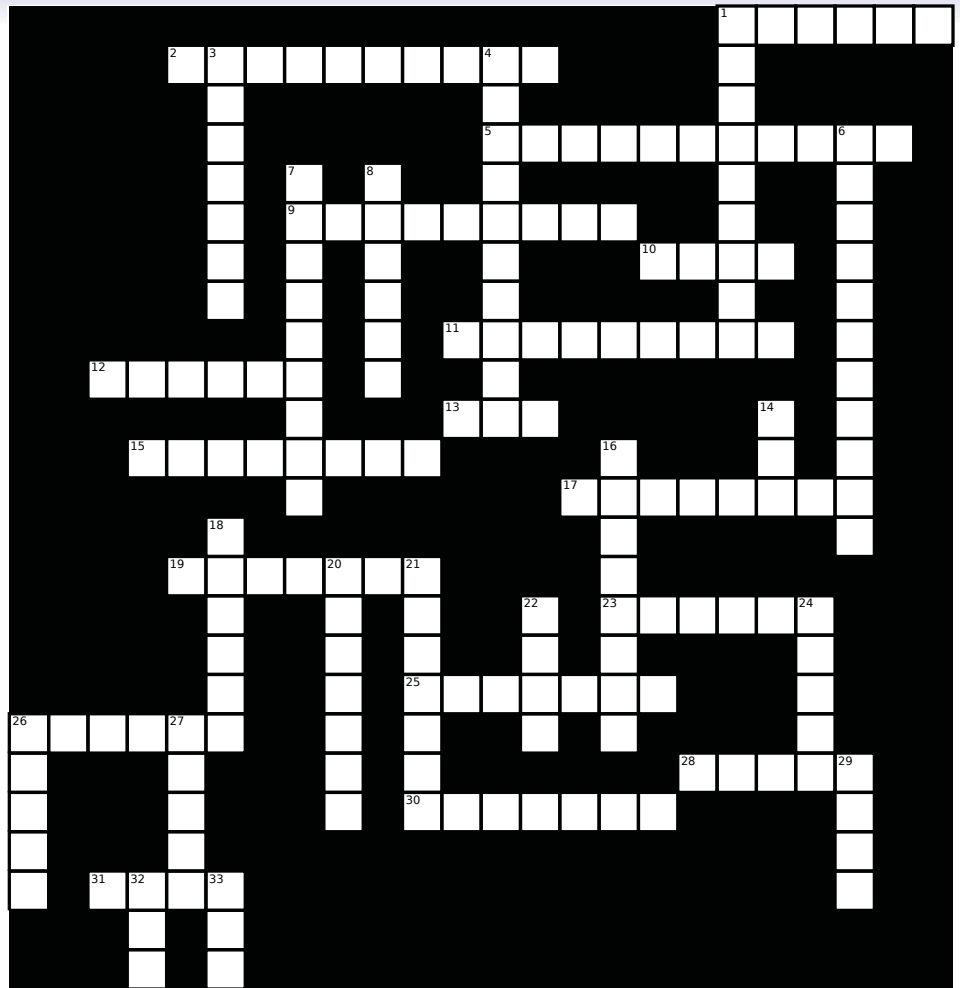
- 1 A national park in Namibia.
- 2 Insurance is one means of providing financial protection against the risk of ____ loss.
- 5 On January 1, 2010 the \$100,000 income limit for converting ____ IRAs to Roth IRAs was eliminated.
- 9 Pilot BE does not apply to acreage designated as high-risk in the ____ documents.
- 10 With Enterprise unit structure, your risk is spread over a larger ____.
- 11 A state in which Pilot BE is available.
- 12 Most of the endorsements this past year on steers with an ending weight of 599 pounds were written from June to ____.
- 13 Say ____ to organ donation on your driver's license!
- 15 ____ heart disease is the most common type of heart disease.
- 17 A major risk factor for heart disease includes ____.
- 19 A ____ acreage report is required in order to short rate wheat acres.
- 23 The MyPyramid Guide recommends that a person eats more ____ vegetables.
- 25 To qualify for Enterprise unit structure an insured must elect this option by the sales ____ deadline.
- 26 Agent Kyle Yardley has been working with his dad on restoring a ____ car.
- 28 When it comes to Production plans, all insurance companies have a different way of defining ____.
- 30 A type of game that Anthony Schutz saw while touring Namibia.
- 31 Agent Cindy Soller is planning on learning how to ____ this spring.

DOWN

- 1 Technological advances in ____ have enabled farmers to operate farms much longer than in previous generations.
- 3 ____ was a colony of Germany until WWI and then it was ruled by South Africa until its independence.
- 4 An ____ unit is a single unit consisting of all of the insured's insurable acreage for insured crop in the county-regardless of share, location, FSA Farm Serial Number or practice.
- 6 Many farms capitalize on the allure of rural life by inviting the public onto their land which is known as ____.
- 7 As we collect more data on the trends and feeder cattle market, LRP can be used as an added value product similar to forward ____

your grain.

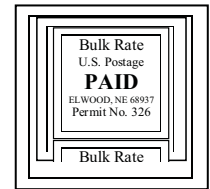
- 8 Chances of getting an organ or tissue transplant increase if donor and recipient share the same racial/____ background.
- 14 Enterprise unit structure is not available at the ____ coverage level.
- 16 A producer will receive a premium ____ for enterprise units because combining all acreage of the crop in the county into a single unit reduces the probability of a loss.
- 18 All changes or additions to your crop insurance policy and the coverage included must be made ____ Sales Closing Deadline.
- 20 Insurance operates on the principle of spreading or ____ the risk.
- 21 Agent Clark Redding likes to occasionally go ____ with his wife.
- 22 The ____ price for RA and CRC for the 2010 row crop season is currently being set.
- 24 With Optional units, if you have eight pivots in eight different sections, you also have ____ units.
- 26 ____ 15, 2010 is Sales Closing Deadline for row crops.
- 27 When looking at Enterprise units and the premium savings, what most people do is buy up at least one ____ and in most cases two.
- 29 20% of farmers plan to ____ their farm ground to fund retirement.
- 32 With Enterprise units, if you have eight pivots in eight different sections, you have ____ unit.
- 33 The most effective way to achieve a healthful lifestyle is to be 100% ____ free.





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*Photo on the front cover by Sara Ross
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