

THE

HOME AGENCY

MAGAZINE

President's Thoughts

FROM THE DESK OF
JIM BALDONADO

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PRESIDENT'S THOUGHTS

FROM THE DESK OF
JIM BALDONADO



Greetings,

It seems like every year in the February issue of our magazine we talk about what needs to be done with your row crop renewal due March 15. In the May issue of our magazine we talked about hail and wind coverages—at the time of me writing this, I want to thank God we have not had much of either. Seems like most has been in the northeast and southeast part of the state, which has been mainly wind.

I know no one wants a bad hailstorm as it does no good for anyone, but I have had more than one person tell me with HPP 120 on 210 bushels of corn it would equal 252 bushel times \$3.96 ending at \$997.92 per acre. With all that is going on in the world and these markets falling like a rock the last half of June, 252 bushels at \$3.96 per bushel, and no basis taken off of the price, looks really good.

It seems like the August issue of our magazine we often talk about wheat. Wheat renewals are due the end of September and I know Cindy Davis will talk about that later in the magazine (page 6).

I want to touch base again on property and casualty. It seems like year after year we just keep writing more and more farm policies. It seems to me that for whatever reason some agents of other insurance agencies don't like to do farm reviews for their customers. Unfortunately, after a number of years with no loss, you could have a loss and find out you don't have coverage you thought you had. If you would've done a yearly review with your agent, a number of those things may not have been missed, or at least would have been updated, and your claim

settled like you thought it would.

I know we at The Home Agency we take pride in making sure we keep our customers informed and happy. With that said, if you only insure your crops with The Home Agency please give us a chance to visit with you concerning your farm, your house in town, or your autos. You might be pleasantly surprised what we have to offer.

Now on to some exciting news on the family side. Our son-in-law, Kevin Ross, who lives and farms in Iowa and is also an agent for us there was recently voted onto the National Corn Growers Association's Executive Board. We are very excited about this opportunity for him and look forward to watching him lead the nation's corn growers over the next three years. More about his appointment can be found on the next page in the press release by the National Corn Growers Association.

A handwritten signature in black ink, appearing to read 'Jim'.

NCGA BOARD ELECTS ROSS AS NEXT FARMER TO JOIN ORGANIZATION'S LEADERSHIP



The National Corn Growers Association's Corn Board has elected Kevin Ross of Iowa to become the organization's First Vice President for the next fiscal year, which begins October 1, 2018.

"I am honored my fellow Corn Board members placed their trust in me and granted me the privilege of becoming a part of the organization's leadership," said Ross. "Today's American corn farmers face an ever-changing

landscape with numerous challenges, as well as opportunities, on the horizon. It is imperative that we work with our partners in government, in industry and in the public to grow markets at home and abroad. I sincerely look forward to working with our grower leadership to find innovative, impactful ways to grow the markets and the future for U.S. corn farmers."

A sixth-generation family farmer, Kevin and his wife, Sara (Baldonado), grow corn, soybeans, alfalfa, and run a 140-head cow/calf operation. Growing corn almost exclusively using no-till methods, they hope to someday pass the farm on to their four young sons, Hudson (8), Axten (5), Carver (2), and Hollis (2).

On the national level, Ross serves as Corn Board liaison to the Feed, Food and Industrial Action Team and acts as the liaison to the National Cattleman's Beef Association.

Previously, he has served as board liaison to the Grower Services Action Team, the Production and Stewardship Action Team, the Trade Policy and Biotechnology Action Team, as a member of NCGA's Finance Committee and as 2017 Co-Chair of the Commodity Classic Joint Venture Committee. Prior to his term on the Corn Board, Ross served on NCGA's Ethanol Committee, Public Policy Action Team and as a member of the CornPAC.

"NCGA has built a strong history of success over the years. The farmers who have stepped forward and volunteered to lead the organization have been the driving force behind these achievements. We, as a Corn Board, believe that Kevin will continue this fine tradition," said NCGA President Kevin Skunes. "Our Corn Board appreciates the keen insight he brings to our discussions and the dedication he continually demonstrates to benefit all farmers. We are confident that he will continue working tirelessly on their behalf."

On October 1, Skunes, of North Dakota, becomes Chairman and the current First Vice President, Lynn Chrisp of Nebraska, becomes NCGA President. In October 2019, Chrisp becomes Chairman and Ross becomes President.



CROP INSURANCE UPDATE

CINDY DAVIS

The spring season was interesting to say the least. Late season snow storms in the Midwest brought moisture and some record low temperatures that left producers waiting on drier fields as well as warmer soil temps to get their row crops planted. Most of the acres made it into the ground timely and hopefully the early moisture was worth the wait. Unfortunately the late winter storms may have come too late for the '18 Winter Wheat crop. According to USDA's National Agricultural Statistics Service, the U.S. Winter Wheat Condition may be the worst in sixteen years, especially in the southern states. If wheat harvest proved those expectations, the adjusters may be very busy this summer and producers can breathe a sigh of relief when their crop insurance policy helps to supplement the lost bushels.

Production Reporting – Record Type – New RMA Requirement

Before I begin with the production reporting reminders, I want to touch briefly on a new RMA requirement for the crop insurance program. Beginning with the 2019 crop year (which includes production reported on 2018 acres), your agent will be asking a new question at reporting time...what type of records were maintained for each unit? Some of the most common types will be: production sold/commercial storage, farm stored – measured by the producer, automated yield monitoring systems, farm stored – measured by an authorized representative of the company, livestock feeding records, claim for indemnity, appraisals in non-loss situations, as well as a couple other types.

This shouldn't take much time to complete as most producers will know this information off the top of their heads. Starting with the 2018 wheat harvested this summer, this will be a requirement for all policies going forward, where production is reported annually. If record type is not included, the policy may go into error with RMA.

2018 Wheat Production

If you haven't already done so, it is time to report your wheat production. We hope the predictions were off and you were able to harvest a decent crop. It is hard to believe, but before long we will be focusing on the next wheat crop year. Your agent will need to update your databases with production in order to get you the most accurate quotes for next year's coverage. Below you will find the 2018 projected wheat prices, as well as the tracking dates for the harvest prices.

2018 Row Crop Harvest

Row crop harvest will soon be in full swing. The fields

2018 Winter Wheat Prices & Harvest Tracking Dates

States	Projected Price - Yield Protection and Revenue Protection	Harvest Price Tracking Dates - Revenue Protection
NE, CO	\$5.08	Sept. KCBOT July 1 - July 31
KS	\$4.87	July KCBOT June 1 - June 30
IA	\$5.02	Sept. CBOT July 1 - July 31

and farmsteads will be buzzing with activity and the combines and trucks will be on the move. We wish you all a safe harvest! Below are some reminders to keep in mind as you get ready for harvest:

- If you still have last year's grain stored in bins, it is **very important** to call your agent and get an adjuster out to measure the old crop. New crop grain should **not** be stored in the same location until this is done.
- Never destroy a crop until you have called your agent and an adjuster has given consent to do so. This could not only jeopardize a loss, but could also have a very negative impact on your approved production history – APH.
- The same holds true if you will be chopping silage. Let your agent know as soon as possible to give the adjuster time to contact you and get the acres appraised, if necessary.
- Keep your production separate by unit, even if you have elected Enterprise Units (EU) on the crop. Commingling grain could be very detrimental and even take you completely out of a loss.
- Mark your scale tickets by unit number or farm name, and keep track of any grain that is being fed. This will make for a quicker claim and/or audit process.
- Production Hail policies with losses on them cannot be finalized until production is turned in. It is very important,

if you have a production hail policy, to keep your production separate by field or pivot, also.

- Be sure to get your losses turned in timely. Don't wait until the end of harvest to report a loss to your agent. The policy provisions are very clear about loss reporting. The provisions state that in the event of damage or loss it is the insured's duty to give us notification within 72 hours of the initial discovery of damage, but not later than 15 days after the end of the insurance period. For most crops the end of the insurance period is the earlier of: 1) harvest of the crop, 2) destruction of the crop, or 3) the calendar date for the end of insurance as listed in the Crop Provisions. Don't wait until the end of harvest to turn losses in.
- Report your production to your agent as soon as possible, after harvest is complete.

The Projected Prices for the 2018 row crops were set back in February for the Yield Protection (YP) and Revenue Protection (RP) plans. They are shown in the chart below, along with the tracking dates for the Harvest Prices for the Revenue Protection plan.

2018 Spring Crop Prices & Harvest Tracking Dates

Crop	States	Projected Price Set - Yield Protection and Revenue Protection	Harvest Price Tracking Dates - Revenue Protection
Corn	NE, KS, IA, CO	\$3.96	Dec. Corn CBOT Oct. 1 - Oct. 31
Grain Sorghum	NE, KS, IA, CO	\$3.83	*Dec. Corn CBOT Oct. 1 - Oct. 31
Soybeans	NE, KS, IA, CO	\$10.16	Dec. Corn CBOT Oct. 1 - Oct. 31

*Multiplied by the price percentage relationship between grain sorghum and corn as determined by RMA.

2018 Farm Bill

In last year's article I mentioned that Congress had already begun working on the new Farm Bill – Agriculture and Nutrition Act of 2018 – and it is a good thing! The current Farm Bill is set to expire on September 30, 2018. At the time of writing, I would say cautiously optimistic. On June 21, 2018, in a narrow vote of 213-211, the House voted to approve the new bill, and it was soon headed to the Senate for their vote. I am hopeful that by the time this issue reaches you, the 2018 Farm Bill will be very close, if not already signed by President Trump, with no negative impacts to crop insurance.

I've mentioned this website in prior articles, and feel it's worth another reference. 'Crop Insurance Keeps America Growing', their website: <https://cropinsuranceinamerica.org> is an excellent source of information. From Crop Insurance 101 to press releases and new clips, this website is packed with some great material. Most recently they came out with "In the States", where you can click on the interactive map to see what effect agriculture has in any state. In Nebraska, for example, crops contribute \$22.6 billion to the state's economy. There are 83,581

policies that cover 18 million acres and provide \$7.3 billion in protection. You will also find on this website that in 2017 crop insurance hit a historic mark; 311 million acres were enrolled in the crop insurance program! There were 130 different crops protected – insured under 1.2 million policies - valued at \$106 billion. Whether or not the new Farm Bill has been passed, let your legislators know how important crop insurance is, and urge them to keep the program strong. Its success not only benefits farmers and ranchers, but impacts the economies of our farming communities as well.

2019 Winter Wheat

Looking ahead, our next crop insurance deadline is September 30, 2018. This is the Sales Closing Deadline for 2019 Winter Wheat. Be sure to see your agent prior to this deadline to review your policy. All changes to current policies must be made by the deadline. In addition, all new policies and cancelations have this same deadline. Below are a few things to keep in mind while reviewing your policy and deciding on coverage for 2019:

- Do you have a policy for all counties you will plant and insure wheat?
 - Have you reviewed all plans, coverage levels, and option for your crop(s)?
 - Verify all social security numbers and EIN's on your policy, as well as the entity type shown. (Make sure the entity has not changed....was there a new trust or corporation formed? Has anyone listed on the policy passed away?) RMA is still data mining on this information and finding deceased persons still listed on policies. In some cases, the crop companies will have no choice but to cancel the policy if not corrected timely. ****Tenants, if you have POA for landlords, double check this same information with them. ****
 - If you have high risk land in your operation there are several options available for coverage. These need to be elected by Sales Closing Deadline.
 - Will you be breaking out any ground? In some cases this would require an approved written agreement for coverage – these agreements are due by September 30th as well. New conservation compliance rules have been in effect for Native Sod – and include decreased coverage and subsidies in some cases, for certain states. Check with your agent before the Sales Closing Deadline for the rules on Native Sod
- If you will be insuring for a landlord or tenant, these arrangements need to be made prior to September 30th and must be documented on your policy.
- Are you a POA for a landlord? Your agent will need a copy of this document.
- Sales Closing is also time to visit with your agent about coverage for hay land and/or pasture. PRF (Pasture, Rangeland, and Forage) policies are available in some counties.

The crop insurance program is continually changing and adding new options and rules. Let your agent explain and show you how to create a policy customized to your farming operation. As always, if you have any questions, stop by or give us a call.



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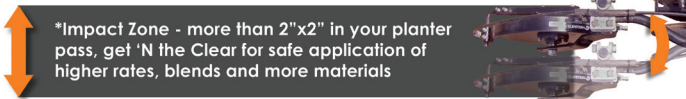
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LIVESTOCK RISK PROTECTION UPDATE

ARLYN RIEKER

Summer is upon us. As I write this, it is the first day of summer 2018 and we just received abundant moisture. The grass looks in good shape going into the hottest weeks of the year. The cattle market has been rising and we have had numerous calls regarding LRP (Livestock Risk Protection) and putting a price floor on the cattle. Comparing the coverage we are writing now on 599# steers with October/November ending dates to 2017 coverages, we are in the same range, \$162 to \$164, for coverage but the premiums per head this year are around \$37

per head, or \$6 to \$9 less per head compared to last year which was \$43 to \$46 per head. This has been attractive to producers, to save this out of pocket expense and still protect their bottom line.

I also want to touch briefly on some of the losses been paid out recently. On 599# steers, the loss payments have ranged from \$46 to \$92 per head, and on 900# steers from \$88 to \$165 per head. So as we experienced the decline in the market, LRP policies have worked as designed.

LRP is exactly what the names says "Risk Protection". LRP provides protection against a decline in prices below the established coverage price for fed cattle and feeder cattle. LRP is single-peril price risk coverage for upcoming livestock sales. LRP provides price risk protection by paying producers if the national cash price index falls below the insured price level at the ending date of the policy. This is offered by the USDA Risk Management Agency (RMA) as an alternative to traditional futures and options. The coverage works similar (but not identical) to a put option. LRP is a continuous policy and may be purchased at any time throughout the year, which makes it easy to ensure your coverage will correspond with the time of year when you market your livestock. The coverage prices and rates fluctuate daily and are based on the Chicago Mercantile Exchange (CME). Premium rates, coverage prices and levels, and actual ending values are posted daily. Unlike crop insurance where we know when and how the base prices are set to establish the rates and premiums, with LRP, we unfortunately don't have that formula. We run quotes daily to access the coverage prices, levels offered, and premiums. There might be coverage one day and not the next, we just don't know until the end of each trading day at 3:30 pm. If coverage is available, it can be written from that time until 9:00 am the following morning. This is why we run the quotes daily and stay in contact with the producers to keep them up to date on the coverage prices. All these quotes and Actual Ending values can be found on our website, www.thehomeagency.com.

We want to remind producers not to sell any livestock they have insured on an LRP contract more than 30 days prior to the contract end date otherwise coverage is voided. With the timely rains we've received, the grazing period for cattle on grass could be extended, which in turn may affect when your marketing dates. You might wonder how this could affect an LRP policy. It is important for all producers interested in LRP and those with LRP contracts to be aware of and understand the policy provision that you must have the cattle in your possession until at least 30 days prior to the end date of the contract.

For example: if the coverage ending date is November 30th, the producer is required to have possession of the cattle as of November 1st in order for the coverage to stay in effect. After this date, with feeder cattle, the producer can sell or retain ownership and it has no bearing on the coverage. However, if he sells October 31 or before, the coverage is voided.

The flexibility of the LRP policy is one of the things I like about it. It allows the producer to choose a contract ending date anytime throughout the year to coincide with their marketing schedule; so we can personalize the coverage for each producer's unique situation.

Please give us a call and we will be happy to visit with you about the Livestock Risk Protection policy and how it can work for your operation.



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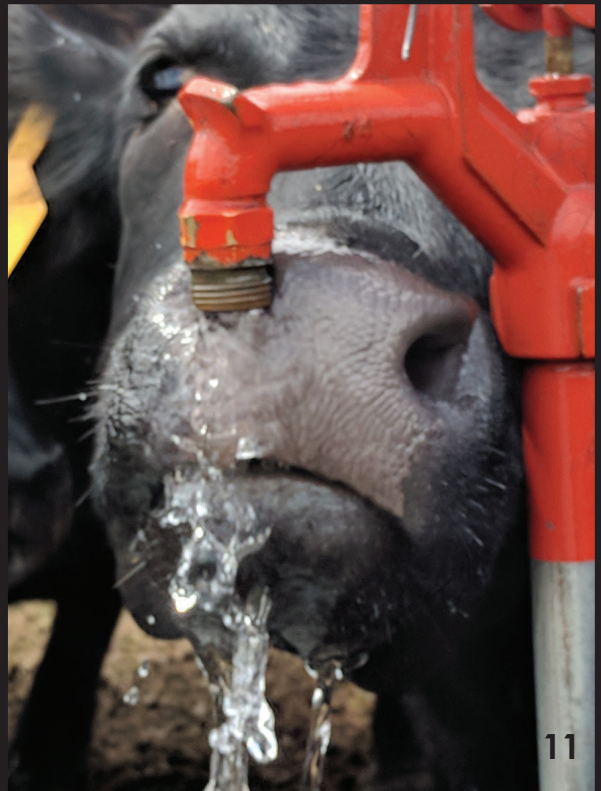
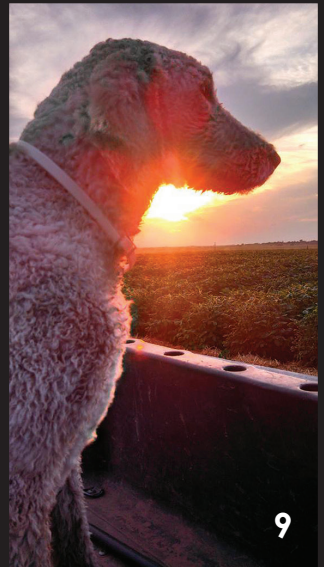


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| 1., 6. | Andy Krings | 9., | Tara Niles |
| 2., 4. | Jacey Edson | 11. | Shannon Rupe |
| 5. | Becky Jobman | 12. | Wes Edson |
| 7. | Sharri Baldonado | 3., 8., 10. | Jordan Namuth Media
(Western Nebraska) |



SWEET SUMMERTIME



REGIONAL NEWS

Hear from our
agents in your area!

Dave Meyer *Ruskin, NE*

Greetings from south central Nebraska. I hope the summer is going well for everyone. It was a busy start to the summer for many people in our area. The Cattleman's Ball of Nebraska took place on June 1st and 2nd at the Randy and Becky Hergott farm north of Hebron. Around 4,500 people attended the 2-day event with proceeds in excess of \$1.5 million going towards cancer research. Over 1,100 volunteers from all over the state of Nebraska came together to make the event a resounding success.

In the last week or so, we have gotten some much needed rain, but we are in a dry pocket compared to most other areas. It looks like the drought tolerance of the different varieties will be tested this year.

I hope everyone has a safe summer.

Andrew Bellamy *Ansley, NE*

As I'm writing this, the pastures and crops all look great. We had some great early spring moisture before a little dry spell hit in March and April, but so far looking pretty good. Planting got strung out for a lot of guys with an early May window and then on again off again showers for the next three weeks, just to frustrate guys who were ready to go. The good news is that at the time of writing this I have only had one hail claim, and I hope I can say the same in the next magazine in three months. After the punishing year the area had in 2017, I'm hoping 2018 will take it easy on us and give us only rain when it decides to storm!

I've had a chance to talk with several producers about LRP (Livestock Risk Protection) over the last couple of months, but I'll mention it again: If you haven't

looked into LRP in the past, take a minute and read Arlyn Reiker's article in the front of the magazine. LRP is a great product that works. If you would like to learn more, let us know. We would be happy to talk you through it and get some quotes in your hands.

Even though hail claims aren't keeping me on my toes, Maverick at 8 months is. Currently he is only moving side to side, but I know that won't last much longer. Before too long he is going to figure out that straight forward will get him where he wants to go much quicker, and I'm not sure I'm fast enough to keep up. By the time you're reading this I will probably be out of breath. This doesn't mean the next time Megan asks me to workout with her that I actually will, but it has occurred to me that I know what my answer should be!

Wishing everyone a great and safe summer. Again, thank you all for giving me the opportunity to help take care of your insurance needs.

Enos & Jill Grauerholz *Beloit, KS*

We have always heard the saying, "If you don't like the weather in Kansas, wait 15 minutes". Well, we waited almost 7 months for a decent rain. We are so thankful to have received a soaking rain in the whole area. I believe we can now speak similarly about grain markets. Many trade negotiations and tariff issues have created havoc on the board and cash bids. Also, with the new Farm Bill just passed the House today (June 22), we will know more soon how this will affect us. These are volatile times.

Hopefully many positive trade agreements such as NAFTA can soon be finalized. With this in mind, we must be ready

for grain pricing opportunities for this year as well as next year. Crop revenue plans remain our best tool to help market bushels.

Stay tuned on these issues. Take confidence that we at The Home Agency will be aware of how the Farm Bill affects us.

Rhonda Jones *Kirwin, KS*

Greetings from north central Kansas where farmers are anxiously waiting for the 2018 wheat harvest to start. It's June 25th and the area received more rain last night. Temperatures are to be 100+ by the end of the week so I'm sure harvest will be in full swing.

Spring planting was delayed due to colder temperatures and dryness. Acreage reporting time reflected a lot of soybeans planted this year. The spring conditions also slowed down getting cows to grass or stocking them with fewer pairs.

Growing up, my family would always say, "If it doesn't rain on Memorial weekend, it is going to be a dry summer." Guess what – it rained on Memorial weekend! Let's hope the saying stays true.



As you can see from the picture our grandsons have arrived! (No girl after all.) Chisum James Miller (left) and Grant Thomas Roberts (right). Two beautiful healthy babies born 6 days apart. MeMaw has been very busy but loving every minute with them.

Penni Fox **Stratton, CO**

Hope this finds everyone having a great summer! Writing this in June we are gearing up for harvest, however, last night brought hail storms resulting in some lost crops, and damaged homes and autos. This is always heartbreaking, getting so close to reaping the benefits of many hours of hard work. The remaining wheat looks great so hopefully the harsh weather will stay at bay.

I want to touch on a subject that has hit close to home recently. Distracted driving. The statistics were eye opening for me. Nowadays it seems that our lives are driven by our cell phones and other electronic devices. It's common to be driving down the highway seeing drivers holding the steering wheel with one hand and their phone in the other. While many vehicles have blue tooth so that you may answer your phone, it's still disengaged driving. Text messaging is another story. Why do we feel it necessary to know what that message may say right at that moment, or continue to carry on a conversation? Summer times are much higher in accidents and deaths due to an increase of youthful drivers on the road more often. While I agree, adults are just as guilty. Please take a moment to think about those who can be affected by accidents caused by attentional disengagement... passengers, family, friends, pedestrians, bicyclists, and innocent drivers, to name a few. Talk to your children about the meaning of distracted driving. It can be anything from cell phones, iPads, eating, drinking, putting on makeup, smoking, reaching for an item, etc. I always told my children that it would be devastating to die in a car accident, but worse to take

another life when it's preventable.

Also, I want to send a huge thank you to all our customers. Working with you is one of the best parts of my job!!

Clark Redding, **Larned, KS**

In Pawnee County, Kansas we went 156 days without measurable precipitation over this past winter. In February, I could have bought most of the wheat at 20 bushels per acre. Then it rained. Boy, did it rain. Actually, it started to rain most everywhere. Kansas, Nebraska, and Colorado all got rain. Our central Kansas wheat came alive. The timing was perfect. I spoke with one of my clients as he was harvesting and he had just finished a 200 acre field that averaged over 70 bushel per acre.

Timing in this business is everything. You don't necessarily need a lot of rain, although it never hurts, but you need it when it counts. Our guys here in Pawnee County hit it just right. In other areas, such as southwest Kansas, the rain made a difference, but not as dramatic.

Now, guess what comes along with the wonderful rain? You may have guessed it—hail! Hail yes! Hail of a deal! We're going to hail in a handbasket! Life can be hail!

I have just described what it's like to farm in western Kansas and Nebraska, as well as northeastern Colorado. I drove through a lot of hailed wheat in the Thomas and Logan County, Kansas area that will be adjusted from the windshield of a pickup.

The corn is just as bad. Northeastern Colorado, Idalia to Joes, Stratton to Yuma—not good. There was some fantastic looking corn that is now a wreck. Some of our clients have been hit three times on the same fields.

That's a lot of good work by a lot of great people for nothing this year. It's hard to feel optimistic when you're faced with these issues. Basically, a whole season of work down the drain. However, our farmers have to be the most opti-

mistic people on earth. Hail, wind, fire, freeze, you name it, they face it every day and every year. They are constantly taking two steps forward and one step back. Or is it the other way around? Doesn't make any difference, they're not going to quit anyway.

Kevin & Sara Ross **McClelland, IA**

Hello from southwest Iowa. It's been raining here daily for the past week and looks to continue for the next few days (mid-June). This isn't to brag or complain as we know it could be way worse (drought or excess), but the crops seem to be handling the moisture well enough at this point. Hoping to see some sunlight soon though!

Crops were all planted without too much delay. There was a bit of replant in our area due to excessive rains earlier on, but everything is off to a good start as of this writing.

On a personal note, the family is well and the boys are keeping us busy. Baseball is wrapping up for Hudson and t-ball for Axten. The twins (Carver and Hollis) enjoy watching their big brothers and often sneak into the dug outs to be with them. We see a lot of ballgames in our future!

As you may have read in the President's Notes, Kevin was recently elected onto the National Corn Growers Executive Board. He's served on this board for the past five years and will become Vice President on October 1, 2018. He's looking forward to the next three years serving and representing the nation's corn growers.

By the time you are reading this we will have wrapped up acreage reporting and will be looking forward to harvest time. Hope you all have a safe and bountiful fall. Thank you for your business!

PLEASE HELP BY DONATING TO THESE TWO FOUNDATIONS TODAY!

As you know, my family and The Home Agency are very involved with the Make-A-Wish Foundation and the Team Jack Foundation. The Make-a-Wish Gala is set for August 16th in Kearney. The annual Team Jack Radiothon in Lincoln is set for September 27th. Please consider making a donation to one or the other, or better yet why don't you consider donating to both! You can find information on both events below.

Thank you!

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6TH ANNUAL **TEAM JACK** STATE-WIDE RADIOTHON

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For stations involved & other details visit:
TeamJackFoundation.org/2018radiothon

TEAM JACK
FOUNDATION

How to Donate:

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Mail Donation to: PO Box 607, Atkinson, NE 68713

Donate Online at: TeamJackFoundation.org



CUSTOM FARMING COVERAGE WITHIN YOUR FARM POLICY

CORBETT HAHN

You may not realize it, but your farm policy provides for a small amount of custom farming insurance coverage at no additional cost to you. The insurance company does this because they know that from time to time you may be asked to help a neighbor out and most people wouldn't think to call and make sure they were covered. This eliminates a claim from being denied when you were just trying to be a good friend or neighbor. Whatever the reason, it's good to know you have some coverage for incidental custom farming activities. If custom farming is a regular part of your farm operation, you need to make sure you talk to your agent to find out if everything you are doing will be covered.

To understand how you're covered, we need to look at how your farm policy defines custom farming. Custom farming is usually defined as follows:

“Custom Farming means the use by an insured person of any farm tractor, farm implement, or other machinery in connection with farming operations for others, for a charge.”

As mentioned earlier, the policy provides for custom farming that is incidental to a person's normal farming operation. The general guideline is that your custom farming receipts should not exceed 15% of your total farming receipts. If you are exceeding 15% of total gross farming receipts, it doesn't mean it can't be covered, but would usually require company approval. Your farm policy is designed to cover the typical farm operation and is not a substitute for a commercial business policy. So, if you do have custom farming receipts, you need to let your agent know. Usually, the first \$1000 of custom farm receipts are included in the policy for no additional charge. So if you have an amount that exceeds \$1000 a year and is 15% of your gross farm receipts or less, we need to make a charge for this increased exposure. This would usually include any planting, tilling, harvesting, or spraying for a fee.

In the past, custom farming was mostly planting, tilling, and harvesting. However, in the last few years, we have seen more and more farmers purchasing their own self-propelled sprayers. I know some farmers are using these to do custom spraying for others. Generally speaking, if the only custom farming operation you are performing is spraying, this is not something the insurance company wants to insure. However, as long as spraying is part of other custom farming services you provide, like planting and harvesting, it is usually allowed. You do need to be aware of the limitations under your farm policy for spraying.

One of the most important things to be aware of is that if you misapply the wrong chemical to your customer's field and kill it, it is not covered by your farm policy. This is because liability under your farm policy is “general liability” and not “professional liability”. Professional Liability is what you would need to cover any errors or omissions by you and professional liability is not included in your farm policy. Professional liability policies are very expensive and usually only your professional applicators, like the local cooperative that sprays thousands of acres, have this type of coverage to protect them from misapplication. So what happens if you are spraying a field and it drifts onto your neighbor's crop and damages it? This is covered by your farm policy. However, you need to be aware that most policies have a limit less than your general liability limit for chemical drift. I know one of our companies limits damage to \$100,000 per policy period, not per occurrence. Think carefully about how much custom spraying you want to be doing because it might be really easy to exceed \$100,000 in damage.

So what do you need to do if you are thinking about or already doing custom farming? You should sit down with your agent and discuss what you are doing. We can make sure you are covered and let you know what your limitations of coverage might be. We want to make sure you have what you need to make an informed decision about your farming operation.

2018 WEATHER OUTLOOK: HOW TO PROTECT YOURSELF

BRIAN O'HEARNE

In this edition we talk about the finish to the 2018 growing season, harvest and this coming winter. Whether you believe in climate change or not, weather volatility is certainly increasing with a record cold April and now most of the U.S. experiencing near record warmth in May and June. The Home Agency team has the tools you need to cover seasonal issues. Using a weather hedge to offset weather risk is an effective way to keep your overall return on investment protected and should be an essential component of your annual risk management program.

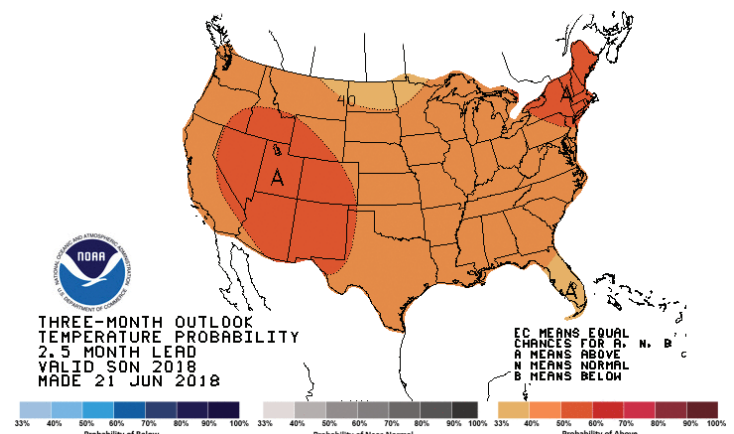
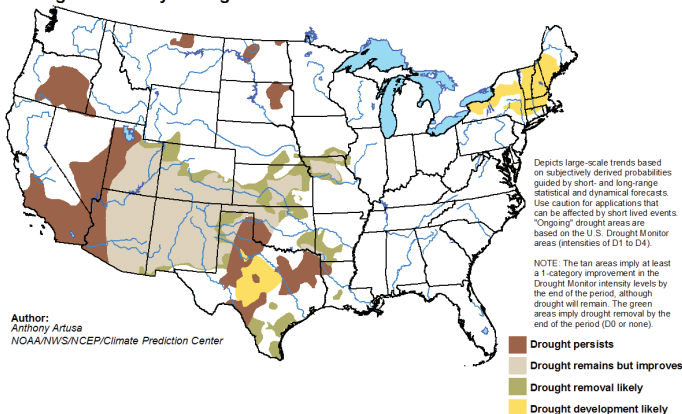
The left map is the U.S. Drought Outlook for June 21 through September 30, 2018. Much of the West is forecast for persisting or developing drought with drought, improving with a strong monsoon season in the Southwest spreading into the Plains. Drought develops or persists in Texas and parts of the Dakotas.

The right map is the long lead temperature outlook for this coming September, October and November forecasting above normal temperatures for the entire U.S. with the most above normal temperatures in the 4 Corners Region as well as New England.

eWeather has many new programs including gridded precipitation data if you want to pinpoint coverage for extra irrigation expense or to complement your PRF, as well as to protect winter wheat. eWeather also has hedges for feedlots and critical day structures, such as if the heat tops out above 95°F for a daily high or overnight low temperatures exceed 70°F with a new Damage Degree Unit™ contract.

You can also use an eWeather drought or a heat hedge to protect pasture and crop yields as well as to protect livestock from extreme cold this winter. The Home Agency customers that bought heat or drought contracts in 2012 were paid very well and should be thinking about buying heat and drought hedges for 2019 when you discuss your crop insurance programs with your insurance agent.

U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period



DOT YOUR I'S AND CROSS YOUR T'S

AL KUZMA

He kicked for the Nebraska football team back in the 1970's. If I said his name, most of you would recognize it. He was a friend of mine and a client. He worked for a very large financial institution in Lincoln. He never married, didn't have any children. He was extremely well respected in his profession and a friend to many. Just an overall laid back great guy. He also was suffering from cancer for over two years.

I had placed a couple of phone calls to his work with the idea of having lunch to get caught up. He never returned those calls to me. In January 2012, he left us way too soon. The funeral was packed. It was a wonderful tribute to a great human being.

He had purchased a \$50,000 life insurance policy from me back in the 1970's.

I picked up the phone the week after the funeral to contact his father, the beneficiary. That is when things got interesting.

An Interesting Dilemma

Since he had never married he named his parents as the beneficiary of the individual life insurance policy he purchased from me, his group life insurance at work, and all of his retirement accounts. It seemed like the logical choice.

Here is where things get interesting. His mother had predeceased him. His father was almost 90 and has been very successful in agriculture. In fact, the father has his own estate tax issues. In short, Dad didn't need the money. Dad didn't want the money, because if he inherited the money, it only compounded his estate tax problem. The numbers were impressive. The father was named beneficiary of \$400,000 of life insurance proceeds and \$800,000 of 401K money.

The Ostrich Approach

We've all heard the stories about ostriches, that they stick their head in the sand at the first sign of danger thinking they are protected. Whether or not this is fact or fiction, most people understand the meaning of the phrase.

One of the amazing things about this case was the guy died without a will or any estate planning whatsoever! He had been battling cancer for over 2 years, understanding the graveness of his situation and chose to do no planning or even talk about it. In fact his father told me that the day before he passed away they had a conversation regarding this very issue and my friend told his Dad, "You sort it out". Sadly, that attitude opened the door for the IRS.

Lessons to Be Learned

The first comment I would make regarding this situation or anyone else's is; being proactive. The last time I checked folks, the mortality rate was still 100%. No one gets out alive and you can't take it with you.

So my friend died without a will or any type of distribution plan except a beneficiary designation on life insurance policies and retirement accounts.

In this particular situation one of the biggest oversights was not naming a contingent beneficiary on the life insurance or the retirement accounts. Why was this big deal? Because a beneficiary designation on an asset trumps a will. Your beneficiary designations are one of most important decisions you will ever make. Make sure you designate not only a primary beneficiary but also a contingent beneficiary. Then you need to periodically review these designations and if things have changed, revise

them. (Disclaimer: I am not an attorney, I cannot give legal advice. I am not a CPA, I cannot give tax advice. However, I am a professional life underwriter and Investment Adviser Representative with almost 40 years of experience. I know what works and what does not.)

Remember, Dad didn't need the money or really want the money. Dad's first choice would have been to disclaim the inheritance. Essentially, he would have filed documents stating, I don't want the cash, give it to the next in line. Had there been a contingent beneficiary named, things would have fallen into place nicely.

The nature of the assets made it interesting also. Life insurance proceeds are paid to beneficiaries tax free, the best kind of money. Had a contingent beneficiary been named, Dad could have taken the life insurance proceeds or passed them on to the decedent's sibling, which was optimal.

\$800,000 of pretax money had the IRS licking their chops. Under the IRC rules, Dad had two choices; 1) take the money in a lump sum and pay all the tax in the year received or 2) take the money based on his life expectancy, approximately 4.3 years. Under both scenarios the biggest winner is Internal Revenue Service.

Had a contingent beneficiary been named, Dad could have disclaimed the money; my friend's brothers and sister could have inherited an IRA. The advantage to that is money could have continued to compound in the IRA with only a Required Minimum Distribution due annually. The final payout total would have been two or three times the amount inherited.

Bottom Line

Beneficiary designations are extremely important when passing assets at death. Make sure yours are current and name a contingent beneficiary. Also periodically review your estate plan and make the appropriate revisions.

If you have questions regarding this issue please contact the professionals at The Home Agency or feel free to give me a call. Remember, no one gets out alive!



*Alan E. Kuzma, CLU ChFC,
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Chili Lime Black Bean Burrito Bowl with Avocado

Sara Giboney - Kearney, NE | Sweet Success

www.sweetsuccessbysara.com | Instagram: @saragiboney | Facebook: Sweet Success Health Coaching

Ingredients

- 1 cup red, yellow, orange and green peppers, chopped
- 1 onion, chopped
- 1 pound ground turkey, 8 oz. tofu or 8 oz. tempeh
- 1 can black beans, drained and rinsed
- 2 cups spinach
- 2 cups brown rice or quinoa
- 1 tbsp. cumin
- 1/2 tsp. cayenne pepper
- 1 tsp. chili powder
- 1/4 tsp. chipotle powder (optional)
- 1 ripe avocado
- Juice of 1 lime or 1 drop Lime Vitality Essential Oil
- 2 tbsp. green onions, chopped

Instructions

Cook brown rice or quinoa according to package directions (use vegetable stock to add more flavor).

Pour 1 tbsp. olive oil into a pan over medium heat and add onions and peppers. Cook for 5 minutes. Add cumin, cayenne, chili powder and chipotle. Stir to allow the spices to bloom.

Add turkey, tofu or tempeh. Cook, stirring occasionally to break up the desired protein. Cook turkey until it's cooked through, cook tofu and tempeh until they're heated through.

Add black beans and spinach to pan. Cook until beans are warm and spinach is wilted.

In a bowl, place 1/2 cup brown rice or quinoa, then add black bean mixture. Top with avocado and lime juice or lime essential oil. Garnish with green onions, if desired.

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