

Expect the Unexpected Information for Oklahoma Residents

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Are You Prepared?

- The unexpected happens!
 - Death
 - Divorce
 - Illness

Will you be ready?

Who Needs to Be Prepared

- Farm Operator
- Farm Owner
- Spouses and responsible children
 - Separation of “his”, “her” and “their” work can lead to disaster

It's just good business

Jen's Top 10 List of Questions

1. Do you know your lender?
 - Do you truly work *with* your lender?
 - Do you actively participate in lending/credit activities?
 - Do you know what lending activities are on going?

Jen's Top 10 List of Questions

2. Do you participate in government programs?
 - Do you know what programs are available?
 - Do you keep records needed to participate in government programs?

Jen's Top 10 List of Questions

3. Do you have insurance?
 - What kind (crop, health, life, liability)?
 - What company holds the policy?
 - Where is the policy paperwork?
 - What does it cover?

Jen's Top 10 List of Questions

4. Do you understand your taxes?
 - Real estate, income, inheritance, etc
 - Who handles them?
 - Where are necessary documents?
 - How will they be paid?

Jen's Top 10 List of Questions

5. Have you made plans for retirement?
 - Where will you retire?
 - With whom will you retire?
 - What will you do with the farm?
 - Do others know?

Jen's Top 10 List of Questions

6. Do you have a will or other estate plans?
 - Do you know the contents?
 - Is it updated?
 - Where is the will/plan?

Jen's Top 10 List of Questions

7. Do you have a farm management plan that details what to do in event of sickness or death?
 - Where is the plan?
 - Are relevant parties aware of this plan?
 - Does it leave a map of where to find all needed equipment and documents?

Jen's Top 10 List of Questions

8. Do you have a farm management plan as a land owner?
 - Where is it?
 - Will you keep or sell the land?
 - If selling, who will handle the transaction?
 - Family member or broker
 - Are leasing arrangements clearly stated with contingencies for death/illness on part of owner or tenant?
 - How will livestock or a crop be moved and sold?

Jen's Top 10 List of Questions

9. Do you have a farm management plan as a tenant?
 - Where is it?
 - Will another continue to work the land?
 - If so, who?
 - Are they aware of what needs to be done?
 - Are there alternative sources of land?
 - How will livestock/crop be moved/sold from land?

Jen's Top 10 List of Questions

10. Do you **fully communicate** with others in the family that have an interest in the farm/ranch?
- Do they know what you do?
 - Do you know what they do?

Did You Answer "No"?

- The bad news:
 - You are NOT prepared for the unexpected
- The good news:
 - It's never too late to prepare!

Jen's Top 10 List of Actions

1. Set Goals
- Family meetings to discuss professional and personal goals for farm
- Keep goals in a viewable location (refrigerator)
- Update as situations change

Jen's Top 10 List of Actions

2. Develop Farm Plan
- Review financial health of the operation (Financial statements, debt load, non-farm income) to determine how much risk it can bear
 - Identify areas of risk on your farm (production, marketing, financial, legal, environmental, personnel)

Jen's Top 10 List of Actions

2. Develop Farm Plan (con't)
- Identify tools to offset your risk
 - Make sure you know your lender requirements!
 - Determine what to produce

Jen's Top 10 List of Actions

3. Develop Marketing Plan
- **Plan should answer:
- When to sell – time of year
 - Where to sell - location
 - What to sell - product
 - How to sell -compare alternatives
- Review financial health of the operation
 - Determine what to produce (raw vs value added products)

Jen's Top 10 List of Actions

3. Develop Marketing Plan (con't)
 - Evaluate expected vs desired prices
 - Identify tools to minimize price fluctuations
 - Assess the market situation (what might happen to prices in the future)
 - Identify price and date triggers – to know when to sell
 - Identify outlet – to know where to sell

Jen's Top 10 List of Actions

4. Identify Key Personnel
 - who they are, where they are, and what they do for you
 - Lawyer
 - Financial advisor
 - Accountant
 - Insurance provider
 - Guardians

Jen's Top 10 List of Actions

5. Develop Retirement Plan
 - Consider amount of income needed for retirement. Then arrange your resources to meet your income needs.
 - Impacts how and when assets are passed on to future generations

Jen's Top 10 List of Actions

5. Develop Retirement Plan (con't)
 - Important to define "retirement"
 - who works the farm?
 - who makes important decisions?
 - who gets farm income?

Jen's Top 10 List of Actions

6. Develop Estate Plan
 - It's purpose is to:
 - give instructions (regarding you and your finances) if you are incapacitated
 - convey the property during your lifetime or at your death to people/charities of your choice
 - meet the personal and financial needs of you and your beneficiaries
 - minimize or eliminate economic loss.

Jen's Top 10 List of Actions

6. Develop Estate Plan (con't)
 - Dealing with Incapacitation (living will; durable power of attorney for health care or finances; living trust)
 - Probate Issues (assigning executor and carrying out duties)
 - Understanding assets (sole vs joint owned assets)

Jen's Top 10 List of Actions

6. Develop Estate Plan (con't)

- Assigning guardians (for minors/handicapped)
- Life Insurance and retirement plans
- Identifying beneficiaries
- Creating a will
- Determining estate tax

Jen's Top 10 List of Actions

7. Get Organized

A place for everything
and everything in its place

- Papers should be carefully filed at home or in safety deposit box
- For legal liability purposes, financial records should be kept at least three years (up to 10 years in some cases)

Jen's Top 10 List of Actions

8. Learn About Farm Activities

- Importance of day to day operations
- How to run farm equipment or work livestock (or know someone who can)
- Where bills are, when they are paid
- How/when/where to handle input supplies

Jen's Top 10 List of Actions

9. Communicate with Associates

- Lender (know debt and restrictions on activities)
- Farm Program Personnel (financial and other assistance programs)
- Neighbors
- Relevant Agribusinesses
- Tenants/landlords

Jen's Top 10 List of Actions

10. Communicate with Family and Other Business Partners

- Understanding personalities and their impacts on communication, business practices and personal practices
- Seek outside help if necessary to facilitate this communication!

Resources

The following slides list contact information for various resources as well as guides to personality evaluations

Loans and Credit General

A guide to credit for women, minorities and small businesses

http://www.pueblo.gsa.gov/cic_text/smbuss/bucredit/bucredit.htm

Women's Institute for Financial Education
www.wife.org

Loans and Credit Oklahoma

USDA Farm Service Agency Loan Chief
Mr. Phil Estes 405-742-1054
USDA Farm Service Agency Information

Farm Credit of Central Oklahoma
<http://www.farmcreditloans.com/>
Farm Credit Services of Eastern Oklahoma
<http://www.farmcreditecok.com/>

Loans and Credit Beginning Farmer Loan Programs

- The Oklahoma Beginning Farmer Loan Program. Requirements and applications are available from Oklahoma Development Finance Authority, 5900 N. Classen Boulevard, Oklahoma City, OK 73118, Phone: 405-842-1145, Contact: John Harris
- Those who meet new and limited resource farmer guidelines may also qualify for special programs from USDA. Contact your local USDA FSA and/or USDA NRCS offices

Government Programs

There are dozens of loan/conservation/ enhancement programs available to agricultural producers from both the Oklahoma and federal government. To learn more, contact :

- Your Tribal Headquarters
- The Oklahoma Department of Agriculture (405)-521-3864
- Your local offices of the USDA Farm Service Agency and USDA Natural Resource Conservation Service

Insurance General

Oklahoma Insurance Department

- Enforces insurance laws in the state. They can assist if you have complaints.
- OK City office - 2401 N.W. 23rd, Suite 28 (Shepherd Mall), P.O. Box 53408, Oklahoma City, OK 73152-3408 , (405) 521-2828 or (800) 522-0071
- Tulsa Office - 3105 E. Skelly Drive, Suite 305 , Tulsa, OK 74105, (918) 747-7700 or (800) 728-2906

Test your knowledge about property, healthy and auto insurance

<http://www.oid.state.ok.us/htmlQuiz/quiz.html>

Download the home inventory file

<http://www.oid.state.ok.us/080301P&Crevised/03P&Crevised/HomelInventoryCov&Pgs7.pdf>

Crop and Livestock Insurance

The Oklahoma regional office of the USDA RMA

- provides information on local pilot programs, growing conditions, participating crop reinsurance companies/agents, and events.
- Address: 205 NW 63rd Street, Suite 170, Oklahoma City, OK 73116 phone: 405-879-2700, fax: (405) 879-2741, website: http://www.rma.usda.gov/aboutrma/fields/ok_rso/

Insurance services are also available through

- Oklahoma Farm Bureau - www.okfarmbureau.org or McCurtain County office in Idabel 580-286-7696
- Oklahoma Farmers Union - <http://www.okfarmersunion.com/> or their southeastern claims office in McAlester at 918-423-1764 or 1-800-324-1764

Taxes - General

Womens Institute for Financial Education

- Tax tips for women and small business
http://wife.org/money_taxes.htm

Economic Growth and Tax Relief Reconciliation Act of 2001: Provisions Effective in 2003-2009

- Explains the Federal income tax law that the Act of 2001 provides during the tax years 2003 -2009
<http://osuextra.okstate.edu/pdfs/CR-957web.pdf>

2002 Farm Bill Tax Issues

- Describes the 2002 Farm Bill and provisions in the 2002 Job Creation and Worker Assistance Act that will impact farm returns for future years.
<http://osuextra.okstate.edu/pdfs/CR-967web.pdf>

Taxes - Oklahoma

Oklahoma Tax Commission

- For general information regarding taxes and tax laws in Oklahoma <http://www.oktax.state.ok.us>

Oklahoma Taxpayer Assistance Offices

- 1645 S. 101st East Ave. Tulsa, OK 74128 , (918) 622-8482

Oklahoma Producers Tax Credit

- For every dollar an Oklahoma agricultural producer invests in an agricultural processing venture, they receive a 30% tax credit.
<http://www.newrules.org/agri/oktax.html>

Retirement Planning

Retirement Planning Toolkit

- Offers planning guides, calculators (mortgage, tax, retirement and savings, interest, etc)
<http://www.finance.cch.com/tools/calcs.asp#DZ06>

USDA/Purdue University Retirement Estimator for Farm Families

- <http://www.ces.purdue.edu/farmretirement/>

Who Will Get Grandpa's Farm?

- <http://www2.ces.purdue.edu/farmtransfer/intro.htm>

Retirement Planning - Oklahoma

Oklahoma Retirement Asset Protection Law

- In Oklahoma, the following retirement assets are protected from creditors: qualified tax-exempt retirement, pension, and profit-sharing plans; disabled soldier, sailor, or marine pension benefits; firemen's relief and pension fund benefits; municipal police pension and retirement system benefits; county employees' retirement system benefits in counties with over 300,000 inhabitants; uniform retirement system for justices and judges; law enforcement retirement system benefits; teachers' retirement system benefits; and state public employees' retirement system benefits.

Wills and Estate Planning

The Basics of Estate Planning

- One of the most complete sources of information available <http://www.fcs.uga.edu/pubs/PDF/HACE-E-39.pdf>

- List of American Academy of Estate Planning Attorneys in Oklahoma
- http://members.aaepa.com/public/member_listing.asp?state=OK

Farm Planning

- Iowa Beginning Farmer Center
- www.extension.iastate.edu/bfc

Farm Planning - Oklahoma

- Develop a Cash Flow Plan
- This fact sheet describes a farm cash flow plan and a blank form for developing a farm cash flow is provided. Line-by-line instructions are given for a sample farm <http://osuextra.okstate.edu/pdfs/F-751web.pdf>
- Developing a Balance Sheet
- This fact sheet describes a farm balance sheet and a blank form for developing a farm balance sheet is provided. Data entry is illustrated using a sample farm <http://osuextra.okstate.edu/pdfs/F-752web.pdf>
- Developing an Income Statement
- This fact sheet explains how to prepare farm income statements. A blank form for developing an income statement is provided. Instructions are given for an example farm. <http://osuextra.okstate.edu/pdfs/F-753web.pdf>

Employment General

Employment Law Guide (including wage and safety guidelines for agricultural workers)

- http://www.pueblo.gsa.gov/cic_text/smbuss/em-law-guide/emlaw_guide.htm

Oklahoma's Workmen's Compensation News

- <http://www.workerscompensation.com/oklahoma.php>

Other Good Resources

The Ohio State Agricultural and Natural Resource Management Site

<http://newfarm.osu.edu/management/managementindex.html>

Resources and Reports for Small Farms

<http://www.usda.gov/oce/smallfarm/hotlinks.htm#Resources>
<http://www.usda.gov/oce/smallfarm/hotlinks.htm#Resources>