

Does a Farmer Need Estate Planning?

Editor's note: The following article, explaining why estate planning is so important, was forwarded by Richard J. Ashby Jr., trust officer of The First National Bank of Strasburg.

At one time or another in our lives, all of us get the uneasy feeling that perhaps we have not planned adequately for our family's security after we are gone.

Most of the time, however, we think — "Estate planning — that's for rich business men! I'm a farmer — I can't afford estate planning! Besides, a farmer doesn't really need it, does he? After all, my farm is only 80 acres and all I own is some equipment, some livestock and not much else."

The Typical Farm

This typical farmer has a farm worth about \$112,000, equipment worth \$20,000, livestock worth \$20,000 and other miscellaneous assets worth \$10,000. Most of his assets are in joint name with his wife. Does he really need estate planning?

Examine his estate — \$40,000 is his alone; \$122,000 he and his wife own jointly.

At his death his estate will owe about \$4,000 in estate and inheritance taxes. When his wife dies, her estate will owe approximately \$30,300 in estate and inheritance taxes. How will these taxes be paid? The answer is that his farm (or a portion of it) will have to be sold just to pay taxes.

What Is Estate Planning?

How can farm estate planning help this farmer? To answer this question we must understand what estate planning is and what it can do.

Planning is an essential element of everyone's life pattern. It means that one devises or projects the achievement of some goal.

You do this with your income by budgeting in order to pay bills. You plan for the planting and harvesting of crops, the purchase, use and sale of equipment and many other farming goals.

The objective of this business planning is to provide an orderly, secure and profitable business result.

Farm estate planning encompasses the same objectives.

How does farm estate planning provide you with security, cash

savings and orderly management? The experienced estate planner (your bank trust officer, attorney or underwriter) aids you in formulating your objectives, some of which are not always clear to you without some probing questions.

Planning includes the estimation of estate taxes and taking steps to minimize those taxes, thereby increasing your net estate.

Planning also includes taking steps to insure that cash to meet expenses is readily available, reducing administration costs, providing asset management and converting estate values.

Finally, periodic review is assured by choosing an estate planner who is sincerely interested in your problems and their solution.

Cash Problems

The typical Lancaster County Farm Estate is composed largely of land. Land values in Lancaster County have increased rapidly and continue to forge upward.

On the other hand, the farmer's income and ultimately his cash picture, have not kept pace with low estate liquidity results in a

high death tax to the farmer's estate with little or no ready cash to pay the bills.

And remember—Uncle Sam gets paid first—before estate distribution can be made to heirs.

An effective estate plan can often help solve this perplexing problem.

Joint Property Dilemma

Holding the bulk of farm property in joint names (husband and wife) is a well established custom with farmers in Lancaster County. It is easy and effects immediate transfer at the death of one spouse. It imposes no Pennsylvania Inheritance Tax at the death of the first spouse.

But, because of the high value of farm estates, jointly held property often is subject to double taxation by Uncle Sam in the Federal Estate Tax in addition to the Pennsylvania Inheritance Tax.

The federal tax is a graduated tax which often imposes a higher tax rate than the Pennsylvania Tax.

The simultaneous death of both joint owners poses difficult and crucial problems.

Proper estate planning is the

key to finding methods to reduce the tax burden and solve the joint property dilemma.

Transfers to Children

A popular objective of many farmers is to pass the farm along to children. Usually, however, the farmer desires to treat his children equally. This desire, certainly a commendable one, has caused farms to be split and divided until their eventual small size makes them only marginally profitable.

Usually the children do not have sufficient wealth to purchase the farm without mortgaging it. The burden of this extra debt often forces sale of the farm.

These difficulties can often be eliminated by proper planning of the estate.

Planning Tools

There are many tools used by the estate planner to solve his client's problems.

For very large or prosperous farms incorporation offers ease of distribution, sale, transfer, as well as income tax advantages and pension and profit sharing possibilities.

Family partnership offers another attractive solution for the medium size or smaller farm. It offers ways of passing the farm on to the farmers' children more easily and smoothly.

Where the farmer desires it, life insurance provides needed liquidity and immediate funding for a buy-sell agreement.

The Marital Deduction Trust is a useful estate planning tool to help in reducing the tax burden and provide flexibility in the estate.

Planning Is the Key

Remember that the key to the solution of the problems outlined above and many others as well is planning.

The planning must be done while there is time, preferably before you reach retirement. Your bank trust officer can aid you in this planning—he is a total financial planner.

In the planning process various documents may be suggested as necessary, these documents include wills, trusts, deeds, incorporation papers, partnership agreements or buy-sell agreements. These are the tools for doing the work of a good estate plan. They should be planned by experts and drafted by experts.

In the long run, proper farm estate planning proves to be more profitable and beneficial to you and your family and gives you the security and peace of mind you deserve.

BEEF UP

As a beef operator you're interested in maximizing your profit picture. You're looking for new ideas, new methods and new innovations that will help "beef up" your profit. Here's a program worth looking into. It's called "Van Dale Systems Feeding." It starts with maximizing your production of total digestible nutrients with increased haylage and silage. This permits the best use of your land and cattle coupled with a fully mechanized feeding system. Van Dale has the equipment and know-how for maximizing profits through mechanized feeding.

FORAGE BOXES

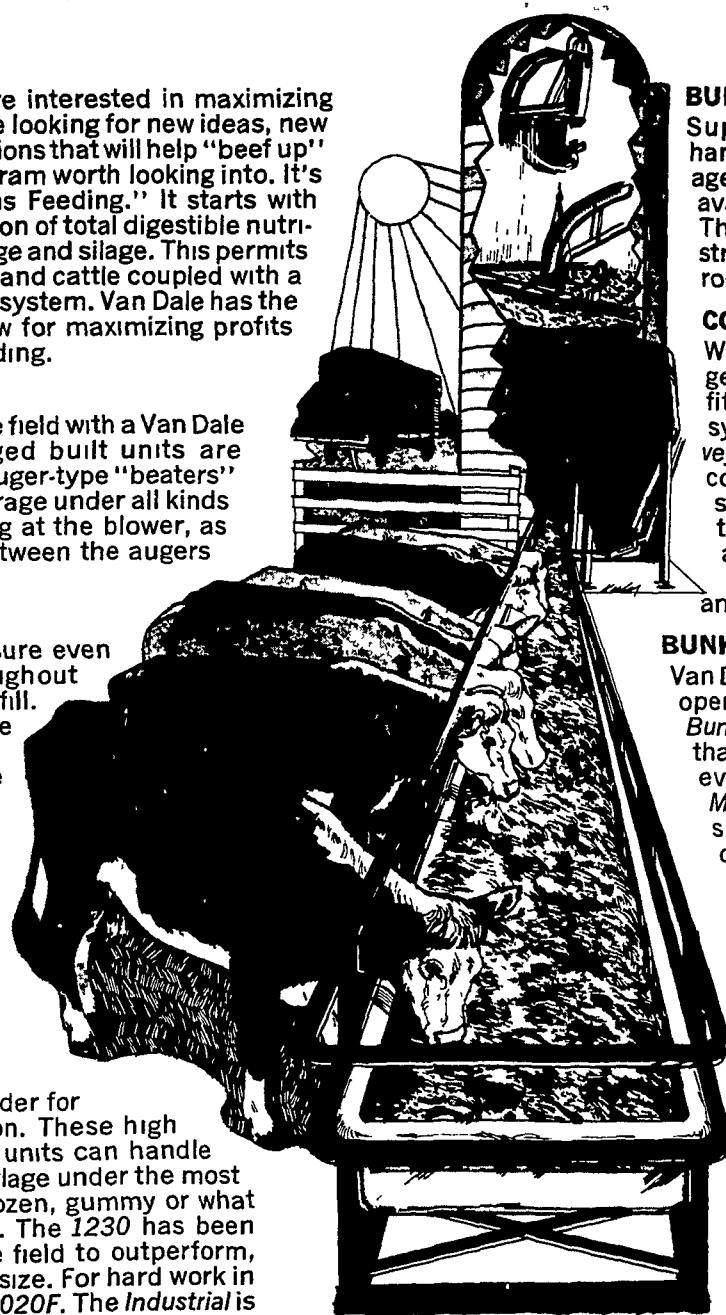
So let's bring it in from the field with a Van Dale Forage Box. These rugged built units are equipped with exclusive auger-type "beaters" that deliver all kinds of forage under all kinds of conditions. No clogging at the blower, as the forage is metered between the augers — not over the top!

SILAGE DISTRIBUTORS

Van Dale distributors insure even silage distribution throughout the silo for a maximum fill. The 1640 Power-Fil's unique revolving deflector plate diverts the explosive force of incoming material and spreads it evenly in a continuous sweeping pattern to the wall. The 538 operates in an elliptical motion, directing forage to the outside walls of the silo. Varied spout rotation speed allows for even fills.

SILLO UNLOADERS

There's a Van Dale unloader for every feeding application. These high performance twin-auger units can handle virtually any silage or haylage under the most adverse conditions... frozen, gummy or what have you, and do it fast. The 1230 has been customer-certified in the field to outperform, and outlast any make its size. For hard work in smaller silos there's the 1020F. The Industrial is built for silos from 20 to 40 feet in diameter and has a capacity up to 40 tons per hour.



BULK STORAGE BINS

Supplementary feeds are easily handled with Van Dale's bulk storage feed bins. The Super Stores are available in 4½ or 7½ ton sizes. These units are fiberglass constructed. They won't rust, dent, corrode or absorb heat from the sun.

CONVEYORS

Whether straight-out, incline, auger or chain, Van Dale conveyors fit most any automated feeding system. The SCC 1400 Chain Conveyor is Van Dale's highest capacity conveyor. It handles all rations—safely. The CT 200 and 300 auger type conveyors are adaptable to any feeding system. They're tough, efficient, easy to install and economically priced.

BUNK FEEDERS

Van Dale has a bunk feeder for every operation. The SCF 1400 Traveling Bunk Feeder is a single chain unit that will carry and feed virtually everything. The Mammoth 14 Multi-Feeder is an auger type designed especially for multi-lot operations. The 934 and 1234 Auger Bunk Feeders are the sturdiest, smoothest operating, lowest cost feeders ever produced. Then, there's the stainless steel Shaker Feeder. A combination feeder and bunk designed for single-lot operations.

Van Dale Systems Feeding comes down to one word... efficiency. Van Dale offers various models and sizes of feeding equipment to most efficiently match the needs of every feedlot layout... old or new, large or small. Check with your Van Dale dealer to see what you need to maximize your profits. And ask him about Van Dale's new agri-leasing program.

Non-Stop Feeding

VAN DALE

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Pa. Poultry Output Is Up

Pennsylvania laying flocks last month produced 302-million eggs, an increase of 10 per cent from a year earlier but a decrease of two per cent from the previous month, the Pennsylvania Crop Reporting Service said recently.

Rate of lay for December 1 is slightly below the previous month, but seven per cent above December 1, 1970.

Average price received by producers for all eggs was 30 cents on November 15. This price was five cents below a year ago, but one cent above last month.

Pennsylvania hatcheries produced 1.9-million egg-type chicks last month or 11 per cent above a year earlier.

There were 6.8-million broiler-type chicks produced in the state last month or 14 per cent above a year ago.