



Brockett's Ag Advice

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Transfer Property

Transferring property today is not as simple as it was at one time. If you are not careful, you could run into income tax or gift tax problems. Let's look at the ways property can be transferred from you to your children.

Installment Sale

Any sale whereby payments are made by the buyer and reported by the seller in installments. It can be done in part (a percentage of the farm for instance) or in total now

or by will after death. If you do it now, you will have another piece of property (mortgage or sale contract) that you can will to other children if you so desire.

Annuity

A form of installment sale where the payments are set up by a formula using your life expectancy and the sale value of the property. The big advantage is that there is a zero value on the annuity upon your death. The big disadvantage is you have no security.

Gift

Each person can give any other person up to \$10,000 of value per year tax free. Thus a father and mother could gift a child and spouse up to \$40,000 per year. This can not be a gift of a portion of an installment sale contract unless you pay income tax on the gift amount as if you had received it.

Inheritance (By Will)

The recipient receives the property with a cost basis, for income tax purposes, that is equal to the appraised value set for estate or inheritance tax purposes. The recipient could receive the property at less than fair market value if he or she is a qualified heir (see column on use value). Thus estate and inheritance taxes could be reduced considerable.

Corporation

Incorporating in itself is not a transfer of property from one

person to another. It can be a conduit thru which a property could be transferred via piece meal gift, sale, or inheritance.

Business Agreements

Part of your estate plan could be contained in various business agreements that you have with family members. A partnership could be devised so junior partners gradually acquire a greater share of the business assets or of the partnership capital account. A joint venture could allow a son to build his farm venture with tools owned by the parents (Example: using parents machinery to plant

and harvest crops to sell - thus reducing expenses and hopefully increasing net worth). A corporation could be set up whereby a child receives a certain number of shares per year for extra work performed.

At any rate it is a good idea to consider all business agreements when a family is making an estate plan. They could help with the decision of how much and what type of insurance do we need. They could also be dovetailed into the construction of a good bypass or non-marital trust. They should certainly be a part of any will that is written.

New shear mount reported

CARLISLE — Bob Weaver, of Carlisle, Bush Hog representative for Pennsylvania and New Jersey, announces a new rigid shank shear mount for the 1560 Soil Hog coulters chisel that protects against damage from obstacles and is quickly re-set by raising the machine and replacing the shearbolt.

"The new rigid shank shear mount is designed for use in fields where there are too many obstacles for a rigid mount but too few to justify the expense of spring shanks," Weaver said. "It shortens the time required to re-set tripped shanks."

The new mount uses a grade 5

shear bolt which shears if a load of more than 3,500 lbs. is applied. The shank functions as rigid shank until an obstacle is encountered that shears the bolt. Then the shank pivots up and out of the way of the obstacle instead of falling off the machine. The operator quickly resets the shank by raising the 1560 and replacing the shear bolt rather than re-attaching a shank that has fallen off.

The 1560 coulters chisel is a minimum tillage implement that cuts crop residue and shatters plow sole in the same pass.

For further information, contact Bush Hog, Department NR-1560m P.O. Box 1039, Selma, AL 36701.

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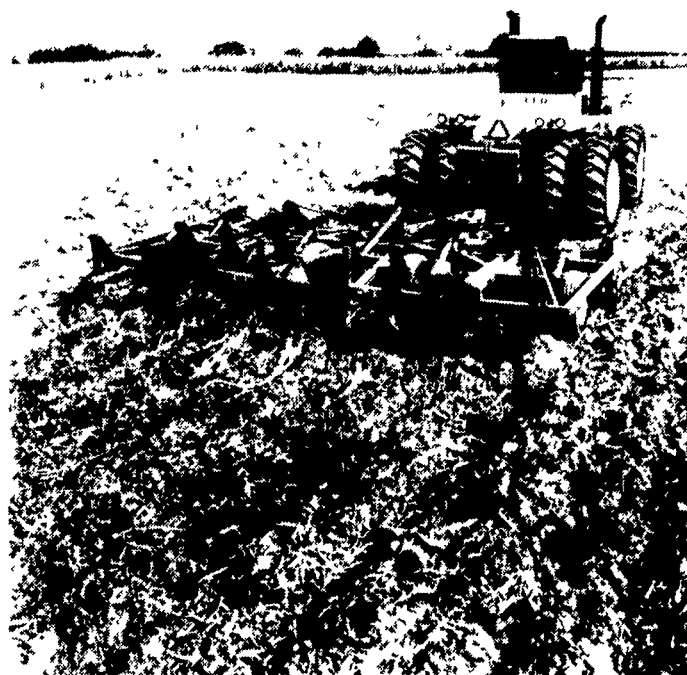
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Bush Hog announces a new rigid shank shear mount for its Model 1560 coulters chisel.

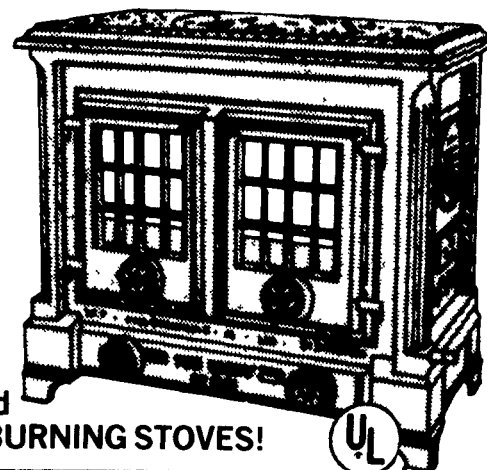
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