



Brockett's Ag Advice

By John E. Brockett
Farm Management Agent
Lewistown Extension Office

One subject I have discussed innumerable times is to get it in writing. By that I mean anything that is an agreement between one person and another should be in writing.

Why? Aren't people trustworthy anymore? No, that is not the main problem.

The main problem is twofold. First, people simply do not remember details as well as they think they do. Second, an agreement in writing is much less apt to be misinterpreted or misunderstood. There is something about seeing it in black and white that makes it much clearer.

For instance, I recently worked with a rental situation where there was nothing in writing. Neither party felt there was anything necessary between the two of them.

Unfortunately the landlord died and the land was sold by the heirs. There was a stand of corn on the land. There was also a new seeding of alfalfa. In addition, the tenant had spread over 50 tons of lime last year.

Guess what? The new owner wanted to farm the land himself. Who gets the corn? Does the new owner or the old owner owe anything to the tenant for the new seeding or the lime? If there had

been a written agreement, there would be no question.

WILLS

While we are discussing getting it in writing, let us discuss that almost forgotten topic—wills. A lot of farmers still do not have a will. WHY? The other day I was amazed at the reason one farmer gave me. He said "My father made me sweat and fight it out with my brother and sister, so why shouldn't I do the same thing?"

I did not dare tell him that was hardly a Christian thing to do, because he would have been so insulted that I would never have been able to work with him again. My why is why don't people look at transactions more in line with "Do unto others as you would have others do unto you."

While we are on the subject of wills. Please do not try to force someone whom you profess to love to do something by way of the will that they would not do otherwise. I have had parents leave property to two or more children with the kicker "if they will operate as a partnership." If the people in question get along well together and the operation is big enough for both of them, it may work.

INVENTORY

Do not forget to inventory. Start this year even if you never have before. The experience could be

COLLEGE PARK, MD — If families are going to stay in farming, farms are going to have to stay in families.

The ways farmers pass their land and equipment on to the next generation may vary, but at some point someone is going to inherit something. The trick, says Dr. George A. Stevens, is to make that

very useful for your management decision making. I have received several questions since my column on inventory. One of the questions concerns putting values on the various inventory items. There are several ways to do this. You can use market, cost, or a flat amount that does not vary from year to year.

To arrive at a market value for some products such as silage, young cattle, or pigs between 50 and 200 pounds, can be difficult. I would suggest using a percentage of the price of grain for silage or use feed value, a percentage of the price for adult or marketable animal for young animals.

TAX MEETINGS

I will have three farm tax meetings and one farm tax workshop for my area in central Pennsylvania. Juniata County—1-29-86 at Extension office (7:30 P.M.), Mifflin County—2-3-86 basement meeting room Courthouse (7:30 P.M.); Centre County—2-5-86 at Willow Bank Bldg meeting room (7:30 P.M.). WORKSHOP: 2-13-86 basement meeting room Courthouse in Lewistown (10 A.M. to 4 P.M.).

inheritance as painless as possible.

Stevens, an agricultural economist at the University of Maryland, says a bit of preliminary planning is all that is required. Planning your estate's disposal makes it easier for your heirs to keep farming, he says.

Planning how your estate is to be disposed of involves a lot of options, Stevens says. He adds that doing this before you die prevents headaches and saves money for your heirs.

Stevens offers some tips that can reduce federal taxes on the estate. For estates that are expected to total less than \$600,000 at the death of the surviving spouse:

1. Write a will. If there is no legal document saying how the estate is to be divided, there will be more problems for the heirs. Jointly owned property automatically passes to the surviving joint owner regardless of what the will says.

2. Make sure you have enough cash available to settle the estate. It usually takes from three to five percent of the total value of the estate to do this. Cash can come from insurance policies or other assets that can be sold quickly.

When the first spouse dies, there is usually little problem disposing of the estate. The Internal Revenue Service's "unlimited marital deduction" allows any amount of assets to pass over to a spouse without paying any federal estate taxes. However, when the second spouse dies, the heirs will pay taxes on the entire estate, Stevens says.

For small estates, Stevens says a will and ready cash should be all that is needed. However, anyone with assets worth over \$600,000 should take a few additional steps he says.

In very large estates, a combination of dispersal strategies is necessary. Methods may include estate splitting, trusts or gift plans. Again, Stevens says, the main idea is early planning.

Farmers with large amounts of land should start splitting the estate while both spouses are alive. The taxes on two estates will be less than if there was one large one, he says.

The first thing to do in these cases, Stevens says, is to split up any joint ownerships of property before either spouse dies. Each then writes a separate will establishing a special trust for the other. This trust allows the wife to benefit from the husband's property following his death without inheriting it, and vice versa.

By doing this, each partner can will their part of the estate separately and reduce the total amount of taxes paid on the combined estate, Stevens says. The calculations leading to this are long, he says, but the final savings are significant.

"The main thing we have to be careful about in these large estates is not overloading the surviving spouse with estate taxes," Stevens says. He and other Extension Service specialists spend much of their time helping farmers plan their estates so this does not happen.

SCHLESSMAN'S

HYBRID CORN

See Us At
The
PA FARM SHOW
Booth #504

ALFALFAS

Boys 84 VWAP - Top Performer
All Reports Excellent in 1985

Boys Wet Foot Boys 78AT Saranac AR and others

Seed Oats - Chemicals - Twine - Fertilizer

WHOLESALE & RETAIL
BOYDELL FARMS

302 Iona Rd., Lebanon, PA 17042
Phone: 717-272-8943

KING

Construction Co.

DESIGNERS & BUILDERS OF ALL
TYPES OF FARM & COMMERCIAL
BUILDINGS

WE SPECIALIZE IN
HORSE BARNs & POULTRY BUILDINGS

King Construction Co.

Box 166, RD#2
New Holland, PA 17557
(717) 354-4740

For top corn yields this year!

UNIPEL[®]
 21-7-14
 fertilizer!!

It meets the changing needs of most soils and supplies the ratio of Nitrogen, Phosphate and Potash...to maintain a favorable plant-nutrient balance for top grain and forage production.

Pelleted UNIPEL 21-7-14 is an ideal fertilizer for the grower who wants a Uniform Single Application of a complete fertilizer on corn in Spring or Fall. It's especially good for programming high yield corn for grain, or for silage, and for corn/soybean rotations.

ORTHO

FERTILIZERS

Helping the World Grow Better

Let's talk about it.
Come in and see us soon.

Other Analysis Available: 20-10-10,
24-8-8, 10-20-20, 15-15-15, 13-34-10

P. L. ROHRER & BRO., INC.

SMOKETOWN, PA PH: 717-299-2571

SEE US AT THE PA. FARM SHOW BOOTH 431-432

TM & ORTHO CHEVRON and design UIPEL Reg U.S. Pat Off CHV 578 88