

FARM MANAGEMENT

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Protecting Your Household Possessions

When a barn or shed burns, many farm families are quick to account for everything that is lost, such as the exact number head of cattle, number of bales of hay, pieces of equipment or machinery. As a farm family, you keep records of these items, if for no other reason than, because you're in a business.

However, if you were asked to make a list of your possessions -- clothing, household furnishings and appliances, gardening and automotive equipment, jewelry, etc. -- could you do it? It's not easy to do this from memory. But if your house was destroyed by fire, you would need to complete such a list to be compensated by your homeowner's or renter's insurance or to claim tax losses. To settle insurance claims, it's important to have a detailed list of losses, proof of ownership and documentation of value.

In your farm household, you need to take a clue from the business side of your farm -- take



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"stock" of what you have -- and make a household inventory.

What Information Is Needed In A Household Inventory?

A household inventory is an itemized list of household furnishings, equipment and other personal possessions.

The inventory should clearly identify the item and include the brand name, a brief description of each item (color, size, style, features, unique characteristics, dealer's name, etc.) and where applicable, the model, serial or other

identification number (check the owner's manual for the number's location if you can't find it on the item).

The date items were purchased or acquired is needed to help identify the item as well as establish value. Try to be as accurate as possible on dates. For used, inherited, gift or other items not new when acquired, note date acquired and approximate age.

The purchase price or the value of items when acquired should be noted. You may wish to attach sales receipts or other proofs of purchase -- especially if major purchases -- and appraisal information for antiques, jewelry or other valuables.

You may also want to estimate what it would cost to replace the item at current prices. Check with your insurance company to see if they want you to keep replacement cost information to help when figuring losses.

Why do you need a household inventory?

You may think you will never be faced with losses from fire or theft, but it can happen to you!

A household inventory can provide a record for insurance purposes and owner identification in case of loss or theft. It can help determine the amount of insurance needed to adequately cover possessions. If a loss is not covered by insurance, these records help prove the loss for income tax purposes. Household inventories can also come in handy when estimating market value of possessions for compiling net worth statements and estate plans. Replacement cost information, along with an estimate of the average life of an item, can also help in planning

and forecasting future furnishings, equipment and other purchases.

How can you develop a household inventory?

Several methods can be utilized when developing a household inventory, each of which have advantages and disadvantages. However, a combination of several methods may be more effective in establishing loss, ownership and value. Whichever method(s) you choose, be systematic. Develop the inventory room by room (or if you prefer, category by category). Start at one point and go around the room, listing and/or photographing each item or area. Don't forget to open closet doors and drawers, and check the attic, basement, garage and automobile trunks.

• **Written inventory:** Using a looseleaf notebook, with each room or category kept on a different page, is ideal. This allows you to easily add or remove pages, and thus keep the inventory up-to-date.

• **Tape recording:** An audio tape may permit you to describe your possessions in more detail than in writing.

• **Computer inventory:** Another option is an elec-

tronic inventory. Updates and additions to your household inventory can be made quickly and easily by utilizing a computer software program.

• **Photographs or slides:** To supplement a written, audio or computer inventory, you may want to take photographs or slides of each room or location where household possessions are. Pictures can help establish the value of your possessions, make identification or replacement easier and may help in speeding up an insurance claim.

• **Video recording:** If you have a video system, you may want to consider completing a videotape of your possessions. Video recordings can show all dimensions of a valuable item.

• **Additional suggestions:** Make several copies of your household inventory. A master copy of the written or printed inventory, pictures or slides (or negatives), audio tape, and/or videotape should be kept in a safety deposit box or in a home safety deposit box or in a home safe that is both fireproof and burglarproof.

Treat your household like your farm business -- get started now. A household inventory requires some time and effort to get started.

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