Annie’s Continues to Grow

A big welcome to the many recent participants of Annie’s Project and Annie’s Project II Women Marketing Grain & Livestock. The Annie’s Project newsletter is sent about once or twice a year, and contains information that the instructor team believes may be of interest to you.

The goal of the newsletter is to complement material covered during Annie’s Project and provide information on upcoming classes. If anyone has ideas for future articles please e-mail Karisha Devlin or Mary Sobba (e-mail addresses are in the left column).

Did you miss a session of your Annie’s Project class? Would you like to hear a topic repeated? If so, you are welcome to sit in on another class, with the instructor’s approval and if there is space. To see a list of upcoming classes, visit the Missouri Annie’s Project website at http://extension.missouri.edu/annie.

Future:

Annie’s Project in Missouri has received another grant for the 2014-15 year, so we will be able to keep the cost of the class reasonable and offer a quality class.

It’s important to recognize those that make Annie’s Project possible. Although University of Missouri Extension coordinates and delivers the program, it takes help to make the program a success. This newsletter and Annie’s Project are partially funded through a grant from USDA Risk Management Agency. Missouri Farm Service Agency and FCS Financial are statewide partners/sponsors as well. We appreciate their support! We would also like to thank all of our past participants for spreading the word about Annie’s Project!

Wishing you Peace and Joy this Season!
2014 Farm Bill Decisions

The 2014 Farm Bill introduced several changes to the farm commodity programs available through the Farm Service Agency (FSA). Landowners and producers have some important decisions to make this winter that will affect their farming operations for the next five years. Although there is time to prepare and learn about the options available, landowners and producers need to start now.

Here is a summary of the decisions landowners and producers need to make:

EXAMINE: In August, owners with base acres received a letter from FSA providing a summary of their current base acres, yields and 2009-2012 planting history. It is important to verify the accuracy of this information. If it is not correct, if you did not receive it, or if it was misplaced contact your local FSA office immediately.

UPDATE: Landowners will have a one-time opportunity to retain the farm’s current base acres, or reallocate base acres among the covered commodities planted on the farm during the 2009-2012 crop years. In addition, landowners will have the opportunity to update yield information that is used to determine some farm program payments. The landowner makes the final decision and signs the appropriate FSA form. The decision to reallocate base acres and/or update crop yields must be a unanimous decision by all owners of the farm. The landowner has until Feb. 27, 2015 to update base acres and/or yields by the FSA farm number.

ELECTION: The 2014 Farm Bill authorized a new safety net approach for farm commodities, known as PLC (Price Loss Coverage) and ARC (Agriculture Risk Coverage) programs. The ARC program is divided into ARC-County (ARC-CO) and ARC-Individual (ARC-IC). The following explains each program:

PLC offers price protection. Payments are issued when the effective price of a covered commodity is less than the respective reference price for that commodity established in the statute for the 2014-2018 crops. The effective price equals the higher of the market year average price or the national average loan rate. The PLC payment is equal to 85 percent of the base acres of the covered commodity times the difference between the reference price and the effective price times the PLC payment yield for the covered commodity. These payments are made on base acres, not planted acres.

ARC-CO offers shallow loss revenue protection. Payments are issued when the actual county crop revenue of a covered commodity is less than the ARC-CO guarantee for the covered commodity. The ARC-CO guarantee equals 85 percent of the previous five-year market year average price, excluding the years with the highest and lowest price (the ARC guarantee price), times the five-year average county yield, excluding the years with the highest and lowest yield. The payment is equal to 85 percent of the base acres of the covered commodity times the difference between the county guarantee and the actual county crop revenue for the covered commodity.

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ARC-IC offers entire farm revenue protection based upon base acre commodities. Payments are issued when actual ARC-IC revenue, summed across all covered commodities on the farm, is less than the associated ARC-IC guarantee. The farm’s ARC-IC individual guarantee equals 86 percent of the farm’s individual benchmark guarantee, defined as the five-year average of a producer’s annual benchmark revenue for each commodity, excluding the high and low annual revenues. The ARC-IC payment equals 65 percent of the sum of base acres on all covered farm commodities multiplied by the difference between the individual guarantee revenue and the actual individual crop revenue across all covered commodities planted on the farm. It is important to note payments may not exceed 10 percent of the individual benchmark revenues.

Producers will make a one-time, unanimous election of PLC or ARC-CO on a covered commodity-by-commodity basis or ARC-IC for all covered commodities on the farm. The election between PLC and ARC is in effect for the life of the farm bill. The decision has to be made by March 31, 2015.

ENROLLMENT: The last step is enrollment. Producers can enroll the farm for the program from mid-April through summer 2015. Enrollment will be for 2014 and 2015 crop years concurrently.

To help lessen confusion, farm bill meetings have been scheduled to further explain options and discuss decision tools available. Two decision tools have been developed to assist producers in making these important decisions. These tools can be found on the following websites: https://usda.afpc.tamu.edu and http://fsa.usapas.com. If assistance is needed with these tools, please contact your local University of Missouri Extension Agribusiness Specialist.

(by Karisha Devlin, Ag Business Specialist, University of Missouri Extension)

Interesting Websites

Missouri Annie’s Project
http://extension.missouri.edu/annie

Annie’s Project—National site
http://www.extension.iastate.edu/Annie/

MU FAPRI Farm Bill
(consider tool and more)
http://tinyurl.com/fapri-afpc

MU Diagnostic Services (Plants, Soils, Vet Med and more)
http://agebb.missouri.edu/diagserv.htm

MU Weed ID Guide
http://weedid.missouri.edu
Affordable Care Act

Under the Affordable Care Act (ACA), there are ten essential health benefits that must be covered unless a plan is grandfathered in, meaning no changes in the policy since 2010. The 10 required benefits are:

1. Care before and after your baby is born,
2. Outpatient care—the kind you get without being admitted to a hospital,
3. Trips to the emergency room
4. Treatment in the hospital for inpatient care,
5. Mental health and substance use disorder services: This includes behavioral health treatment, counseling, and psychotherapy,
6. Your prescription drugs,
7. Services and devices to help you recover if you are injured, or have a disability or chronic condition. Includes physical and occupational therapy, speech-language pathology, psychiatric rehabilitation, and more,
8. Your lab tests,
9. Preventive services including counseling, screenings, and vaccines to keep you healthy and care for managing a chronic disease
10. Pediatric services: This includes dental care and vision care for kids.

The Missouri Health Insurance Marketplace is an option for individuals, families, and businesses to shop online for health insurance from different companies and plans. You are eligible to buy a qualified health plan from Missouri’s Health Insurance Marketplace if you: live in Missouri, are a U.S. citizen or resident lawfully present in the U.S. for the entire year for which you are buying insurance, and are not incarcerated.

To apply to the Marketplace, you need the following:
Social Security number for every person in your family applying for insurance; w2s or other proof of income (e.g., 1099 or 1040) for every person in your family applying to get insurance; and employer information.
Anyone can visit the Missouri Health Insurance Marketplace to learn more, www.healthcare.gov. If you want to go through the process independently create an account, apply, pick a plan and enroll. If you want additional help enrolling, there are navigators and certified application counselors covering every county that can meet with you one-on-one. The actual enrollment period runs from November 15, 2014 to February 15, 2015 for this year, but there are exceptions for enrolling throughout the year. Some of these exceptions include if you lose your current insurance; become a Missouri resident; or have other major life changes.

Even though the enrollment date may be past, there is a provision which allows a 60 day uninsured period before penalties are incurred. (continued on next column)

Nearly every county in Northeast Missouri will be holding classes on this topic through January, 2015. To get specifics, on dates and times, visit your local MU Extension office or website for these free classes. University of Missouri Extension’s role is one of unbiased education.

(by Darla Campell, Ag Business Specialist, University of Missouri Extension)

A Few Year-End Tax Planning Tips for Farmers

By Kristine Tidgren, ISU Center for Ag Law & Taxation

Overview
As 2014 draws to a close, a couple of weeks remain during which farmers and other taxpayers can still take action that will impact their 2014 tax returns. Several possible strategies are worth reviewing.

Charitable Gifts
A win-win strategy for reducing tax liability is to increase charitable giving.

Grain Gifts. Because of potentially significant tax savings, cash-basis farmers should consider gifting grain directly rather than selling the grain and then gifting the proceeds to charity. To qualify for the savings, certain technical steps must be followed. Otherwise, the IRS will deem the transfer to be a sale by the farmer, with a subsequent gift to the charity. To survive scrutiny, the commodity must be unsold inventory in the hands of the farmer. Title to the commodity must be transferred to the charity before the grain is sold. For example, the corn would be delivered to the elevator with a storage receipt made out to the charity. The charity receives a letter from the farmer stating the corn belongs to the charity and that the charity may sell the corn as it sees fit. The grain elevator should only issue a check to the charity once the charity has given specific sell instructions.

A gift of grain is different from a post-sale donation to the church because the income from the grain is never received by the farmer. Thus, the tax savings flows from removing the income before recognition, rather than from taking a charitable deduction after recognizing the income. This can greatly benefit those taxpayers who do not itemize deductions. Furthermore, materially participating farmers benefit from gifting grain because lower income means less self-employment tax.

If you are considering a year-end grain gift, please consult with a tax professional to review any potential savings and to ensure that the proper steps are followed.

The article was shortened due to space. The full article contains additional information on Section 179, bonus depreciation, prepaying expenses. Article is online at http://tinyurl.com/taxtips-14
In This Issue:
- 2014 Farm Bill Decisions
- Affordable Care Act
- Tax Tips
- And Much More…..

Upcoming Farm Bill meetings:
Several more classes are being planned for January and February. Call your local Extension Center to ask about upcoming classes or check your county Extension website.

Upcoming Classes:
we are behind on scheduling due to programming on the Farm Bill. Several more classes will be added to the schedule in the spring.

If you are interested in any of the classes below. The contact person’s email and phone number are on the front page of this newsletter.

Annie’s Project:
Barry County—start date not set, but will be Feb. or March
Contact: Gordon Carriker
Centerville—Mar. 5 (Reynolds County)
Contact: Lynn Heins

Other Ag Business Related Classes:
Computers on the Farm
Tan-Tar-A, Osage Beach, MO Jan. 9 & 10
Technology conference featuring wearable technology (google glasses, watches), weather tools, marketing simulation, tax update and more
Fee and registration details:
http://agebb.missouri.edu/cotf