

Agronomy Notes

Capital Region Extension Agronomy Team

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Financial Farming Ag Education “Scholarships”

Modern agriculture is a complex business. While younger farmers learn much about farming fundamentals from their parents, other “experienced” family members and agriculture organizations, many will require another level of formal education to effectively run a dynamic farm operation in the future. Whether their track is a college degree in animal science or learning a mechanical trade at a technical school, higher agriculture education is no longer a luxury but a necessity for children staying on the farm.

So the paradox is how to afford the ridiculously high (and rising) cost of higher education when the cost of not investing in the success of next farming generation may be even higher?

The good news is there are any number of planning strategies and financial resources available to farmers to reduce the cost of higher education. In addition to federal and state financial aid (which farmers with modest farm income can readily qualify for), merit scholarships, education savings accounts, student loans and income tax planning are all tools available for farmers to lower their out-of-pocket higher education costs. In fact, planning to maximize the affordability of higher education is a rapidly growing area of agriculture wealth management.

Financial aid is traditionally considered to be grants, scholarships and student loans. However, income tax planning that reduces taxes using higher education tax deductions/credits or income shifting techniques can be an effective alternative form of financial aid. For example, there are two federal education tax credits – Hope and Lifetime Learning – that can reduce your federal income tax on a dollar-for-dollar basis when qualified higher education expenses are incurred (the annual tax credit is capped at no more than \$2,000 per child, depending on which tax credit

program is utilized). Tax credits are much more valuable than tax deductions and they may produce a nice “tax scholarship” to offset higher education costs. Advanced tax planning is often required to take full advantage of these tax credit programs.

An attractive state sponsored higher education assistance program available to farmers is the Pennsylvania Agriculture Loan Forgiveness Program. Established in 1992, this program helps repay a portion of student loans for an agriculture or veterinary medicine graduate who stays/returns to Pennsylvania to help operate a family farm or practice veterinary medicine. The loan forgiveness program would repay up to \$2,000 of principal for federally-insured student loans with a maximum lifetime principal forgiveness of \$10,000. Go to www.pheaa.org or call them at 800-692-7392 for learn more information.

Lastly, Pennsylvania has passed a tax law starting in 2006 that grants residents a state income tax deduction for contributions made to a Section 529 plan in any state. This new tax break made a very good higher education savings tool even better.

These are just a few examples of how good higher education planning can yield large cost savings for your family. Contact your tax and/or financial advisor or call us if you want to learn more about how to reduce your wallet share of your children’s higher education costs.

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Crop Insurance Update 2007 Enrollment/Policy Changes Deadlines

Don't miss the deadline to enroll or change deadline for your existing policy for fruit and group risk (GRP) forage production protection. The **11/20** deadlines for fruit include apples, grapes, peaches and pears. The **11/30** deadline is for GRP forage crop insurance. Contact a crop insurance agent for details.

Acreage Reporting Deadlines – 11/15/06

Acreage reports for Forage Production (GYC) and fall seeded barley and wheat must be filed with your insurance agent by **11/15**. It's important that any differences between acreage reports for FSA/USDA and crop insurance are well documented with both organizations.

Report Crop Damage Promptly

As you complete fall harvesting, remember that crop insurance claims are determined on a farm (insurance) unit basis. Your protection includes the combination of yield and quality. If you have CRC or AGR\AGR-Lite price changes may also apply. Report damage by insurance unit immediately to your insurance agent. The policy requires that damage be reported within 72 hours of discovery and not later than the earlier of within 15 days after harvesting is completed on the insurance unit or the end of the insurance period (12/10 for grain corn and soybeans). Detailed written records of acreage and production are required for optional insurance units. Without acceptable records, units are consolidated at the time of APH spot-checks or loss adjustment for claims. The consolidation of insurance units usually reduces producer benefits. A publication "Guidelines for a Production Record Management System" defines and illustrates acceptable records and is available at the website: cropins.aers.psu.edu

Procedures for calculating 2007 crop year protection have some additional flexibility in determining the amount of farm-stored production, but acceptable written records are always required. This information is contained in 2007 CIH and LAM Handbooks. Direct any questions to your crop insurance agent.

Sectional Equivalent Insurance Units

Optional units by sectional equivalents have been liberalized. This is an additional way of establishing insurance units for grain and certain other crops. The change for 2007 removes the 3-mile distance requirement between units that was previously in affect. An eligibility requirement is that production records for at least the 2006 crop year must be available for each proposed insurance unit. A written agreement is required from your agent to obtain this benefit.



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Penn State Resources on the Web

The University, College of Agriculture and Extension Service has a plethora of useful information located on the Web. Most of the Penn State publications you are familiar with, such as the Agronomy Guide and variety trial data, can be found there. Here are some useful links to follow:

General Crop and Pest Management: This one is my favorite. <http://cmeg.psu.edu/>

Corn and Soybean site: Includes variety trials and 5 acre yield competition.
<http://cornandsoybeans.psu.edu/>

Pesticide Education: Check your credits or find a meeting in your area.
<http://www.pested.psu.edu/>

Penn State publications and fact sheets: Go to the publications search and enter a topic. The search engine will list all the Penn State publications pertaining to that subject.
<http://pubs.cas.psu.edu/>

This Thanksgiving, let's take a moment to reflect on the many blessings each of us has received and the bountiful blessings that we as an agricultural community provide to our nation and world.

**~ Jeff, Tina and the Capital
Region Agronomy Team**

