



Moo's For You

Mangold Insurance, Inc., Agriculture Newsletter

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Farm Succession Planning

Passing a farm down from generation to generation is not as simple as it may have one time been. The process almost always involves legal and factual issues. The factual issues will largely be determined by the family structure and involvement of any children within the farm operation. This article will briefly touch upon some of the legal aspects that may be involved in passing the family farm to the next generation.

Farm succession

planning is not something that occurs overnight, but rather, extends over a period of time. As with most succession plans, there are numerous ways to structure and carry out any such plan. This article's goal is not to present one plan that must be adhered to by all, but rather, to emphasize the need for a plan and promote planning well before it is spurred by death.

A farm succession plan will include a comprehensive approach encompassing estate, tax

and financial planning. One of the most common ways to structure farm succession in the State of Wisconsin is through the use of stock transfer within a limited liability company (LLC). One LLC may be created to hold the farm real estate whereas a separate LLC may be created to hold the livestock and/or equipment. By creating either one LLC, or multiple LLC's, the owners can divest themselves of ownership interest by conveying shares of that LLC to

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Mangold Insurance, Inc.

1050 Milwaukee Ave

Suite 100

PO Box 440

Burlington WI 53105

Phone: 262-763-7644

Fax: 262-763-0971

Web:

www.mangoldinsurance.com

Farm Succession Planning (continued from page 1)

to the successors. The transfer can occur incrementally so as to ease transfer of responsibilities and maximize tax benefits.

A common method is for the owners to annually gift shares of ownership to the family member or family members who will succeed them in the family farm. For 2008, a person can give up to \$12,000 a year per person and such gift would be tax free. This annual exclusion can be combined between spouses leaving the ability for a husband and wife to gift up to \$24,000 to each child each year.

By undertaking a structured gifting plan the ownership of the farm can pass over a period of time by gifting shares in the LLC. This process may allow the original owners to retain ownership of the real estate whereas the succeeding family member acquires a majority interest in the LLC which holds the cattle and equipment.

Flexibility with the LLC can also allow the current owners to create two classes of stock. The voting stock can be conveyed to the family members who will be involved in the daily management and operation of the farm whereas the nonvoting stock could be provided to children not involved in the farm. This type of structure allows the value of the farm and the parents estate to pass equally to children, yet still allows the farm to remain in the family and ownership to vest in that child or children.

There are several different ways to structure the succession of a family farm from one generation to the next. The above example is one of those many ways and certainly not the only way. The factual situation of each family is different and the needs and goals must be analyzed and used to de-

termine the best succession plan for each situation.

Passing the family farm down from generation to generation is not something that should be determined upon the death of the current owner, but rather, should be a well designed succession plan.

Article contributed by:

Todd A. Terry,

Attorney at Law

**Lloyd, Phenicie, Lynch, Kelly
& Hotvedt, S.C.**

432 Milwaukee Ave.

P.O. Box 700

Burlington, WI 53105

Phone: 262/763-2451



“Passing a farm down from generation to generation is not as simple as it may have one time been...”

Flood Insurance

Farmowners policies do not cover damage from floods to any property resulting directly or indirectly from “water”. Excluded “water” losses include, but are not limited to those caused by flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not. These type of loss or damage caused by “water” are excluded regardless of any other cause or event that contrib-

utes concurrently or in any sequence to the loss. You will need to read your policy for all the details about excluded water losses. This is just a summary of the excluded water losses to highlight some important flood-related issues.

In most communities, you can obtain flood insurance through your agent which is backed by the federal government’s National Flood Insurance Program. In those qualifying communities, you can

obtain flood insurance protection for your property regardless of your flood zone or flood risk. Call us if you’d like further information.



Manure Storage Risks

Approximately 33,000 youth under 20 years of age were injured on farms in the United States in 1998. This number includes youth working on, living on, visiting, and accompanying an employed parent. 34% of these youth were under the age of 10, 39% were between 10 and 15, and 27% were 16 to 19 years of age. Most injuries were to males.

Manure on farms can pose more problems than just the offensive odors that we so often hear about. Dangers lurk in the manure itself and how it's stored.

Gases and odors may be a nuisance for many livestock producers and those that live nearby, but it can also lead to life-threatening dangers in confinement and manure pits. Every year there are incidents reported in which someone is overcome by deadly manure gases. These incidents have resulted in several deaths and many more illnesses caused by exposure to poisonous gases.

A confined-space hazard can often claim multiple lives. Manure pits can be oxygen-deficient, toxic, and

explosive. Economic losses can occur from animals that die from the cases. It is difficult to know when air quality problems will occur. The best precaution is to understand the sources of air quality problems, and what to do to reduce or eliminate them.

To prevent exposure to the dangers of manure gas everyone in the family should follow these rules:

- Never enter a manure pit.
- Label manure pits and manure storage areas to warn off the hazards.
- Obtain and use monitoring equipment to determine the level of gasses present.
- If entrance is necessary, a self contained breathing apparatus must be worn by someone trained in its use. A safety harness should be worn and monitoring should continue while someone is in the manure storage area.
- Never enter a building when manure is being agitated (mixed) for removal.
- Always use maximum building

ventilation during manure agitation.

- Be sure manure pit covers are secure and in good repair.
- Be sure all lagoons are adequately fenced.

Never try to rescue someone who is unconscious in a manure storage structure unless you have the proper equipment and knowledge of the situation. Multiple deaths can occur because rescuers succumb to the same gasses as the victim. Remember, children who are less knowledgeable than adults may be at the greatest risk. Curiosity can lure children into dangerous situations where they may become the next victim to a deadly gas.

**Article contributed by Farm
Safety 4 Just Kids
www.fs4jk.org**

...obtain and use monitoring equipment to determine the level of gasses present....

2008 Youth Tractor Certification Course offered

Kenosha, Racine and Walworth Counties UW Cooperative Extension is offering a Youth Tractor Certification Course.

June 23-27 and 30, 2008

Burlington High School

See the enclosed flyer for further information and registration.



Mangold Insurance, Inc.

1050 Milwaukee Ave Suite 100
PO Box 440
Burlington WI 53105

Phone: 262-763-7644
Fax: 262-763-0971
E-mail:
insurance@mangoldinsurance.com

www.mangoldinsurance.com

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*Visit our booth at the
Midwest Horse Fair*

*April 18th-20th
Alliant Energy Center
Madison WI*

A "Crash Course" in West Nile Virus

Year after year, West Nile Virus (WNV) continues to be a concern for many horse owners. While there are steps being taken to eradicate the virus, it is essential that equine owners be as educated on the threat as possible.

West Nile Virus is carried by infected birds and is transmitted by the mosquitoes that feed on them. The virus is not contagious between horses and/or humans, and can not be transmitted by a mosquito that has fed on an infected horse.

After infection occurs, WNV causes inflammation or swelling of the brain and spinal cord. Swelling and increased pressure on nervous tissue causes diminished function that appears similar to other neurological disorders. Among the symp-

toms, the easiest to recognize include: Convulsions, partial paralysis, stumbling or falling, head tilt, loss of lip/tongue function.

If your horse shows WNV symptoms, immediately contact an equine veterinarian. It is also recommended that you exercise caution, as rabies or other contagious diseases may look like WNV.

To help eliminate mosquito reproduction in their area, it is recommended that you remove any stagnant water. Common locations of standing water include bird baths, unused tires, improper irrigation, and ponds without fish.

Dead birds should also be removed from the property immediately. For more info on WNV, visit the CDC at www.cdc.gov/ncidod/

dvbid/westnile/qa/wnv_horses.htm.

Through vaccination and mosquito eradication you can significantly reduce risk of WNV infection.

Equine Corner

