

# Midwest Farmowner

## News & Information from Soy Capital Ag Services

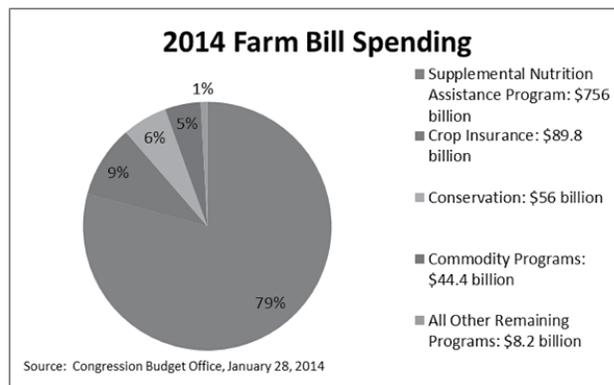
### New Farm Bill Offers Farmowners Program Choices

The Agricultural Act of 2014 (2014 Farm Bill) offers corn and soybean farmers new program choices from previous farm bills. Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) replace the Direct and Counter-Cyclical Payments and ACRE.

The ARC program carries two options: county-based and individual farm coverage.

- County-based ARC payments are made when the calculated average county revenue for the current crop year is below the ARC benchmark revenue guarantee for that county.
- The county ARC revenue guarantee is based on 86 percent of the benchmark revenue guarantee. The payment is made on 85 percent of the crop's base acres and is capped at 10 percent of the benchmark guarantee.
- Revenue guarantee is calculated using the five-year rolling Olympic average yield of the most recent crop years multiplied by the same period's five-year Olympic average Marketing Year Average (MYA). The average county revenue is determined by multiplying the average county yield by the crop's MYA. The average county yield is based on USDA data generally released in February of the following crop year.
- The MYA is the average price September through August of the following year (September 2014-August 2015 for 2014 crops), so program payments are made a full year after the crop is harvested.

Individual farm ARC applies to all commodities covered rather than single crops. It also takes into account planted acres for each crop grown in the state for each farmer.



- Payments are generated when actual revenue is lower than the revenue guarantee and is made on only 65 percent of the farm's total base acres for covered commodities.
- Payments are limited to 10 percent of the benchmark revenue. Individual ARC actual revenue is calculated as the weighted average of each crop's benchmark revenue based on acres planted of each covered commodity grown in that crop year. The benchmark revenue guarantee is determined using the five-year actual yield history and MYA for each crop and generating an Olympic average benchmark revenue.

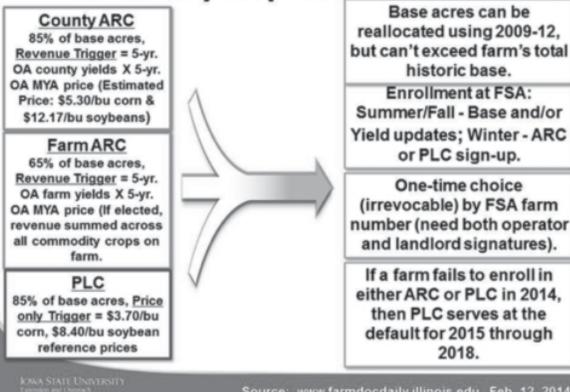
Revenue guarantee is 86 percent of the calculated weighted average benchmark revenue.

PLC generates payments if the crop's MYA is below the fixed reference price set in the farm bill, which is \$3.70 per bushel for corn and \$8.40 for soybeans.

- The payment is calculated by subtracting the MYA from the reference price and then multiplied by the farm's payment yield.
- Each farm's payment yield can be updated to 90 percent of the average yield from 2008-2012. The payment is made on 85 percent of the crop's base acres.

Producers and all parties responsible for producing a crop must choose one of the three options for each FSA Farm Number or risk losing payments and choices. Payments across all of the commodity title's programs are limited to \$125,000, and the Adjusted Gross Income (AGI) limitation test is \$900,000. Tools to help with decisions prior to enrollment are expected this winter. Soy Capital Ag farm managers will help clients navigate through the program. MF

#### FSA Commodity Crop Enrollment Decisions



## Inside: 2014 Plots Provide Farm Managers with Key Production Information

# Soy Capital Ag Services Plots Key Resource for Seed Selection

Soy Capital Ag Service's corn and soybean plots provide the opportunity each growing season for farm managers to learn more about hybrids and varieties that may work best in client fields. Ross Albert, farm manager in Bloomington, coordinates the effort. He says 14 corn plots, five soybean plots and several replicated trials were planted in central Illinois in 2014.

"The plot planting season went very well. Seeding conditions were amazing, so that helped get plots off to a good start," says Albert. "Planters rolled through the fields smoothly, seedbed conditions were beautiful, and we were able to get things planted in a timely fashion."

Soy Capital continues to plant corn-on-corn plots and conventional soybean plots, which is something Albert says the industry has not focused on much historically. Since both practices are common within the growing area, farm managers wanted ongoing data on those management practices. There are seven corn-on-corn plots — three in north central Illinois locations and four in south central Illinois. Four conventional soybean plots are planted in central Illinois.

"For the second year, we also have four plots focused on insect management practices. Controlling corn rootworm has become a growing challenge over the last few years, and there are many combinations of insecticide, seed treatments and trait packages available to help control corn rootworm. We put out all of the combinations to see which ones are most economical," says Albert. "We also have a corn and soybean demonstration plot to watch industry-leading hybrids all in one location."

Replicated plots were planted throughout Illinois and in Indiana as well. Hybrids were planted in four locations and replicated three times in each location.

"Every farm has its own 'personality,' and we need to be aware of that when we make seed purchasing decisions," he says. "A hybrid that has an amazing performance on a farm that is flat, well drained and has highly productive soils may not be able to produce the same results on a field with a rolling topography and lighter soils. This plot data, along with field inspections by our farm managers throughout the growing season, help us place seed most effectively."

Albert stresses that effective product placement allows for the best yield potential. "Each of our clients' farms has a custom tailored plan to help maximize returns," he adds.

The annual Soy Capital Plot Day will be held Aug. 22 at the demonstration site near Towanda, Ill. The event includes presentations about critical agriculture issues and the opportunity for attendees to see firsthand the different hybrids and varieties growing in the field. For more information, contact Albert at [ralbert@soybank.com](mailto:ralbert@soybank.com) or 309-665-0958. MF



*Soy Capital farm managers for the second year are focusing on corn rootworm control practices. They are evaluating corn roots for damage and to see which treatment combinations are effective and economical.*

## Craig Thompson Joins Bloomington Office



*Craig Thompson*

Craig Thompson, a native of rural Bloomington, Ill., joined the Bloomington office farm management staff in February. The 2006 agribusiness, farm and financial management graduate of the University of Illinois was raised in western McLean County on a grain and livestock farm.

"With my financial background, I hope to help bring high returns to landowners, as we look at operations from an analytical viewpoint," he says. "I am particularly interested in the new farm bill, and I have been exploring how it may affect farmers and landowners."

Thompson brings more than six years of professional experience in public accounting to the position, and is a Certified Public Accountant (CPA). He has consulted with numerous farm operations, assisting with business management decisions including profitability analyses, business entity formation, Section 1031 tax-deferred exchanges and farmland gifting strategies. Thompson can be reached at 309-665-0048 or [cthompson@soybank.com](mailto:cthompson@soybank.com). MF

# Retired Bank President Gives Management Reins to Soy Capital

**B**ill McCarty spent more than 70 years of his life in Tuscola, Ill. He managed crop production on his family farm as well as farms owned by other relatives in Douglas and Coles counties. When he and his wife, Carol, moved to a Chicago suburb to be near family, they turned over management reins of their farmland to Soy Capital Ag.

“My dad died unexpectedly when I was 16, so my mom and I had to manage the farm and the paperwork. I helped through high school, and she took over while I was in college and serving in the U.S. Army,” says McCarty. “Eventually I took over management and used trusts to work with the burden of inheritance taxes.”

Chad Hoke, farm manager based in the Bloomington office, is in just the second year of managing the McCarty properties. “Bill and Carol contacted us after Bill retired from his position at a local bank to assist them in eliminating some of their responsibilities. Already Bill is referring potential clients to us,” says Hoke.

“I had been involved so long in management and I enjoyed marketing,” says McCarty. “I am thrilled to receive regular reports about the farm. We have had the same father and son as tenants for more than 50 years. We are pleased they continue this good relationship with Chad.”

Since they are no longer near the farm, McCarty says Soy Capital’s Bloomington office staff and farm management knowledge is what they needed. “We interviewed two other management companies, but we were impressed right away with the staff in Bloomington. They are good communicators, and I will continue to recommend them,” he says. **MF**



## Soy Capital Continues to See Strong Farm Real Estate Activity

**T**he farm real estate market continues to reflect a high level of activity this year. Soy Capital Ag Services has worked with 28 separate real estate transactions for clients in the first six months of 2014 alone — a number in line with the average from the last two years.

“The amount of activity we have seen in farmland sales and acquisitions during 2014 indicates motivated buyers and sellers are successfully completing the transactions they desire,” says Brian Thompson, president of Soy Capital Ag Services based in Bloomington. “Transactions completed by our brokers have occurred in 12 different Illinois counties so far, too, so interest in farm real estate is widespread throughout the state.”

Thompson anticipates good activity will continue during the second half of the year. Soy Capital Ag already has several private listings available for buyers to review now. Also, a number of scheduled September auctions indicate a solid level of interest from owners who want to offer their farms for sale heading into the fall.



Brian Thompson

“The limited supply of land for sale in localized markets can at times not meet the demand that exists. At the same time, local markets with excess supply for sale may exceed what that area may be able to absorb. Knowing your market is critical. That is where our experienced brokers can really help clients,” says David Klein, Soy Capital managing broker.

Thompson agrees. “The market is always changing, and the upcoming months will be no different. The knowledge our Soy Capital brokers bring to farmowners, whether they are sellers or buyers, can make an important difference in their success in this market.”

If you are interested in buying or selling farmland, contact David Klein in the Bloomington office at [dklein@soybank.com](mailto:dklein@soybank.com) or 309-665-0961. **MF**



Photo credit: NCGA



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- New Farm Bill has New Program Options for Farmowners
- Bloomington Office Adds CPA as New Farm Manager
- Soy Capital takes a Look at 2014 Real Estate Values

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