

# Midwest Farmowner

## News & Information from Soy Capital Ag Services

### Soy Capital Farm Managers Monitor Active 2016 Grain Market

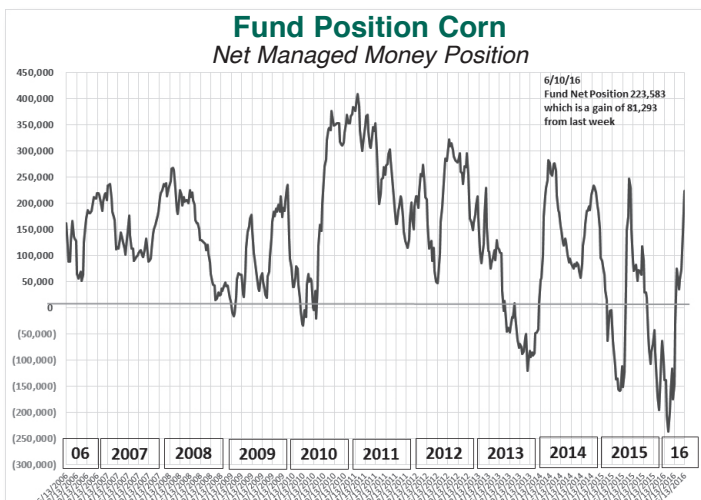
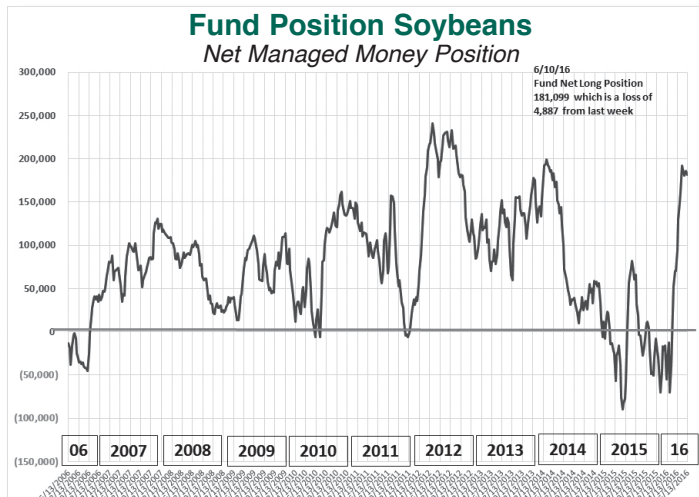
Market dynamics have changed drastically since early spring. Grain prices rebounded dramatically from March-April lows despite the U.S. having ample grain supplies, then took another dip following USDA's June 30 Acreage and Quarterly Stocks Report. Soy Capital farm managers are keeping abreast of the volatile market to offer guidance for landowners.

“The rebound was driven by several factors. It was initially propelled by volatile weather in South America, which has decreased their grain supplies. This created concern about available world supplies and helped spur grain export demand,” says Aaron Benoit, farm manager in Soy Capital’s Kankakee, Ill., office. “At the same time, Brazil’s political unrest drove their currency, the Brazilian real, higher while the U.S. dollar weakened. This also helped make U.S. grain exports more competitive with a significant increase in corn export demand.”

Benoit says U.S. weather is another primary factor. May was cool and wet, which caused replant issues in the Corn Belt and frost on some planted crops in the northwestern Corn Belt.

“In addition, USDA’s March acreage report showed more corn acres to be planted than expected, taking acres away from soybeans. This helped drive soybean prices higher to try and incentivize farmers to plant soybeans over corn. We also had hedge fund managers buying futures contracts for several commodities, with soybeans leading the charge,” he says.

Benoit says these factors combined may be why fund managers speculated and began buying contracts of corn and soybeans -- up to a total of 200,000-plus outstanding position in early June. The move amounted to more than one billion bushels of each, and fueled the surge in grain prices.



Weather will remain a major factor through the remainder of the growing season. Benoit says forecasters believe the weather is trending from El Nino (cool and wet) to La Nina (warm and dry). La Nina is a cooling of the water in the equatorial Pacific that occurs at irregular intervals and is associated with widespread changes in weather patterns. If La Nina comes to fruition earlier than forecast, it could cause grain production losses and drive prices even higher. On the other hand, Benoit says widespread rains could lower prices in the near future.

“The corn and soybean markets are always changing. Soy Capital farm managers continue to watch and understand the different market drivers every day. I would expect we will continue to see big commodity price volatility through late summer,” says Benoit.

If you have questions about how Soy Capital farm managers work with grain markets, contact Aaron Benoit at 815-936-8978 or [abenoit@soybank.com](mailto:abenoit@soybank.com). MF

# Preserve Farmland Using Trusts with an Experienced Trustee

By William J. Taylor, CFP, Senior Trust Officer

For landowners looking for sound ways to preserve their farms for many generations, a trust may be beneficial for the financial health and security of all family assets. Trusts are very versatile, which allows them to accomplish a wide variety of goals.

Many trusts have the same basic components; grantor, beneficiaries, trust agreement, trust property and trustee. The grantor is the individual(s) who realizes a trust would be in their best interest. A grantor must take steps through a qualified attorney to create their trust agreement, which should illustrate the terms and conditions for the trust's operation.

The agreement will list the trust's beneficiaries. These are the individuals who will benefit from the trust, and are listed in the agreement. Beneficiaries can be anyone or any entity. For example, trusts can provide income for many family generations, the lifetimes of a few individuals, or for a church or charity as long as it exists. The possibilities are almost endless.

Trust agreements can be written to reduce or even avoid estate taxes that occur at the death of a grantor or beneficiary and to shelter trust property from such family issues as bankruptcy and divorce. Another huge advantage of having property in trust is the avoidance of the probate process at the death of the grantor. If a landowner's state of residence is different than the farmland location, having the farmland in a trust name will save the family substantial time and probate expenses.

The agreement also will list the trustee to manage the trust. Initially the grantor can also be the trustee. At the death of the grantor, a successor is necessary. Choosing a successor trustee is important to be sure the plans set up by the grantor are followed.

Soy Capital Bank & Trust Company has experienced trust administrators who know agriculture and understand the reasons and expectations landowners use to place property in trust. As Soy Capital



*The unique ability for Soy Capital Bank & Trust to designate Soy Capital Ag Services as the manager of trust real estate provides beneficiaries with the best in farm management services and knowledgeable trust administration personnel.*

marks its 60th anniversary in 2016, its Decatur, Ill., roots reflect a strong understanding of agriculture's value and the fiduciary responsibilities of a trustee.

Soy Capital often has been named trustee for long-term trusts that have farmland as the primary asset. The unique ability for Soy Capital Bank & Trust to designate Soy Capital Ag Services as the manager of trust real estate provides beneficiaries with the best in farm management services and knowledgeable trust administration personnel.

Soy Capital administrators also have experience in other assets held in trust such as equity and income securities, commercial and residential real estate and energy assets such as coal and oil leases. Families considering trusts for farmland and financial assets are assured wishes will be followed. We take a personal interest in each generation's needs and concerns.

For more information on the fiduciary services of Soy Capital Bank & Trust Company, contact me at [wtaylor@soybank.com](mailto:wtaylor@soybank.com) or 217-429-8719. MF

## Soy Capital Makes Bittersweet Sale a Little Sweeter

Before Joe Gelling sold his family's farm near Brimfield, Ill., he returned to walk the fields one last time. He tried to picture where the house and other buildings had been on what is flat, dark, vacant soil, and to drive around the area to try to recapture memories.

"It was a bittersweet experience coming to the conclusion it was time to part with a farm that had been in the family for 112 years," says Gelling, of the 160 acres purchased by his great-grandfather in 1904. A little more than 142 acres were sold at auction earlier this year.

"My first memories are of growing up there. I was only a year old when my dad, Ray Gene Gelling, was discharged from the Air Force and came back to the farm with my mom and me," he says. "My dad

was a very meticulous man. He organized and categorized everything. After his passing I was going through some of his files, and one of the things I came across was a circular from Soy Capital. I looked up their website, thinking it would be a good place to start for finding someone to manage or sell the farm. I was up in the air about what to do."

As trustee, Gelling talked with his mom first. Though he grew up on the farm, he went into another line of work. "I knew enough about farming to know that I did not know enough about farming to adequately manage one," he says. "Our long-term tenant, Randy Kingdon, would describe changes in methods of operation over the years which were amazing to me."

*(continued on page 3)*

# Consider the Value of Professional Farm Management

By Ross Albert

**B**efore becoming a Soy Capital farm manager, my clients were exclusively farmers. If someone had asked me what a professional farm manager did, I am not sure I had a clear answer.

Now that I have been a farm manager for a few years, I can confidently share my understanding of the profession and what it does for agriculture. A good manager brings value to land, its owners and its tenants. Everyone plays for the same team with one common goal in mind -- if we take care of the land, the land will take care of us.

The diversity of farm management is extensive. Professionals must be deep generalists, understanding many aspects of the agriculture business. A farm manager is involved with decisions about agronomics, accounting, capital improvements, grain marketing, government programs, and work with tax and legal professionals in any given day. I have experiences where I have started in the office in a suit and tie, but ended the day covered in mud in hip waders.



*A professional farm manager is often the one who can put all the pieces together to ensure the landowner's goals are met.*



Ross Albert

We do what it takes, and it makes the days very exciting. There is just as much work to do in the field as a professional farm manager as there is in the office. Every farm is unique and presents its own opportunities and challenges. Assembling the correct team is crucial to the long-term success of any landowner. A professional farm manager is often the one who can put all the pieces together to ensure the landowner's goals are met.

Once I began to understand the value of professional farm management, I became more passionate about sharing that message. Many of Soy Capital's managers, including me, are part of an organization that is instrumental in creating professional farm managers and promoting industry wellness, the American Society of Farm Managers and Rural Appraisers.

Farm managers do a lot of behind-the-scenes work. Getting a significant amount of exposure can be difficult. Recently, I joined the public relations committee with the Illinois Chapter of the American Society of Farm Managers and Rural Appraisers. Our organization is working to share the message about what we do and how we add value to farmowners.

There are certainly a lot of landowners that could benefit from professional farm management, but I'm not sure they know how to get started. It is our mission to change that by providing the avenues landowners need to achieve their goals.

Soy Capital farm managers specialize in providing solutions unique to every farm and landowner. Feel free to contact me at 309-665-0958 or at [ralbert@soybank.com](mailto:ralbert@soybank.com). **MF**

*(continued from page 2)*

Gelling contacted Steve Burrow, Soy Capital Ag Services Peoria regional office manager, to begin his search for help in the process. "My search was over sooner than I thought. I got lucky and found the right partner right off the bat," he says. "Soy Capital kept me informed of activities in promoting the auction, including listing processes, internet outreach and even going door to door to let people know about the auction. There were also signs posted prominently on the farm's margins bordering the roads."

Following a successful auction which included three bidders, the closing process was handled by Robert Potts from Whitney and Potts in Elmwood, Ill. "Dealing with Mr. Potts brought back memories of the time when I lived in the area and trusted service was a matter of expectation rather than a pleasant surprise," he says. "I chose not to

make the six-hour trip for the one-hour closing. I was confident that it would be handled professionally and appropriately."

Gelling describes the successful bidder, as an "astute businesswoman, focused and goal-oriented...I am glad the farm has been passed along to someone who demonstrates an appreciation for its history and will put it to good use," he says.

Gelling continues, "Many might consider it foolish that I did not contact and interview several auction services to make comparisons. But in my experience, sometimes the first place you look is the right place. Soy Capital has an appreciation of the sentiment of the experience and the need to take care of business. I would not change anything about our brief partnership." **MF**



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- Farm Managers Keep Close Eye on Grain Market Volatility
- Consider the Value of a Professional on your Farm Team
- Soy Capital Real Estate Specialists Offer Several Services

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\* Accredited designations of the American Society of Farm Managers and Rural Appraisers, American Society of Agronomy, and the Realtors Land Institute.