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Market Report	Yr Ago	4 Wks Ago	2/2/07
Livestock and Products, Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	$90.87	$87.69	$86.34
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb	140.31	115.28	110.47
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb	113.18	*	*
Choice Boxed Beef, 600-750 lb. Carcass	151.25	146.26	143.06
Western Corn Belt Base Hog Price Carcass, Negotiated	51.48	56.03	63.24
Feeder Pigs, National Direct 45 lbs, FOB	60.55	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	57.57	63.37	64.75
Slaughter Lambs, Ch. & Pr., 90-160 lbs., Shorn, Midwest	78.13	*	*
National Carcass Lamb Cutout, FOB	218.06	247.67	233.64
Crops, Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu	3.76	4.25	4.38
Corn, No. 2, Yellow Omaha, bu	1.98	3.36	3.77
Soybeans, No. 1, Yellow Omaha, bu	5.56	6.33	6.86
Grain Sorghum, No. 2, Yellow Columbus, cwt	3.13	5.57	6.16
Oats, No. 2, Heavy Minneapolis, MN , bu	2.16	2.75	2.72
Hay			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton	130.00	135.00	135.00
Alfalfa, Large Rounds, Good Platte Valley, ton	65.00	87.50	92.50
Grass Hay, Large Rounds, Good Northeast Nebraska, ton	52.50	82.50	90.00

* No market.

Nearly everyone agrees that it is important to plan for the future. Why, then, do less than half of all farmers and ranchers have an estate plan? Many will say it is just too complicated so it gets put off until…well, later or maybe never. Farm and ranch estate planning can involve some rather complicated concepts. Attorneys and other estate planning professionals spend a lifetime honing their skills and evaluating various estate planning options. Should a trust or a will be used? What about a corporation or an LLC? Should we have a durable power of attorney and an advanced medical directive? Most farmers and ranchers will never become experts in estate planning, nor do they want to. However, it can be very beneficial for producers to have answers to a few fundamental questions to get the process started.

First, there is some basic information that needs to be gathered. **What do you own? How much is it worth?** and **How much do you owe?** Include everything that you own and all debts that are owed. Include all assets such as: bank accounts, land, machinery, livestock and retirement accounts, and all debts including loans, mortgages, credit cards, etc. This information will help your professional determine the potential for Federal and State Tax obligations that may be due upon your death. Valuation of assets is at "fair market" value. Remember to include information about life insurance policies, who is the owner and who are the beneficiaries. Gathering information yourself can help keep professional costs at a minimum.

How are your assets titled? How your assets are titled can be of significant importance when planning for both the minimization of tax obligations and the future income for a surviving spouse. Joint Tenancy WROS is perhaps the most often used form of titling. WROS stands for "With Right Of Survivorship." If title to real estate is held in joint

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tenancy WROS, when one owner dies, the second owner becomes sole owner of the entire property. If title is held as Tenants in Common each owner has an undivided interest in the property. When one owner dies, his or her portion of the property passes to their heirs as directed by the decedent's will or trust, or if someone dies without a will or trust (intestate), property passes as directed by the laws of the State of Nebraska. The surviving owner then owns their original undivided interest in the property with the decedent's heirs.

Who do you want to give your assets to? This issue has proven to be one of the more difficult decisions to make. It creates a dilemma that many couples spend hours and hours discussing. No one wants to cause any hard feelings or create a fight between their heirs. Emotions definitely play a large role in this decision. Should property be left undivided equally and owned by all the heirs or should an owner be chosen for each piece of property?

- Do you want to have a **successor** for your business? If so, can the successor survive financially if they only receive a portion of the operation? If you desire a successor, is that successor one of your heirs and will he or she be treated differently from your other heirs? If the successor is not an heir do you wish to provide a mechanism for the successor to operate the business when your heirs become the eventual owners?
- Do you want to pass the farm on to the next generation as an ongoing **business** with adequate size to generate a living for the successor or do you want to divide your farming business into pieces like a pie? Is it important for you to keep the **"farm in the family?"** Treating all children **equally** may not necessarily be treating all children **fairly**. What about contributions to the business or sweat equity that may have occurred over the years? If you desire one successor, are there other assets for the non-farm kids such as life insurance, investments, annuities or stocks, etc.?

When do you want to give it to them? There are three basic choices: Give it to them now with "no strings" attached; Give it to them now with "strings" attached; Give it to them at the time of your death. When deciding when to give assets to heirs, consider if you will need the income those assets could earn during your lifetime or if you may want to place restrictions on their use. Some will say my children really need the money now rather than someday when I die. The deductible basis for capital gains purposes becomes important when deciding when to give assets to heirs. If a capital asset is acquired at a time of death transfer such as a will or trust, the heir receives a step up in basis. Because the value of that asset has gone through the tax test of the decedent, the heir receives a new stepped up basis in the asset, equal to its valuation in the decedent's estate. If that same asset were to be gifted to an heir, the heir does not get a step up in basis but continues with the same basis as the giver.

How long do you want to exert control? There are ways to exert control beyond your death, if you wish. There may be situations in which you might wish to control a portion of your estate for a prolonged period of time. In the case of a special needs child, many will provide for the well being of the child for the remainder of the child's life. There may be cases in which parents wish to provide an income stream for an heir while restricting access to the entire value of an asset. Some may wish to restrict the ability to sell or mortgage an asset. Typically, the longer you wish to maintain control beyond your death the more involved and expensive the estate planning process becomes.

What about long-term care? Long-term care has become a concern for many farm and ranch families. Although statistically most individuals will not spend a long period of time in a nursing home, it is not uncommon to know a neighbor or relative for which a farm or two was sold to pay for the nursing home costs. There are three basic options for providing for long-term care. There may be adequate **income** generated by the business assets to provide for long-term care should the need arise. Social Security, retirement accounts, interest earnings, rent and even liquidation of some farm assets could be used to provide for long-term care. Long-term care **insurance** has been used by many to help cover all or part of the costs. Policies vary widely. Variations include: number of days in the nursing home before coverage begins; daily payment coverage; lifetime payment limits; and return of unused premiums. The third option is **Medicaid**. Medicaid is provided for those that can not otherwise afford long-term care costs. There are two eligibility tests for Medicaid. A resource test and an income test. For those who are eligible, Medicaid provides a safety net for long-term care.

Know the answer to these eight questions before you go to see your professional to create your estate plan. Know where you are and where you want to go so your attorney can help you determine how you can best get there. Become a good consumer of legal services and make the decisions that only you have the knowledge and insight to make. No one knows your situation better than you.

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