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POST-HARVEST NEWSLETTER

NOVEMBER, 2011

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Well, another crop year is coming to a close and preparations for the next one will begin soon if they haven't already! For ag producers this is a time to reflect on the previous season and look at what went wrong, what went right, what could have been improved and what is best just forgotten. We try to use this time at Ag Risk Solutions to have the same evaluations about our company. What could have we done to better serve our clients? What were some of the things we did really well? What changes can we implement for 2012 to provide even more value to our clients? With this in mind we want to sincerely thank you for putting your trust in our organization to handle your Crop Insurance needs. If there is anything we can do to better serve you and your business in the future, I'd love to hear your suggestions.



Here's wishing you and yours a happy, safe and blessed holiday season!

Sincerely,

Henry Scherer—President, Ag Risk Solutions

henryscherer@ag-risk-solutions.com

IMPORTANT!

GRASS BREAKING

IMPORTANT!

If you will be breaking any ground out of grass and planting it to an insurable crop this spring, notify your Service Rep immediately! New rules for 2012 require us to submit a request for insurability on these acres **prior to MARCH 15!** Also, you will not be able to use the same process as in past years to establish an Approved Yield on land being broken out of grass. These changes could have a dramatic impact on the amount of coverage you will have on these acres. Contact us immediately if you will be tearing out any grass!!!

LOSS NOTIFICATION

As you finish up harvest, if you suspect a loss on any unit or crop, contact your Service Representative immediately! We must have claims turned in within 72 hours of the completion of harvest on the unit for them to be considered timely. Claims that are not turned in timely can take much longer to be finalized and paid. Payment could also be denied completely. It never hurts to turn in a claim and if it ends up not being a payable loss they are easy to withdraw.

2011 SPRING REVENUE PROTECTION HARVEST PRICES

CORN:

Base Price: \$6.01

Harvest Price: \$6.32

Since the Harvest Price on Corn came in higher than the Base Price this increases your total guaranteed revenue and you will be paid the higher harvest price for any bushels you did not raise below your yield guarantee. For those of you who have already been paid for your Corn production claim, you will soon be receiving a check due to the higher harvest price if you haven't already.

GRAIN SORGHUM:

Base Price: \$5.87

Harvest Price: \$6.17

Since the Harvest Price on Grain Sorghum came in higher than the Base Price this increases your total guaranteed revenue and you will be paid the higher harvest price for any bushels you did not raise below your yield guarantee. For those of you who have already been paid for your Grain Sorghum production claim, you will soon be receiving a check due to the higher harvest price if you haven't already.

SOYBEANS:

Base Price: \$13.49

Harvest Price: \$12.14

The Harvest Price on Soybeans came in lower than the Base Price, effectively increasing your Yield Guarantee by about 11%. It is now possible to have a claim even if your yield was higher than your original Yield Guarantee. If you have already been paid for a Soybean claim and are due an additional amount, you will be receiving it soon. If you think this increase in your yield guarantee puts you in a claim situation, contact your Service Rep immediately.

For more information go to:

www.ag-risk-solutions.com/harvestprices

\$100,000 CLAIM REVIEWS

If you have a claim in excess of \$100,000, you will be required to go through a 1 - 3 year APH review. You will not be paid for your claim until this review is completed. If you think you may have claims in excess of \$100,000, please contact your Service Rep. immediately so we can help you prepare.

NOTES FROM THE FIELD

MIKE CHARTIER—HIAWATHA, KS



Well, harvest is pretty much over now and with the rain we have just had, it has given you guys a much needed break. So between flooding, wind, hail, and heat (yes we had it all!), harvest this year went very well I thought. Corn and Bean yields were above average in most of my area. There were exceptions in several spots farther west where the heat knocked yields down quite a bit and where we had significant damage with wind and hail. All in all, everyone seems to be very happy with their outcomes. Remember, as you start figuring final yields, give me a call and we can get them reported. As always, be careful and stay safe!

MIKE SCHERER—LEAVENWORTH, KS



Fall harvest appears to be wrapping up throughout my territory for the most part. We had a wide array of crop results this year. The Southern and Western portions of my area were hit pretty hard by drought while the Northeast corner escaped the most extreme weather and ended up with strong yields in most cases. It won't be long and there will be snow on the ground and it will be time to start planning for the 2012 crop year!

In more important news, my wife gave birth to our first child at 1:01 am on October 24th!! We had a little boy and we named him Liam Henry. He entered the world about 3 weeks earlier than expected but weighed in at 6 lbs. 2 oz. and was 19" long. Ashley and Liam are both doing great and the new dad is surviving so far!!

KURT SCHWARZ—LA CYGNE, KS



Harvest is ending and it has finally rained here in Eastern KS. It sure is amazing how a little rain can brighten our spirits. Yields have been bad to worse throughout East central KS with most producers having claims. On a good note though, wheat planting has gone well and with the recent rain looks to be off to a good start. As we end the year and start a new one, let me know if there is anything I can do to better serve your needs.



KYLE KRIER—SALINA, KS

Here in Central Kansas we FINALLY received some substantial rainfall. Things are looking good for the wheat heading into late fall/early winter. We are in the acreage reporting period for wheat right now. It's important to get your acreage report completed timely so that if anything arises before we hit dormancy, we will already have the necessary documentation completed.

Fall harvest is all but wrapped up at this point and as we all know, losses are abundant. We need to get production totals reported IMMEDIATELY if not already done. The sooner the production gets to the adjusters, the sooner you'll get paid. If you want to attempt to get paid prior to the end of the year, contact me as soon as you can with this request. On any losses, ledgers from that entire crop in that county must be given to the adjuster. On any crops that don't have a loss, you only need to report production totals back to me for each unit. The timelier you can be on getting everything reported back to me, the better service I can provide to you! See you soon!



TONY ELIZONDO—MANHATTAN, KS

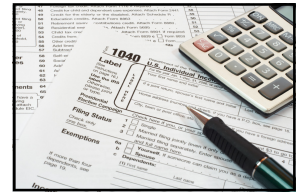
Fall harvest has come and gone and, for the most part, yields held up pretty well. In Clay, Cloud, Republic, & Washington counties, the corn and sorghum ranged from average to well above average. Bean yields varied widely depending on location, variety, and planting date. In Marshall County, both the corn and beans yielded a little above average. I guess considering how hot and dry we were for the majority of the summer though, we should feel pretty happy about where things ended up.

The wheat is in the ground and up and, thanks to the rain, looks a lot better compared to this time last year. If I haven't already, I'll be visiting you soon to take care of those wheat acreage reports.

As always, don't hesitate to call with any questions!

CAN YOU DEFER?

A recent court case gives some guidance to operating farmers who are seeking to defer the reporting of crop insurance proceeds. In many instances, it will pay to defer the reporting of crop insurance proceeds until the year following the year of receipt. Deferral always allows you to postpone the income tax on the proceeds. And by avoiding the bunching of two year's income in one year, deferral may help you stay out of a higher income tax bracket.



Generally, you can elect to defer the reporting of crop insurance proceeds or federal disaster payments if:

- You use the cash-basis method of accounting.
- The crop insurance proceeds or disaster payment is received in the same year that the crop damage occurs.
- You can show that under normal business practices the income from the crop would have been included in income in the year following the year of drought or other natural disaster (i.e., you normally carry your crop to the next year).

As is true of all tax elections, you must abide by IRS rules. You make the election by including the proceeds on line 8a of Schedule F, but not including it as taxable on line 8b. A statement containing information about the deferral must also be attached to the return.

Most crop insurance deferrals are pretty straightforward.

For example, Robert Rural always carries over his corn crop to the year following the year of harvest. In 2009, he collects crop insurance for a partial loss due to flooding. Robert can, if he chooses, elect to defer reporting of the crop insurance proceeds until 2010.

But what if you normally carry over to next year only part of your crop?

The IRS indicated in a revenue ruling that if more than 50% of the crop would be reported in the following year, such amount would be considered substantial, and a farmer could elect to defer all crop insurance received until the following year. Allocating crop insurance between two years wasn't allowed. The revenue ruling, however, didn't address the situation where the farmer normally carried over less than 50% of his crop.

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CAN YOU DEFER?

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The Eighth Circuit Court of Appeals helped answer that question this year.

Two Minnesota farm partnerships growing sugar beets normally reported 65% of the crop income in the year of harvest and reported only 35% of the income the following year. In 2001, their crop was destroyed by flooding, and they reported the 35% of the 2000 crop but deferred all of their 2001 crop insurance proceeds. The Eighth Circuit ruled that, in order to defer crop insurance, the customary practice of the farmers must be to defer more than 50% of the income; 35% isn't considered substantial.

The taxpayers argued that, considering all crops, they did normally defer more than 50% of revenue to the next year. However, the court said that to defer crop insurance proceeds the farmers "must show as to any of the individual crops the customary practice was to defer more than 50% of the income."

The implication of this decision is that in order to take advantage of the crop insurance deferral, you need not carry over your entire crop to the following year. But you should make it a regular practice to carry over more than 50% of your crop.

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UPCOMING IMPORTANT DATES

November 14: You must have your 2011 wheat yields submitted to us by this date. If you have not reported your 2011 wheat yields please contact your Service Rep.

November 30: You must have your 2012 planted wheat acres submitted to us by this date.

E-NEWSLETTER

If you are interested in receiving our newsletter via e-mail please send an e-mail to: solutions@ag-risk-solutions.com