Managing Risk

- Building trade relationships is a decades-long investment
- Soy industry incubates new global markets
- Advice for navigating farm family health insurance
- Key legal considerations when hiring seasonal help
- Business IQ is your best bet for battling today’s economy
HERE’S HOW THE SOY CHECKOFF WORKS. The national soy checkoff was created as part of the 1990 Farm Bill. The Act & Order that created the soy checkoff requires that all soybean farmers pay into the soy checkoff at the first point of purchase. These funds are then used for promotion, research and education at both the state and national level.

Farmers sell beans to elevators, processors & dealers.

1/2 of 1% of the total selling price collected per the national soybean act & order.

0.5%

Half goes to the state checkoff for investment in areas that are a priority for that state.

Half goes to the national checkoff for investment in USB’s long-range strategic plan.

ROI to the farmer.

Led by 73 volunteer soybean farmers, the United Soybean Board (USB) invests and leverages soy checkoff dollars to MAXIMIZE PROFIT OPPORTUNITIES for all U.S. soybean farmers.

unitedsoybean.org
Fall Issue 2019
Volume 8 Number 5

SOUTH DAKOTA SOYBEAN LEADER
A publication of the South Dakota Soybean Association

4 President’s Outlook
5 Guest Editorial: Secretary Vanneman
6 Encouraging Exports
   South Dakota Soybean Leaders Visit China on USSEC Trade Mission
8 Latest on the African Swine Fever
   ASF continues to plague Chinese pork industry, while South Dakota pork production grows
10 Incubating Markets
   The World Initiative for Soy in Human Health (WISHH) sparks new global markets for U.S. crop
12 Soil Health Success Story
   No-till soybeans, conservation practices win Johnson Family the Leopold Award
14 Know Your Numbers
   First Dakota National Bank encourages you to battle today’s tough economy with business IQ
16 Health Insurance for the Self-Employed
   Advice for finding the best coverage for your farm family
18 Help for the Harvest
   Understand employment law before hiring seasonal help
21 Avera Offers Farm Stress Hotline
   Confidential hotline can connect you with help
22 The Do’s and Don’ts of Farm Coverage
   Best practices to get the most from your farm/ranch policy
23 Save the Date: AgOutlook 2019
   Join the South Dakota Soybean Association in Sioux Falls on Dec. 5

FCSAMERICA.COM

PRODUCERS CHOOSE TO WORK WITH US BECAUSE THEY KNOW WE WORK FOR THEM.

FINANCING AGRICULTURE ISN’T JUST ONE THING WE DO, IT’S ALL WE DO.

Every one of our owners is a customer. So more than offering financial products with attractive rates, we offer ag-friendly terms, unsurpassed ag expertise, money-saving services and online management tools. Discover the advantage of an entire organization that works for your success. Call 800-884-FARM.

AGRICULTURE WORKS HERE.
President’s Outlook

Is this farming season over yet?

Yes, it is drawing to a close soon and no, it hasn’t given us many breaks. None of us thought we’d be faced with such a wide variety of challenges, from weather to markets. By the time this magazine makes it to your kitchen table, I hope you’ve been able to get some harvesting done and the results are satisfactory.

The South Dakota Soybean Association has kept me busy this summer with a number of events and meetings. In July, a few of us attended the grand opening of AGP’s new soybean crushing plant in Aberdeen. This is a very impressive facility and will greatly boost our exports to countries that prefer the meal instead of the whole beans. At this event it was great to have Kim Vanneman, our Secretary of Agriculture, come up and sit with us. Relationships like these are such a great asset as we help each other with programs.

Another great experience was attending the Governor’s Ag Summit in Sioux Falls in July. This was the first time I had attended. Participating in events like this, a person always wonders: Will I know anyone there? What will the speakers be like? Is it worth my time? The Governor’s Ag Summit was a “yes” in all three areas. It occurred to me that when a person steps up to the plate and participates in various meetings and events, that’s when connections are made and friendships are formed. It is through these relationships with fellow organizations that we can help one another in our lives as South Dakota farmers.

This year has brought changes to some of our South Dakota Soybean programs and events. The South Dakota Soybean Research & Promotion Council has had to make a variety of budget cuts, to be respectful of the checkoff money coming in and to the farmers we work for. Because of this year’s challenging growing season and budget concerns, our annual yield contest was cancelled – but I’m hopeful it will return next year. The Council is continuing its work to expand new export markets and increase domestic usage.

Our SDSA Ag Outlook trade show and meetings are soon upon us. This year’s event will start off with the association’s annual meeting at 4:30pm on Wednesday, Dec. 4, followed by a social gathering that evening. On Thursday, Dec. 5, we’ve added a new women’s program at 9:00am. We look forward to seeing all of you at these events as we build upon our friendships.

Stress has been affecting everyone in the state, not just farmers. Taking time to do something outside of our daily grind can help us reset our minds. I recently attended an “iron pour” event in Sioux Falls, because what farmer doesn’t marvel at the sight of fire, molten metal, and the creation of something new. As a result, I’m looking forward to taking a blacksmithing class this winter in Mitchell as a means of a break.

See ya, neighbors! Take care,
Jeff Thompson
SDSA President
Growing Opportunities

By Kim Vanneman, South Dakota Secretary of Agriculture

Like many South Dakotans, I have a long history with agriculture. My family owns and operates Vanneman Farms, north of Winner. Our century farm includes row crops and a commercial beef cow herd. I served in the South Dakota House of Representatives where I was a member of the House Agriculture and Natural Resources Committee from 2007-2013. I was also a director for Farm Credit Services of America and a board member for several Farm Credit System boards prior to my role as Secretary of the South Dakota Department of Agriculture.

As a producer, the decisions we make at the Department of Agriculture impact me, both on a personal and professional level. To say it matter-of-factly, I am fully committed to agriculture.

When I started at the beginning of this year, one of my priorities was to grow opportunities for South Dakota producers. In today’s trade climate, I quickly identified working to promote expanded markets for South Dakota products abroad as an area the department could and should be actively engaged.

To do this, the department is launching a coordinated effort to foster relationships directly with potential international buyers. By partnering with agriculture groups like the U.S. Soybean Export Council (USSEC), the Food Export Association of the Midwest, and commodity and producer groups here in South Dakota, we are working to develop international markets for farmers in South Dakota.

This summer, I was able to spend time with a group of buyers from countries in Southeast Asia who toured a soybean farm in eastern South Dakota as part of a trade mission sponsored by USSEC. During September, we teamed up with the S.D. Wheat Commission to welcome a Taiwanese delegation to central South Dakota. This visit, which included an excursion to a wheat farm and touring a grain elevator, culminated with a Letter of Intent signing ceremony solidifying this group’s commitment to continue purchasing wheat grown in the United States.

In addition to hosting trade teams here in South Dakota, I’ve been able to take advantage of some opportunities available through the U.S. Department of Agriculture’s Agricultural Trade Promotion Program to participate in targeted agricultural trade missions abroad. These trade missions offer us an opportunity to build relationships with foreign governments and buyers looking to purchase South Dakota agriculture products.

“I believe this is just the tip of the iceberg. By developing and leveraging strong and meaningful relationships with agricultural groups in South Dakota and across the country, as well as foreign buyers and governments, we have the potential to create new market opportunities for the many products South Dakota farmers and ranchers grow and raise. Working together, we can develop relationships to have a positive impact on South Dakota agriculture for today and tomorrow.”
Ongoing trade challenges with China have not slowed efforts by the South Dakota Soybean Research & Promotion Council and the U.S. Soybean Export Council (USSEC) to maintain relationships in that vital market for U.S. soy.

In early September, Dawn Scheier of Salem, South Dakota joined grower leaders from several other states in a USSEC-sponsored trade mission to Beijing and Shanghai. Dawn is a director for the South Dakota Soybean Research & Promotion Council and serves as USSEC secretary.

“We traveled to China to meet with key customers and partners on the current crop quality conditions in the United States, and to show our commitment to these companies; regardless if times are good or bad,” she stated.

Building relationships with international buyers and customers of U.S. soy through a continual dialogue continues to be a priority. This strategy is especially important against the cloudy backdrop of uncertainties related to the China trade war, which has disrupted traditional trade patterns and international demand opportunities. Continued engagement with international stakeholders is vital so that U.S. soy can respond to future demand from international customers once trade relations normalize.

The September trade mission gave growers an opportunity to share this message with Chinese soybean buyers. The U.S. growers also provided buyers an “on-the-ground” perspective of 2019 U.S. crop conditions. Jeff Wilson of Pro Farmer provided observations from the most recent Midwest crop tour.
Joining Scheier on the trade mission were grower leaders Tom Griffiths of Indiana, Bob Suver of Ohio, Patrick O’Leary of Minnesota, and Mark Lehenbauer of Missouri.

“Now more than ever, we need to engage and communicate to Chinese customers and other industry stakeholders the competitive advantage of U.S. soy because we have long-term relationships with many of these companies,” Scheier added.

Among other activities, grower leaders engaged with Chinese buyers, customers, and other key stakeholders at the following events:

- **U.S. Soybean Crop Outlook and Market Seminar** – nearly 100 Chinese buyers and purchasers attended the conference in Shanghai where the grower leaders presented the audience with a crop quality report for their respective regions.

- **Chinese Customer Engagement** – grower leaders visited with the oilseed processing teams at COFCO and the Bohi Group, which is one of China’s largest privately-owned agribusiness companies. USSEC and the U.S. soybean industry have a long-standing relationship with both of these companies, and representatives from each expressed their support for maintaining this partnership for the future.

- **Industry Engagement** – USSEC also facilitated a grower leader meeting with U.S. Ambassador Terry Branstad to discuss the ongoing trade situation and outlook for U.S. agriculture in China. During the meeting, Ambassador Branstad reaffirmed U.S. Soy’s overall marketing strategy to remain engaged with Chinese buyers and purchases. Soy leaders also met with industry representatives for CropLife Asia to hear an update on biotech and regulatory issues impacting China’s trait approvals and future timelines.

To learn more about how USSEC and the U.S. soy community works in collaboration with international buyers and customers to grow demand, visit [ussec.org](http://ussec.org) or ussoy.org.

 Relationships Are Key to Long-term Trade Success

As everyone in U.S. agriculture waits impatiently for positive news of the United States-Mexico-Canada Agreement and trade talks with China, grower leaders see our long-term relationships with trading partners as a winning strategy.

“Our main focus is that we don’t want Brazil building infrastructure and acres that we could supply to China instead,” noted Kevin Scott, who farms by Valley Springs and serves on the governing board of the American Soybean Association. “We have the infrastructure and the acres.”

He believes the U.S. soy industry’s decades-long work in China is a worthwhile investment, one that will pay out over the long run. He points specifically to U.S. technical expertise that has helped China develop modern, integrated pork production, as well as aquaculture that utilizes soybean meal instead of fish meal.

“We’ve showed them how to do it and do it well,” Scott said.

Dr. Bob Thaler, SDSU Extension Swine Specialist, agrees. He just returned from a trip to China and saw first-hand the loyalty cultivated by years of trade and sharing of our agricultural expertise.

From South America they might get soybeans, but “from the U.S. they get the beans and the technical service,” Dr. Thaler observed. “The international marketing programs really are valued by those customers.”

Scott noted that there’s a realization that diversification is important for U.S. soy exports.

“We know these existing markets are critical to our success, and we also recognize the need to diversify,” Scott added. “We’re working hard on maintaining these current relationships and also reaching out to establish new trading partners.”

### Top Export Markets for U.S. Soybeans

(2018 figures, value in millions $)

<table>
<thead>
<tr>
<th>Product</th>
<th>Top Markets</th>
</tr>
</thead>
</table>

Source: American Soybean Association “SoyStats 2019”
ASF Continues to Plague Chinese Pork Industry

Almost everyone you talk to there has lost 40 to 50 percent of their swine herd.

Dr. Bob Thaler, SDSU Extension Swine Specialist, shared this news upon his return home from a mid-September trip to China. Traveling there with the U.S. Soybean Export Council, he got a chance to see first-hand the damage caused by African Swine Fever.

Pork is big business in China. Pre-ASF, China produced upwards of 700 million market pigs annually. Now, African Swine Fever has caused the loss of more pigs in China in one year than the U.S. pork industry produces annually.

But with pork demand strong – China’s people consume an average of 90 pounds of pork per person each year – Chinese pork producers who are in business are seeing a profitable opportunity.

“It was really interesting, almost all the people we talked to said they are going to double their pork production,” Dr. Thaler added.

With demand strong and supermarket prices rising due to lack of supply, Chinese producers are seeing $300 per pig profit levels.

Dr. Thaler was in China to speak on the topic of “feeding pigs to protect the environment.” Before ASF, he noted, the environment was the main concern for their pork producers. Going rapidly from backyard production to modern production, the country did not have appropriate regulations in place – and what regs they did have were not initially well-enforced.

With an average farm size of 2 acres, their crop fields are quite small, maybe a half- or quarter-acre. This makes it very difficult to spread the liquid manure from a modern-sized hog production barn.

“Manure is a liability for them, not an asset like it is here in the United States,” Dr. Thaler noted.

ASF is still in China, and he believes it probably always will be.

“It’s a virulent pathogen,” he described, adding that veterinarians he’s spoken with say ASF performs much differently in a research setting than it does in a production setting.

This, and the lack of diagnostic labs there, make it difficult to completely eradicate ASF. But he believes the country is making progress on developing and following the exact protocols they need for biosecurity in their hog production.

According to recent data from our National Pork Board, African Swine Fever has now entered its seventh Asian country, Myanmar, which is west of most previous known cases. If you include the Asian portion of Russia in the count, there are eight Asian countries battling ASF.

“Almost everyone you talk to there has lost 40 to 50 percent of their swine herd.”

—Dr. Bob Thaler
South Dakota Pork Production Growing Faster Than National Average

Despite market uncertainties on the world stage, South Dakota is increasing pork production at an impressive clip.

According to Glenn Muller, executive director of the South Dakota Pork Producers Council, pork production in our state has grown about 13% annually over the past 5 years. The national average growth rate over that same time period has been about 4%.

“I see that trend continuing,” Muller commented.

He cites several factors in South Dakota’s favor for pork production, including low population density and abundant natural resources, especially both corn and soybeans for feed supply.

“If we can use more of our own grain right here, that’s good for everyone,” he adds.

Muller, like all those in ag, has his eye to the international trade situation. “We’re pleased that the bilateral trade agreement with Japan appears to be formalized,” he said, “and we would appreciate USMCA being finalized.”

“I see that trend continuing.”
—Glenn Muller

The U.S. already has good working relationships with both Canada and Mexico, but the ratification of the trade deal would bring much-needed stability to agricultural markets.

“It’s difficult to develop a long-term market plan with all of the outside influences,” Muller observed.

January through July of this year, Muller shared that Mexico is the leading consumer of U.S. pork at 411,944 metric tons at a value of $700.7 million. Although this is down 12% from the first 7 months of 2018, U.S. pork exports to Mexico have rebounded significantly since Mexico lifted its 20% retaliatory duty in May.

China is the second largest importer of U.S. pork, at 292,666 metric tons and a value of $580.3 million. July exports set new records for both volume and value: 68,657 metric tons, more than tripling from one year ago, totaling $152.5 million, up 173% year-over-year.

As China continues to battle African Swine Fever in its own herds, the nation will need imports to satisfy enough quantities of its number-one protein source in Chinese diets.

July 2019 U.S. Pork Exports
July pork exports soar to new volume and value records

- $3.77 billion in value for Jan.-July 2019
  - 2% lower than first seven months of 2018
- $623.3 million in value for July 2019
  - 34% above last July and breaking the previous high reached in November 2017
- 1,481,153 metric tons (3.27 billion pounds) in volume for Jan.-July 2019
  - 2% higher than same period last year
- 233,242 metric tons (514 million pounds) in volume for July 2019
  - 32% higher than last July and topping the previous record from April 2018

*SDSL*
With global demand for protein on the rise, the U.S. soybean industry is poised to meet the needs of new customers in developing countries. But how do we make these connections? Who introduces our products, shares technical expertise, and initiates agreements?

The American Soybean Association (ASA) has created “WISHH” for this exact purpose. The World Initiative for Soy in Human Health (WISHH) is a trailblazer for trade, growing markets for U.S. soybeans while at the same time improving lives and economic opportunities in developing countries.

Cambodia is one such emerging market. With the country’s GDP increasing by more than 7% per year since 2011, it ranks as one of the world’s 15 fastest-growing economies. With this growth comes increased demand for animal- and aquaculture-sourced protein.

To encourage the use of soy in local aquaculture, WISHH is leading a project titled “CAST,” which stands for Commercialization of Aquaculture for Sustainable Trade. CAST will be implemented by the ASA over a five-year period and is backed by $171 million in funding from the U.S. Department of Agriculture’s “Food for Progress” program.

South Dakota soybean leaders Craig Converse of Brookings and Dawn Scheier of Salem were part of the delegation at the CAST launch earlier this year. Converse, who serves as chairman of the South Dakota Soybean Research & Promotion Council, is pleased with the soy industry’s strategic investment in this market.

“CAST is designed to accelerate production of high-demand fish species for the Cambodian market and develop a lasting aquaculture industry,” said Converse, who serves on the WISHH Program Committee along with Scheier and soybean growers from 10 other states. “The five-year USDA-funded CAST project is a prime example of how WISHH leverages our South Dakota soybean checkoff investments to drive demand for U.S. soy.”

Fish is the number one source of protein in Cambodian diets. Utilizing sustainable soy to feed their aquaculture industry will reduce pressure on wild-capture fish, which currently accounts for about 76% of their fishery production.

Cambodia’s Minister of Agriculture and Michael Newbill, the U.S. Embassy’s ranking representative in Cambodia, presided over the January ceremony in Phnom Penh.
South Dakota soybean growers Craig Converse and Dawn Scheier visited Cambodia’s first aquaculture feed mill.

“This project means increased sales of U.S. soybeans to Cambodia,” Newbill stated. “The result will be increased production of locally raised, high-quality protein that Cambodians will enjoy eating and greater ties between our two countries.”

The local economic impact of CAST is expected to exceed $300 million over the life of the project. By 2030, Cambodia’s aquaculture industry could grow to demand 100,000 metric tons of soybean protein each year.

After the January 31 launch, CAST has progressed quickly. In May, partners from World Vision, Kansas State University, Auburn University, and WISHH met in St. Louis to roll out strategic plans for 2020-23. In June, Cambodia’s first aquafeed plant began operations, constructed by Agrimaster, a leading producer of swine and poultry feed and an importer of U.S. soybeans and soybean meal. And in September, CAST leaders helped lay the foundation for the first-ever Cambodian Aquaculture Association.

WISHH was created by U.S. soybean farmers from state soybean grower organizations in 2000 and now carries out its mission in 24 countries across Africa, Asia, and Central and Latin America. WISHH works to enhance the protein intake in these markets, recognizing that the developing nations of today are tomorrow’s customers for U.S. soy and soy protein.
To the Johnson family, raising crops and livestock goes hand-in-hand with raising the bar on soil health.

Brian and Jamie Johnson of Frankfort, South Dakota, along with Brian's parents Alan and Mickie, were named the winners of the 2019 Leopold Conservation Award in South Dakota. The award, named after renowned conservationist Aldo Leopold, recognizes private landowners who inspire others with their dedication to the land, water, and wildlife resources in their care.

The Johnsons are active in their community and in agricultural leadership, including Jamie's role as secretary for the South Dakota Soybean Association. Jamie says the entire family was honored to receive this award.

“We know there are many producers out there doing great conservation work, so to receive this award is quite humbling,” she commented.

The Johnsons farm 1,800 acres of cropland and 500 acres of grassland in Spink County, which all started with the first quarter of land Alan's grandfather homesteaded more than a century ago after immigrating from Sweden. The family is committed to no-till farming, crop diversity, and adding conservation practices everywhere they can.

“For us, the no-till system works,” Jamie said. “We firmly believe in a management style that covers the soil as much as possible, whether that's with crop residue, a thick crop canopy, or with living plants like cover-crop mixes or native grasses.”
In a time when many have gone to row-crops only, the Johnsons have kept small grains in their rotation.

“Diversity is key to healthy soils and healthy crops. It helps us manage disease issues, weeds, and grazing patterns,” Brian added.

It was not the case this year, but Brian notes that their region does occasionally suffer from drought, so a rotation that includes small grains helps them raise a crop in dry years plus an opportunity to sow cover crops and conserve moisture for the following year.

The family’s constant attention to conservation practices is making a real difference in soil health.

“For us, the no-till management system provides us with amazing soil structure, which in turn holds and makes more nutrients and water available to our crops,” Jamie said. Superior weed suppression is an added bonus, helping to reduce chemical costs.

“We’re constantly trying to find ways to increase our soil health, organic matter, and water infiltration,” Brian said, adding that they utilize several different measurement tools to help capture data on the practices they’re using.

Cindy Zenk, coordinator of the South Dakota Soil Health Coalition, points to the Johnson family as an example of how production and conservation can work exceptionally well together.

“A new generation of innovative farmers and ranchers have discovered that by engaging the five principles of soil health, they can regenerate and improve the function of their soil, protecting water quality, wildlife habitat, and our native grasslands,” Zenk stated. “Better yet, they don’t have to sacrifice production for conservation, or profitability for sustainability.”

In mid-July, the Johnsons hosted a farm tour as part of their Leopold Award recognition.

“It was an honor to host a tour,” Jamie commented. “We’ve learned a lot from other producers, and we feel like it’s an honor and responsibility to pass along what we’ve learned, just as it’s been done for us.”
Know your numbers, inside and out.”

This advice comes from Nate Franzen, 25-year veteran of ag banking and president of First Dakota National Bank’s agri-business division.

“Producers in this environment who are on top of their numbers make much better decisions, much more timely decisions,” he notes.

Today’s economic challenges are causing some to draw comparisons to the 1980s, but Franzen sees some differences. In the face of that era’s high interest rates and falling land values, farmers could up their chances of survival by being good, careful producers.

But today, good agronomy and livestock husbandry might not be enough. Most farmers today indeed have the production side down to a science.

“It’s the financial management that’s separating people out this time,” according to Franzen. “Business IQ is key to surviving in this environment.”

With the sheer magnitude of the dollars involved in today’s agriculture, it’s imperative that you work as hard on your financial management as you do in the field.

Franzen suggests asking yourself these questions:

Am I looking at my numbers often enough?

If a once-a-year meeting with your lender is the only time you dig out your cash flow and balance sheet, then the answer to that question is no.

With today’s volatile ag markets, Franzen says once a year is not often enough. As a best practice, he recommends looking at your financials every month.

Pay particular attention to your cash flow. Monthly analysis to compare your budgeted numbers to your actual numbers will allow you to course-correct along the way. If you wait until year’s end, it’s too late to head off problems.

Do I really know my break-evens?

Ag inputs like seed, fertilizer, and fuel are tangible and fairly straightforward to calculate. But have you given enough attention to totaling your other farm and family living expenses?

Franzen notes that it’s easy to miss or not accurately total up other expenses such as family living, insurance, and other overhead costs. All of these factors must be calculated over the entire farming enterprise. If you’re
low on calculating your actual break-evens, you may think you’re locking in profitable prices – but you may actually be marketing your crop at a loss.

**Am I allowing emotions to dictate business decisions?**

Remove the emotion from running your business and you’ll make better decisions, Franzen reminds. It’s easy to start worrying about all the things you can’t control, but that can be unproductive. Control what you can, and control around the things you can’t.

Another component of emotion and business is controlling your attitude. Surround yourself with positive people, with people you trust, Franzen adds. Don’t fall into the misery-loves-company trap, but instead stick with the people and conversations that are solution- and opportunity-oriented.

If you’d like to sharpen or expand your business-management skills, there are some excellent local resources. Mitchell Technical Institute has a Farm/Ranch Business Management program, where participants work one-on-one with an instructor at their own farm site to learn record keeping, analysis, business planning, and year-end reporting.

In addition, First Dakota National Bank has a beginning farmer program for those who have been managing their own farms for 10 years or less. This is a one-year, education-based program to sharpen farmer’s financial management skills.

Franzen says another option is to hire your financial expertise. Enlisting an experienced CPA or hiring a Chief Financial Officer might be more possible than you think.

“So many people say, ‘I can’t afford to hire a really good bookkeeper or a CFO,’ but maybe you can’t afford not to,” Franzen said.

Cost-cutting is important in these tough times, but don’t miss opportunities to spend dollars in strategic ways that will yield significant results.

---

**“It’s the financial management that’s separating people out this time.”**

—Nate Franzen

---

Dedicated to assisting agriculture producers in South Dakota.

**Farm/Ranch Financial Recordkeeping**

The South Dakota Center for Farm/Ranch Management assists ag producers to become better managers by focusing on:

- Recordkeeping Software
- Risk Management Plans
- Goal Setting
- Enterprise Analysis

(605) 995-7191 • sdcfrm@mitchelltech.edu

www.mitchelltech.edu/sdcfrm

1800 E. Spruce St., Mitchell, SD 57301
Tips for Navigating Health Insurance for the SELF-EMPLOYED

Look at any farm’s “family living expenses” category and you’ll likely find health insurance premiums at – or very near – the top. We know we must mitigate financial and health risk by carrying insurance, but how do we afford it with farm incomes sliding?

Jody Peterson of Watertown’s Wishard Insurance Agency knows this dilemma well from both sides of the equation. She and her husband Kyle farm and raise cattle with his parents in Clark County. With four children at home and weather- and market-related challenges on the farming side, Jody works off the farm for her family’s insurance agency. Her medical knowledge as a former RN is an asset to her clients.

Her first tip for farm families like hers is to consider a Health Savings Account.

“A lot of people should be looking at HSAs, health savings accounts,” Peterson says.

An HSA lets you set money aside on a pre-tax basis to pay for medical expenses. Although HSA funds generally cannot be used to pay premiums, those dollars can go towards deductibles, co-pays, co-insurance, and other medical expenses – even preventative care and dental.

According to healthcare.gov, for plan year 2020 you can contribute up to $3,550 for self-only coverage and up to $7,100 for family coverage into your HSA.

Peterson acknowledges that $7,100 is a difficult amount of cash to set aside in years like this, but in years when there is more farm income, an HSA is a great way to utilize some of that income tax-free. In addition, keep in mind that these HSA funds roll over year-to-year if they are not spent.

“HSAs are unfortunately not less expensive in South Dakota than the traditional co-pay plans, but they are a good long-term solution,” she adds.

This type of long-term thinking may not specifically help save costs now, but she encourages young farm families to be thinking ahead.

“Medicare is reducing coverage as time goes on, so as 30- or 40-somethings we’re not going to be having the same Medicare as our parents did,” she cautions.

Second, Peterson notes that farmers may be closer to a Group Plan than they realize.

“Farmers have to remember that they usually have a group plan in their back pocket,” she says.

Although different health plans have different requirements, the majority of plans in South Dakota allow access to Group coverage in one of two ways:

1. If your farm is a Corporation and you have at least one W-2 employee enrolled.
2. If your farm is an LLC, a Sole Proprietorship, or Partnership and the farm owner is enrolled, plus at least one W-2 employee who is not a spouse.

Some plans have an exception to number two, stating that the one W-2 employee can be a spouse.

Again, plans differ, but people can often save upwards of 20 percent on their premiums by being on a Group plan rather than an Individual plan. See the article on the following page to read more about what the South Dakota Soybean Association is doing to...
President Trump’s Executive Order “Promoting Healthcare Choice and Competition Across the United States” cleared the way for Association Health Plans (AHPs), in which an industry group like the South Dakota Soybean Association could offer health insurance to its members.

This expands opportunities for small businesses like farms or ranches to have access to Group health insurance coverage. Banding together as a group across a geography or a trade industry allows for economies of scale and negotiating power.

SDSA is exploring the possibility of creating an Association Health Plan and would like to hear from you.

“The cost of health insurance rises to the top quite quickly in conversation,” notes Jeff Thompson, South Dakota Soybean Association president. “This is still in the exploratory stages, but we want to continually bring more value to you in being a member of our association.”

SDSA has partnered with the insurance and employee benefits experts at Kunkel & Associates to gauge interest from our members. The response from the initial letter and email sent to SDSA members has been positive and does show interest in pursuing an Association Health Plan.

This program would be available to all members and their employees; however, it will probably be most beneficial for small groups. The Affordable Care Act defines a small group as having between 2 and 50 full-time employees. As long as we have enough people enrolled in the plan, we would be considered a large group (more than 50 full-time equivalent employees).

According to Kunkel & Associates, the next steps would be to determine an insurance carrier and receive government approval for our group. As with all complex regulatory issues and newly implemented rules, the government approval step could be a tedious process.

If you have not yet had a chance to reply to your survey letter or email but are indeed interested in exploring this SDSA Association Health Plan, please contact Bonnie Dybedahl by email at bdybedahl@sdssoybean.org or phone at (605) 330-9942.

Interested in more information?
Contact SDSA’s Bonnie Dybedahl
(605) 330-9942
bdybedahl@sdssoybean.org

SDSA Explores Association Health Plan for Members

make Group coverage available to its members.

Peterson says the rules for Groups are constantly changing, so be sure to go to an agent who keeps up on all the changes.

And it’s that relationship with your insurance agent that’s becoming more and more key – both due to the complexity of the insurance itself and because of the financial risk inherent in farming.

“Have a good relationship with your insurance agent,” she encourages. “When times are tough, you need more people on your team.”

There are some potential pitfalls of trying to navigate health insurance on your own. For example, Peterson notes that if you get a plan through the insurance marketplace but ignore some of the plan’s requirements, your premiums could skyrocket or you could lose your coverage altogether. Or, at tax time, you could end up owing a lot of money because you didn’t follow the right withholding steps for the self-employed.

“We as insurance agents have turned into tax people too,” Peterson comments. “It’s good to allow your agent and your farm accountant to work together. I really appreciate working with whoever does the farm books and taxes.”

The annual Open Enrollment period for health insurance is from November 1 through December 15. Plan rates will be published sometime in October. Start researching your options now so you can have the best possible plan in place for 2020.

Jody Peterson and her husband, Kyle, raise crops and cattle in Clark County. Jody is a Registered Nurse and an agent with Wishard Insurance, an independent agency with offices in Watertown, Clark, and Willow Lake.
Agricultural seasons wait for no one. When the crop is ready, the harvest must be done. The best time to plan for hiring help for the harvest and other farm activities is in the off-season. State and federal laws that govern agricultural employees are complex and difficult to apply. It is best to seek legal advice about your hiring needs when the season is not bearing down upon you.

Although this article provides an overview of state and federal considerations when hiring farm help, it does not provide legal advice for your particular situation. This article is intended for educational purposes only.

Two Types of Help

When you need help for the harvest or other farming activities, you may consider employees or independent contractors. There are advantages and disadvantages to using each type.

Independent Contractors

Independent contractors are most easily recognized at harvest when they bring their own equipment, such as a custom combining company. An independent contractor operates its own business, obtains its own insurance, and manages its own equipment. To be an independent contractor, state and federal definitions must be met. We recommend seeking legal advice if any questions exist on when an individual can be hired as an independent contractor.

Although independent contractors may tend to be more expensive than employees, advantages of using an independent contractor include:

- use of their equipment instead of yours
- no employee withholdings of tax or FICA
- no employer match of FICA
- no unemployment taxes
- no workers’ compensation liability (but also no

ABOUT THE AUTHORS: Susan Yexley Jennen and George B. Boos are attorneys and partners in the Boos Jennen Law Firm, LLC. Susan’s primary office is in Clark, South Dakota, where she focuses on business, agriculture, intellectual property, and estate planning. She is married to a soybean grower in Bradley. George’s primary office is in Milbank, South Dakota, where he focuses on the general practice of law including business, agriculture, real estate, and estate planning matters. They can be reached through the firm web site at www.BoosJennen.com.
workers’ compensation benefits)

If you find yourself shorthanded with very little time, hiring an independent contractor is quick and easy, if you can find one available on your timeframe.

Employees

Unlike an independent contractor, an “employee” typically does not operate its own business for the purpose of harvesting, does not obtain its own insurance, and does not bring its own equipment. An employee is defined in state and federal law in different ways and for different purposes.

Federal Fair Labor Standards Act:

Wages, Overtime, Recordkeeping, and Youth Employment Standards

When you hire employees to work in agriculture, the first question to consider is whether you are subject to any of the requirements under the federal Fair Labor Standards Act (FLSA). In general, the FLSA sets federal standards for employee wages, overtime, recordkeeping, and youth employment. It does not require sick leave, vacations, holidays, or severance pay.

The FLSA applies to agricultural employees whose work involves production of agricultural goods that will leave the state (directly or indirectly) and become a part of interstate commerce. Under the FLSA, the word “agriculture” includes:

- Farming in all of its branches and among other things includes the cultivation and tillage of the soil, dairying, the production, cultivation, growing, and harvesting of any agricultural or horticultural commodities (including commodities defined as agricultural commodities in section 15(g) of the Agricultural Marketing Act, as amended) the raising of livestock, bees, fur-bearing animals, or poultry, and any practices (including any forestry or lumbering operations) performed by a farmer or on a farm as incident to or in conjunction with such farming operations, including preparation for market, delivery to storage or to market or to carriers for transportation to market. 29 USC § 203(f).

The FLSA prohibits the shipment, in interstate commerce, of goods that were produced in violation of the Act’s minimum wage, overtime, or youth employment provisions.

FLSA Digital Guide

If your operations fit in this broad category of agriculture, then you should become familiar with FLSA general requirements along with exemptions that may apply to you. A Digital Reference Guide to the Fair Labor Standards Act is available for no cost at www.dol.gov/whd (search for “digital reference guide”).

Required FLSA Poster for Ag Employees

If the FLSA applies to your employees, you must display the “Agricultural Employees” poster where employees can readily see it. Posters can be obtained for no cost at www.dol.gov/whd (search for “agricultural employees poster”).

FLSA Exemptions for Farms

The FLSA includes many exemptions that may apply to your farm. For official information on exemptions applicable to ag employees, please see Employment Law Guide or Fact Sheet #12, available for no cost at www.dol.gov/whd (search for “fact sheet #12”). Because exemptions are generally narrowly defined under the FLSA, an employer should carefully review the exact terms and conditions for each.

FLSA declares certain types of agricultural workers EXEMPT from minimum wage requirements. The current federal minimum wage is $7.25 per hour for most types of workers covered by the FLSA. 29 USC § 206. However, agricultural workers who work for small agricultural employers are exempt from this minimum wage requirement. An employer who meets this exemption is defined as one who did not, during any calendar quarter during the preceding calendar year, use more than 500 “man days” of agricultural labor. A “man day” is defined as any day during which an employee performs any agricultural labor for not less than one hour. Another group of ag employees exempt from the minimum wage is “the parent, spouse, child, or other member of his employer’s immediate family.” FLSA. 29 USC § 213(6).

Some states have a higher minimum wage than FLSA. In South Dakota the basic minimum rate is $9.10 per hour, which is higher than the federal rate. However, the FLSA exemption for farmworkers and seasonal workers also applies as an exemption to the South Dakota state minimum wage laws.

All agricultural employees are exempt from the maximum hour requirements of the FLSA. Unlike the exemption from minimum wage requirements discussed above, this exemption eliminates the overtime pay requirement for all employed in agriculture, regardless of the size of the employer’s workforce. 29 USC § 207.

FLSA Youth & Farm Jobs

Youths of any age may work at any time in any job on a farm owned or operated by their parents. However, when youths work for farms owned or operated by someone other than parents, the FLSA defines the following permissible farm jobs and work hours, by age:
State Reemployment Assistance Tax

FLSA Recordkeeping

The FLSA requires employers to keep records on wages, hours, and other items, as specified in Department of Labor recordkeeping regulations. Most of the information is of the kind generally maintained by employers in ordinary business practice and in compliance with other laws and regulations. The records do not have to be kept in any particular form and time clocks need not be used. Records required for exempt employees differ from those for nonexempt workers.

State Reemployment Assistance Tax

Generally, employers who hire independent contractors rather than employees are not subject to state reemployment assistance tax (formerly unemployment insurance tax). However, it’s important not to misclassify an employee as an independent contractor because misclassification can lead to fines and penalties. We suggest seeking legal advice in this area.

In South Dakota, for the purpose of state reemployment assistance tax, the terms “employee” and “independent contractor” are distinguished at South Dakota Codified Laws, Section 61-1-11. Services performed by an individual for wages are considered to be “employment” subject to the state reemployment assistance system unless and until it is shown to the satisfaction of the South Dakota Department of Labor and Regulations that both:

(1) the individual has been and will continue to be free from control or direction over the performance of the service, both under his contract of service and in fact; and
(2) the individual is customarily engaged in an independently established trade, occupation, profession, or business.

South Dakota reemployment assistance taxes do not apply to all employers who hire employees to perform agricultural labor. To understand the exemptions, first read the broad definition of “agricultural labor” at South Dakota Codified Laws, Section 61-1-17. Most grain farming activities and farm equipment maintenance are included in this definition. However, not all agricultural labor employment is subject to this tax. Reemployment assistance tax does not apply to an employer of agricultural labor until one of the criteria in Section 61-1-17 is met:

(1) an employer pays $20,000 or more to individuals employed in agricultural labor during any calendar quarter in either the current or the preceding calendar year; or
(2) an employer who employs 10 or more individuals in agricultural labor for some portion of the day in each of 20 different calendar weeks, in either the current or the preceding calendar year.

Other exemptions also exist for: employment by close relatives as explained in Section 61-1-44; temporary or partial employment as explained in Section 61-1-53; and seasonal employment as explained in Section 61-1-54.

When reemployment assistance tax applies, South Dakota law requires workplaces to post a notice about reemployment assistance coverage, available through the state’s Department of Labor for no cost at www.dlr.sd.gov (search for “reemployment assistance posting”).

Other related exemptions and rules that are too complex to explain here may also be applicable to your particular situation. For more information, please see the South Dakota Department of Labor and Regulation website (www.dlr.sd.gov) or seek legal advice for assistance applying these laws to your particular circumstances.

State Workers’ Compensation

There is no law in South Dakota requiring any employer to carry workers’ compensation insurance. However, it is highly recommended because state law does require that an employer covered under the workers’ compensation law pay compensation benefits for a work-related injury or illness. If workers’ compensation insurance is not obtained, the employer can be sued civilly to pay the required compensation out-of-pocket.

South Dakota workers’ compensation laws do not apply to farm or agricultural laborers, with some exceptions. One notable exception is for businesses that operate threshing machines, grain combines, corn sellers, corn huskers, shredders, silage cutters, and seed hullers for profit (other than for the owner’s grain crops). In other words, businesses that provide these services to others are subject to workers’ compensation laws in South Dakota. In contrast, farmers who hire employees to perform these services for their own grain crops are not. See South Dakota Codified Laws, Sections 62-3-15 and 62-3-16.

If you are a covered employer and you hire independent contractors, you may ask them to sign an affidavit as
Sioux Falls-based Avera Health has created the Farm and Rural Stress Hotline, a confidential source of 24/7 help for farmers, ranchers, and people living in rural communities.

Karl Oehlke is one of the counselors at Avera and has a unique viewpoint because of his agricultural background. “As a farmer myself, I understand the challenges that farmers, ranchers, residents of rural communities, and members of the agriculture community are facing during this prolonged period of crisis,” Oehlke said.

What kind of help will be offered?

“When an individual calls the Farm and Rural Stress Hotline, a trained clinician will listen to his or her questions, concerns, and needs,” Oehlke said. The counselors can help callers navigate whatever they’re experiencing, such as symptoms of anxiety or depression, and can help connect them with mental health resources.

In addition, the hotline can assist people with finding child care or elder care, or people facing a lack of food. The hotline can also help with ag-specific needs, such as not having enough forage for livestock or help accessing USDA or Extension agencies.

It can be difficult to reach out for help, but knowing the call is confidential is reassuring.

“The hotline is 100 percent confidential and seeks to find resources for the caller either within his or her own community, or outside of that community if he or she is uncomfortable meeting with local providers,” Oehlke added.

South Dakota Governor Kristi Noem recorded a public service announcement at the launch of the hotline. “I farmed and ranched for many years in South Dakota, but what we are seeing now are historically tough times. Flood damage, wet fields, a difficult and unpredictable ag environment. It can all add up to a heavy burden of stress,” Governor Noem stated. “There are so many things in agriculture that we cannot control. However, getting help for you or your loved one is one thing that can be controlled,” Oehlke added. “Farmers and ranchers unfortunately do not realize how many lives they impact – not only the mouths they feed, but also the individuals that depend upon and look up to them.”

Stress and related mental health concerns should never cost you your life. If you feel overwhelmed or need help navigating the possible signs of depression, anxiety, or other issues, call the 24/7 Farm and Rural Stress Hotline at 1-800-691-4336. Or you can call the National Suicide Hotline at 1-800-273-8255.

SYMPTOMS. When is it time to reach out for help? Avera’s Karl Oehlke says to watch for these:

▶ Lack of sleep
▶ Loss of interest in previously enjoyed activities
▶ Avoidance of social interactions
▶ Isolation from family
▶ Lack of concern for health issues such as diabetes, elevated cholesterol or blood pressure
▶ Feelings of helplessness or hopelessness
▶ Increased irritability
▶ Lack of energy or motivation
▶ Changes in appetite
▶ Difficulty focusing or making decisions
▶ Excessive guilt due to lack of ability to provide for family
▶ Thoughts of self-harm

Other Laws and Considerations

Other laws and requirements also apply to employers in South Dakota. For more information on employment laws that may apply to you, see the South Dakota Department of Labor and Regulation website (www.dir.sd.gov). Also be mindful of all posting requirements that may apply to you, as described at www.sdjobs.org/employment_laws/posting_requirements.aspx.
Make the Most of Your Farm/Ranch Policy With These Do’s and Don’ts

Farm insurance is a necessary tool in your risk-management tool kit. Choosing the right policy is key, but there are best practices you can follow to get the most out of your coverage.

Steve Schlechter, general manager of De Smet Farm Mutual Insurance, shares his list of insurance do’s and don’ts for your farm and ranch policy.

**Do remember to create a visual catalog of your covered items.**

If you haven’t done this yet, now’s the time. Schlechter suggests walking through your home and all your farm buildings with your digital camera, video camera, or cell phone. Open every cupboard, drawer, and tool chest to capture images of everything inside.

“If something would happen, the insurance company would need a list,” he says, reminding how much easier it would be to create that list now rather than during the stress of whatever event triggered your claim.

Keep the photos on a USB thumb drive somewhere off-site, like at a relative’s home. Even better, Schlechter says, is “cloud storage” which stores your photos online in a private folder you can access any time from any computer. There are many easy-to-use, free options; check out Google Drive, Microsoft OneDrive, or Dropbox for starters.

**Don’t forget to update cash values often.**

How long has it been since you’ve updated the cash values of farm equipment listed on your policy? Many pieces decrease in value, but some hold steady or even appreciate over time.

“Stay current on these numbers and review them often,” Schlechter advises. “Get those actual cash values as close as you can.”

Even if you’ve chosen Blanket coverage for your farm and ranch policy, he recommends working with your agent to very specifically assess current cash values for each piece. If you would have a large claim due to a fire or natural disaster, for example, you wouldn’t want to find yourself under-insured when things are totaled up.

**Do build a good relationship with your agent.**

“Have a good relationship with your agent,” Schlechter says. “That relationship is key.”

Every farm is different, so agents need a deep understanding of that particular enterprise so they can make sure to explain and customize the correct coverage. If you make any changes during the year like buying or renting more land, trading equipment, or starting any custom work, make sure to alert your agent.

“Keep in touch, more than once a year,” Schlechter says.

**Don’t underestimate the amount of liability insurance you need.**

“Our agents are asked all the time, ‘what do I need for liability insurance?’” Schlechter says. He can’t tell you what dollar amount is right for you, but he poses the question, “How much could you afford to lose in a worst-case scenario?”

His advice is to recognize what you’re worth. Take a look at your farm and everything you have to be responsible for. If you were ever to face litigation, much more than just cash might be on the line. Even though assets like land aren’t necessarily liquid, a lawsuit could target it all.

“Look at your balance sheet. How much of that number could you afford to give up?” Schlechter advises.

You probably already have some liability coverage with your farm and ranch policy, and some liability coverage with your auto policy. Farmers may want to look at an umbrella liability policy to add another layer of protection overall.
Make Plans to Attend the 2019 Ag Outlook

The South Dakota Soybean Association invites you to attend its 15th annual Ag Outlook conference and trade show, set for Thursday, Dec. 5 at the Ramkota Exhibit Hall in Sioux Falls.

The event begins Wednesday, Dec. 4 with the South Dakota Soybean Association annual meeting at 4:30pm, followed by a social gathering from 5:30pm to 8:00pm. Thursday the Ag Outlook Conference & Trade Show will run from 8:00am to 5:00pm, with excellent speakers, presentations, and opportunities for networking.

SDSA is pleased to announce these presenters:

Tom Steever, Brownfield Ag News
Tom Steever is in his 17th year with Brownfield Ag News, heard on nearly 500 radio stations across 10 states. Starting his farm broadcast career at KSOO Radio in Sioux Falls, Tom has since covered farm stories across the United States and in 15 foreign countries. He was named 2017 Farm Broadcaster of the Year and is the latest inductee in the NAFB Hall of Fame.

Bryce Anderson, DTN Senior Ag Meteorologist
Bryce Anderson has brought in-depth analysis and forecasts on agricultural weather and market impact to DTN and Progressive Farmer readers in the U.S. and worldwide for more than 25 years. His daily commentaries, videos, blogs, and articles are widely read and watched. Bryce is from a crop and livestock farm in south-central Nebraska. He is a frequent guest on regional and national ag media programs and has been interviewed for articles in U.S. and international news services.

Bob Farmer, Farmers’ Almanac Writer and Humorist
As a writer and spokesman for the famous Farmers’ Almanac, Bob Farmer brings this treasured publication alive. With his unique, down-home wit, he delivers a clean approach to humor and everyday living. He’s been quoted on the front page of the Wall Street Journal, appeared at the Grand Ole Opry, and now travels the nation to inform, uplift, and entertain. We know you’ll enjoy this one-of-a-kind program.

A room block is available at the Best Western Plus Ramkota Hotel. Call the hotel direct for reservations: (605) 336-0650

View the complete schedule and register online for this free, one-day event at www.sdsoybean.org.
Seed selection is one of the most important management decisions farmers make each year. Once the seed is in the ground, there’s no turning back. Given the weather, late planting and production struggles of 2019, choosing what to plant in 2020 may be more challenging than usual.

In 2019, many farmers were forced to adjust their cropping intentions because of planting delays from a cool, wet spring. Mustang Seeds President Terry Schultz says some growers were forced to exchange seed for an earlier maturing variety because of the compressed growing season.

Seed companies also face the same production challenges as farmers. Schultz says that could mean there could be some spot shortages in seed maturities farmers are hoping to plant in 2020.

“Just as farmers are likely to see some of their fields yielding below trend line, seed yields aren’t likely to be any different,” Schultz says.

Schultz says that if farmers know what they want to plant in 2020, it may be in the grower’s best interest to make their seed selection sooner rather than later to avoid any potential seed shortages.

“If farmers know what they want to plant, get orders in. Farmers in a corn-soybean rotation probably know what they’re going to plant on 90 percent of their farm,” Schultz explains. “Now is the time to lock in.”

Given the wet soil profile for much of South Dakota, Schultz says growers may need to look at shorter maturing varieties because planting could also be delayed in 2020.

**Long View**

Because of the difficult and wide-ranging production problems in 2019, Schultz advises against picking this year’s top performer to be next season’s workhorse variety. Instead, select consistent high performers with a track record of success.

“2019 is not going to be the year to see how varieties performed individually,” Schultz contends. “Look at aggregated results over a couple of years. This is the last year farmers should use to pick their highest yielder. Instead, look at what you’ve planted historically and see how it performed in a more normal year.”

Seed choice is an individual decision because every farm is different. Soil type and disease pressure like phytophthora, white mold, or iron deficiency chlorosis are factors farmers need to consider when making their decision.

“Farmers will need varieties that can protect against those diseases,” Schultz adds.

New for 2020, Mustang Seeds has a full line of Enlist E3® soybeans that can be sprayed with glyphosate, glufosinate, and 2-4D. Mustang Seeds also has the new Balance GTLL soybeans and Roundup Ready Xtend® traited soybeans. Mustang Seeds offers conventional, non-GMO varieties, including a 2.2 maturity.

“As a family-owned company for over 55 years, we offer all the traits from all the providers,” Schultz says. “We do have the farmer’s best interest at heart, because if they’re not profitable, neither are we. We keep a wide range of varieties so we can customize a seed package that will work best on their farm.”

To learn more about what Mustang Seeds has to offer or to connect with a company representative, visit mustangseeds.com.