

AG FINANCE

'A good portfolio can buffer farmers from fluctuating commodity prices'

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annuities to provide retirement income.

Darrington says some farmers and ranchers tend to be land rich but cash poor when approaching retirement.

"They need to bank some of their annual profit and invest that to provide for their future," he says. "A good portfolio can buffer farmers from fluctuating commodity prices."

With an outside financial planner in place for long-term retirement, Moss realized he needed an in-house financial planner for day-to-day operations. Ten years ago, he hired Klade Williams as chief financial officer.

"You get to a point where you outgrow the kitchen table or home office for bookkeeping," Moss says.

Williams oversees the company's 401K plan, bank loan applications, accounting, human resources and new rules that will impact the business financially.

"You take all this information, even if it's bad news, and present it to Dan and managers to help them make decisions," says Williams. "It's a balancing act



Courtesy of Bill Schaefer

Klade Williams, chief financial officer at Moss Farms, offers financial advice to managers at the business.

to maintain a financially healthy business that can keep the family happy and

employees happy."

Moss says the 401K has been a good investment. The

plan, along with paid time off and paid leave, has fostered employee loyalty. "A lot of

people at our packing plant have been there 20 years or more."

Some farmers and ranchers tend to be land rich but cash poor when approaching retirement.

Workers at the plant, Arrowhead Potato Co., pack Idaho's signature crop year-round for restaurants and food service companies Sysco and Markon.

As for his eventual retirement, Moss says he cannot envision himself being completely away from the business he started in 1980 when he farmed 160 acres near De-elo.

His son, Ryan, 42, chief operations officer, will likely replace his father as CEO.

"I'll always be involved with the farm somehow," Moss says.

Estate planning can help relieve stress

By DIANNA TROYER
For the Capital Press

When confronting rare and quirky medical issues, central Idaho rancher Wiley Smith is reassured that at least his estate plans are in healthy condition.

After being diagnosed with a rare and mutating prostate cancer in 2009, he and his wife, Carolyn, discussed the unthinkable.

"We had to face it," says Smith, 78, who owns Mount Borah Ranch 30 miles north of Mackay, where he grew up. He and his sons, Leon and Steve, raise Hereford cattle, hay and grain.

"What would become of the ranch if I passed on, or if we both did? How could we distribute our assets fairly among our five kids?"

For advice, the Smiths turned to attorney Stephen Martin of Idaho Falls, who has written estate plans for agricultural clients throughout the West since 1974.

"We discussed our goals," says Smith, "and he guided us through the process and provided us with the legal documents we needed to do what was best for our situation. It was a worthwhile investment for us."

The family's estate plan was especially reassuring in late summer when Smith was diagnosed with a staph infection. The bacteria entered his bloodstream at a bruised toenail and settled in his left knee replace-

ment, requiring intravenous antibiotics every four hours. The infected knee replacement was removed in September and was to be replaced later this fall.

Martin acknowledges that estate planning can be an emotional experience for all people.

"Think of estate planning as a way to express the love you feel for your family members," he says. "People sometimes say business is business and love is separate, but I do not find that to be the case at all. Passing on assets is an expression of love. However, the love one holds for one's child is not the only factor. One must also consider financial practicalities as well as the work and commitment of various family members."

He acknowledges the questions are difficult.

"How do you fairly divide a family farm or ranch among several siblings when only one shows any interest in running it?"

Martin offers a few tips.

- You do not need to decide exactly who gets what before visiting an attorney. An experienced attorney should be able to help you solidify your goals and give you options to obtain those goals.

- Proper planning can shelter a family's assets from federal estate taxes and reduce income taxes.

- Some parents say they will let their kids fight it out, but that is a terrible idea. Have a plan in place to avoid conflict.

'We swap equipment and employees'

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for more than two decades. The accountants' analysis was crucial several years ago when Ida-Gold expanded into an existing trucking company and a precision fertilizer application business with their joint venture partners Schaeffer Farms, Jones Farms and Circle G Farms.

"We swap equipment and employees," Todd Gerratt says. "Equipment has become so expensive that we maximize use by putting trucks, equipment and employees wherever they're needed."

When the Gerratts' grandfather, Don, started farming in 1939 south of Burley, the business was uncomplicated and bookkeeping was straightforward. Eventually, Don passed the business to his sons, Rex (Dave's father), and Larry (Todd's father).

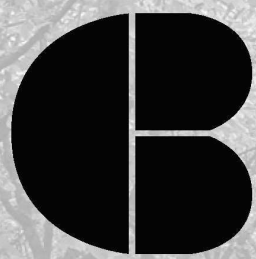
As Dave and Todd began

managing the business, increasingly complex financial issues arose, making an accounting firm essential.

"It's not just the quarterly financial statements that our clients need to review," says Ben Brown, a certified public accountant at Condie Stoker who works with the Gerratts. "New income tax laws and changing labor rules affect a business financially, so a good accountant has to inform clients of impending changes."

For example, a new Labor Department rule concerning overtime pay for salaried employees was to take effect Dec. 1. Employees earning less than \$47,476 annually were to receive overtime for the hours they work beyond 40 a week. A federal judge has put the rule on hold for the time being.

"The threshold used to be \$23,660," says Brown, "and it will affect some of Ida-Gold's 100 employees."



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