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Crop Circl



Creating solutions, changing lives.

Risk and Resilience in Agriculture and Health

Special points of interest:

- Colorado AgrAbility is a unique USDA grant project partnership between Easter Seals Colorado and Colorado State University Cooperative Extension .
- We promote the success of people working in agriculture who are impacted by issues of disability.
- Call 1-800-875-4732 for more information.

Back in November, Colorado AgrAbility was a featured guest at Northeastern Junior College Ag Business Management's annual seminar in Sterling. The event was co-sponsored by the Division of Vocational Rehabilitation. One of the seminar issues focused on risk management on the farm, and how crucial it is to reduce financial risks on the farm.

One might be tempted to ask...what the heck does farm management have to do with farming with a disability?

I was pondering that very question when I realized the practice of risk management for the farm business really should include managing for our health as well. There are things we

can do to prepare for changes in our health or disability status.

Just like farming, one thing is for sure, you can't control the weather. But we can prepare strategies for "What If?" scenarios.

In this issue of the Crop Circle you will find valuable information about tax benefits for medical expenses, an introduction to risk management ideas and resources, and also the importance of estate planning for passing on the farm to the next generation. We hope you will find the information helpful.

As we enter a new year (and Tax Season), it seems like a good time to encourage the adoption



Can this young fellow manage his risk?

of new "resolutions" that make each of us resilient, capable, and fulfilled individuals and families. Carla Wilhite, Editor.

Inside this issue:

Risk and Resilience in Agriculture	2
Estate Management	2
The Tax Man Cometh...	3
What's deductible	3
What's not...	3
Resources	4

March Seminar on Self-Employment and Disability

Colorado AgrAbility will be sponsoring a workshop on Self-Employment for Entrepreneurs with Disability in Montrose, Colorado on March 19, 2002. The workshop will be held at the Montrose County Fairgrounds.

The workshop is for rural resi-

dents with disabilities who are interested in self-employment and also the professionals who work with them. The workshop is made possible by a grant from the Rural Institute at the University of Montana. Topics will include: marketing and sales strategies, preparing fi-

nancial statements, and pricing strategies. The instructor is Cary Griffin from the Rural Institute. Call Easter Seals for more information: 303-937-7713, ext. 224

Risk and Resilience in Farming and Ranching

(Excerpted with permission from an article by Chris Bastian and Dennis Kaan, University of Wyoming and Colorado State University)

The move to freer global trade, less government intervention in production decisions, increased environmental regulation and the alleged move toward reduced federal disaster aid have created more risks for agriculture. This translates into more variability in prices, yields, legal liabilities, and human relations.

Risk management involves choosing among alternatives

that can reduce risk within the operation, transfer risk outside the operation or increase the operation's ability to bear risk.

Every producer's attitude toward risk is different, so no one risk management plan can work for everyone at all times. Thus, risk management is a continuous process.

Risk management includes planning, assessing your resources, and establishing goals that you and your family want to achieve.

Only one out of three operations are successfully transferred to the next generation. If passing on the family business is an important goal, estate planning must become part of your risk management.

A resilient farm or ranch business is a sound operation that positions the business to survive downturns and take advantage of economic upswing.

Estate Planning...the time is Now!

According to Frank Hill, a Colorado attorney based in Lakewood who specializes in estate planning for farm and ranch families, the time for estate planning is now!

It is a misconception, he says, to think estate planning is no longer necessary since the estate tax is scheduled to be repealed in 2010. However, what most people don't know is that the law also sunsets in 2011, meaning there may only be a brief window of opportunity to reap any benefits!

The volatility of the tax act is still an issue. No one can predict the economic environment under which a Congress in 2011 will decide on the future of estate taxes.

Hill believes there are two major concerns of farmers and ranchers— taxes and how to pass on the farm or ranch to heirs. Most farm operations will not

support a whole family, and so the equitable distribution of assets— particularly the business— is a difficult, and therefore, often avoided task.

Fortunately, he says, there are consultants who specialize in working with farm and ranch families to plan ahead and get things worked out in a fair manner.

He agrees that planning for the eventuality of disability or incapacitation is an equally important consideration.

"There seems to be a common perception that Medicare/Medicaid is going to take care of us, but that is simply not true". The farm and ranch is not a protected asset and could be jeopardized by the nursing care needs of even one individual.

Long term care currently costs about \$4,000 a month, and continues to climb. The older a

person becomes, the more expensive long term care insurance plans cost. Hill suggests, the younger we purchase long term care insurance, the better protected we will be financially.

Resources for information on estate planning for farm and ranching families are many. Frank Hill highly recommends Colorado Cattleman's Association and Cooperative Extension as two sources of introductory materials to the in and outs of estate planning. Check the back page of the Crop Circle on how to contact them for further information.



Plan ahead for passing down the farm...

"The important time for planning is now!"
Attorney,



Contact an estate planner familiar with farming and ranching...

The TAX MAN Cometh...it's that time of year again!

Did you know the IRS provides a publication that focuses on parts of the tax law that are most important to people with disabilities and their caregivers? It is Publication 907 "Tax Highlights for Persons with Disabilities" and it can help you when filling out your tax returns.

The five main topics it focuses on are income, itemized deductions, tax credits, household employees, and business tax incentives. The publication summarizes which benefits must be reported as income and which ones can be excluded as well as which disability-related expenses can be deducted.

It also highlights 3 tax cred-

its available to people with disabilities, information about whether or not you must pay employment tax, and three tax incentives for helping individuals with disabilities available to individuals who own or



operate a business.

The IRS also has a publication defining which medical and dental expenses can and cannot be included when figuring your deduc-

tion as well as how insurance reimbursement for medical care should be handled. This is Publication 502 "Medical and Dental Expenses".

It provides guidelines regarding how much of your medical expense can be deducted and whose medical expenses you can include on your return. It then provides an extensive alphabetical listing of medical expenses that provides which items can be included in figuring your medical expense deduction.

For instance, special adaptive controls for vehicles, hearing aids and batteries, and stop-smoking programs are all items that can be included as medical ex-

penses. It also states which items are not deductible including child care for a healthy baby, funeral expenses, and a weight-loss program (unless undertaken by a doctor's direction to treat an existing disease).

If you would like to order these publications or get more information about tax-related topics, you can access the IRS on the internet at:

www.irs.gov, call at 1-800-829-1040, or send your order to: Western Area Distribution Center, Rancho Cordova, CA 95743 and request Publication 907



Did you Know?

Did you know the following medical expenses are deductible?

- Artificial limbs
- Artificial teeth
- Chiropractor services
- Contact lenses/Eyeglasses
- Medicines
- Hearing aids and batteries
- Medical transportation
- Optometrist services
- Special schools and education
- Stop-smoking programs
- Weight-loss program (when directed by a physician)
- Wheelchairs



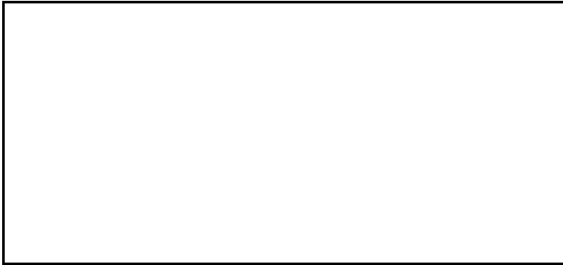
Did you know the following medical expenses are NOT deductible?

- Child care for a healthy baby
- Controlled substances
- Cosmetic Surgery (face lifts, liposuction, hair transplants, and hair removal)
- Dancing lessons
- Diaper service
- Funeral expenses
- Illegal operations and treatments
- Maternity clothes
- Nonprescription drugs
- Nutritional supplements



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Resources:

Bastian, C. and Kaan, D. Risk and Resilience in Agriculture: An Action Plan, <http://agecon.uwo.edu/RnRinAg/>

Frank T. Hill, Attorney. 143 Union St. , Suite 900, Lakewood, Colorado 80228-1843. Ph: 800-774-7911. Estate Planning, planning for preservation of farm and ranch property.

Colorado Cattlemen's Assoc.
8833 Ralston Rd. Arvada, Colorado 80002. Ph:303-431-6422

Dennis Kaan, Cooperative Extension-Business Management Specialist, 40335 CR GG, Akron, CO 80720-0400, Ph: 970-345-0509.

Internal Revenue Service, Tax Highlights for Persons with Dis-

abilities. Publication 907, Catalog # 15308H, www.irs.gov

Internal Revenue Service, Medical and Dental Expenses, Publication 502, Catalog #15002Q, www.irs.gov



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Thanks to the foundation's gift of \$4,650 we were better able to serve farmers and ranchers with disabilities in north eastern Colorado.

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Alternative Formats of this newsletter can be made available upon request. Contact Carla Wilhite at: 800-875-4732, ext. 224.