The Difference in Agriculture

NEWS & INFORMATION FROM THE FIRST TRUST & SAVINGS BANK

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Managers Take

It would be very easy to start this column with negativity about our current commodity complex. It's been challenging without a doubt, and has led to many tough conversations. Instead, I am going to focus on another aspect that has seen an uptick the last few years: trusts and estate plans.

Scott Zumwalt addressing attendees at our recent Agri-Business Meeting & Lunch.

We recently hosted an expert in writing trusts and estate plans, attorney Cari Rincker, and these were some of the takeaways from the event.

Have an open conversation with everyone that has, or will have an interest in your farm/land operation. It may be tough, but very necessary. The use of a professional to get that communication flowing may help, and will enhance the process of fulfilling your wishes.

Writing a Last Will & Testament will outline how a person's assets and estate should be distributed after their death. A Wills purpose is to ensure that a person's wishes are followed and to avoid potential conflicts among heirs. It is important not to delay starting a Will. Start simply as you can always make changes and expand at a later time.

When you're ready to draft your estate plan, also seek out a professional. Legal changes are constant, along with personal life changes so a review every 2-3 years will help keep it current. An additional tool that can be drafted at this time is a Trust, which offer significant protections and tax incentives.

If you are looking for more in-depth advice on this subject, please give us a call. We have several experienced professionals to help as your preferred Trust, Wealth and Farm Management Provider.

Scott Zumwalt
Agri-Business Specialist

USDA Projects Record Soybean, Corn Yields

Department of Agricultural and Consumer Economics, Mumford Hall, 1301 W. Gregory Dr, Urbana IL 61801

The USDA on Monday said that US farmers will grow a record soybean crop in 2024, while national average yields for both corn and soybeans will set record highs.

In its Crop Production Report on Monday, the USDA said that the national average soybean yield is estimated at 53.2 bushels per acre — 1.3 bpa above the previous record in 2016 — which will result in a record soybean crop of 4.589 billion bushels. That national average yield record includes new state yield records in Illinois (66 bpa), Indiana (62 bpa), Ohio (59 bpa), Mississippi (58 bpa) and Arkansas (57 bpa)

The USDA also said that the national average corn yield is estimated at 183.1 bushels per acre — 5.8 bpa above last year's record — resulting in a corn crop of 15.147 billion bushels, slightly above the estimate from July. The national average yield record includes new state yield records in Illinois (225 bpa), Iowa (209 bpa), Indiana (207 bpa), Wisconsin (183 bpa) and Michigan (177 bpa).

The University of Illinois' Scott Irwin said on the social media platform X on Monday that "neither one of these yield estimates is a huge surprise," and that on the corn side, it is reflective of the growing conditions much of the country has seen this summer. He described the conditions in Illinois and Indiana as "ridiculously good," while saying that

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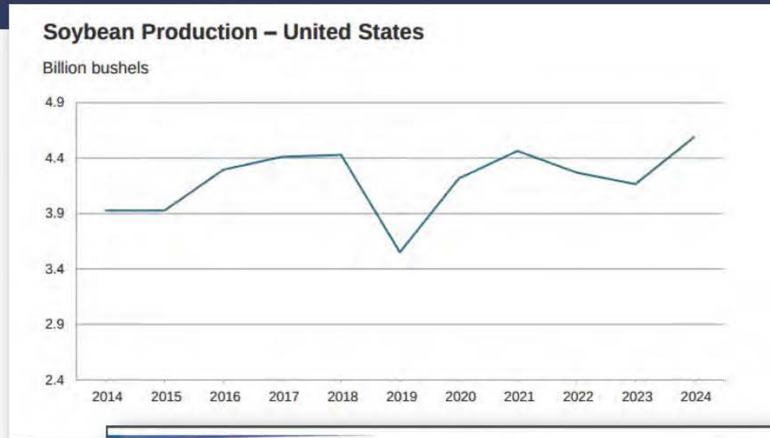
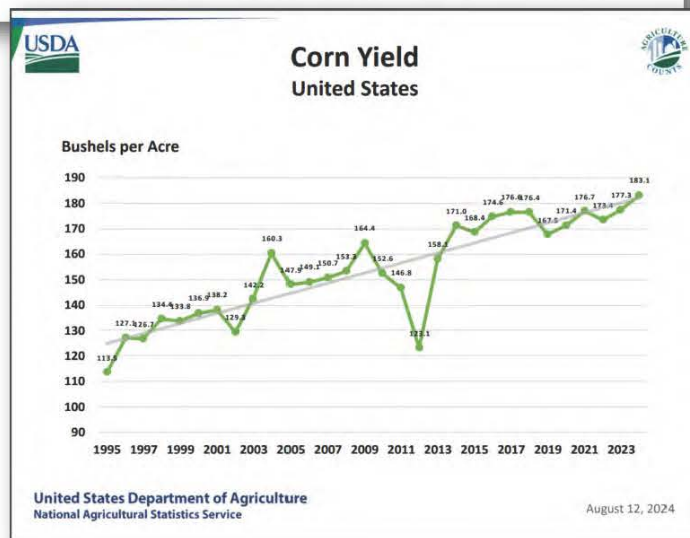
conditions in South Dakota, Nebraska, Missouri, Michigan and Wisconsin were "very good." The only states he labeled as "disappointing," were Minnesota, Ohio, Kentucky and states further south and southeast.



Brownfield Ag News' John Perkins reported Monday that "the USDA tightened the balance sheets for corn and wheat while raising ending stocks for soybeans."

"Corn carryout is pegged at 2.073 billion bushels, a cut of 26 million from July, but still potentially 206 million larger than last marketing year, with a higher production estimate and lower food, seed, and industrial use canceled out by an increase for exports," Perkins reported. "Wheat is seen at 828 million bushels, a decrease of 28 million on the month primarily due to a reduction in production, but that would be 126 million more than the previous marketing year because of a year-to-year jump in crop size."



"Soybean ending stocks are estimated at 560 million bushels, up 125 million following that increased production guess, which canceled out higher exports, and 215 million larger than the marketing year before because of that larger crop canceling out better projected demand," Perkins reported.

How the Reports Affected Markets

Progressive Farmer Staff reported Monday that "according to DTN Lead Analyst Todd Hultman, Monday's new-crop U.S. ending stocks estimates were neutral for corn, bearish for soybeans and neutral to bullish for wheat. Meanwhile, world ending stocks estimates from USDA were neutral for corn and wheat but bearish for soybeans, Hultman said."

Successful Farming's Cassidy Walter reported that Karl Setzer, a partner at Consus Ag Consulting, said that "the bigger production number for soybeans is the most negative factor we're seeing today. That's why soybeans are posting such big losses. And what's probably more negative is we're below $10 a bushel now."

"Corn on the other hand was actually supported today. USDA cut harvested acres more than expected and overall production was up less than expected," Setzer said, according to Walter. "Also, demand being increased tells us we don't have a demand issue, we have a production issue. The issue is we are producing huge crops."

Introducing... Felice Waters, Trust Administrator

Felice had nearly two years of training under Debbie Gudeman. Felice was born and raised in Watseka where she lives with her husband and two young boys. She graduated from Kankakee Community College with a degree in Business Management and has worked in customer service for more than 30 years.

She stays active in the community, participating in and serving on the boards of the Watseka Area Chamber of Commerce, Relay For Life, Unit 9 PTO, and Watseka Youth Baseball League. You and your family can count on Felice to manage your investments and give careful, personal attention to your trust and wealth management needs.

Farmers in Crisis, Long Overlooked, Are Finally Getting Mental Health Support

Amid a mounting mental health crisis among farmers, experts are working to make help more accessible

By Anna Mattson

Chris Bardenhagen used to shrug off any worries about mental health, but the stresses of taking over his struggling family farm now have him seriously considering therapy. Bardenhagen is a sixth-generation farmer who grew up on an 80-acre multicrop orchard in Michigan that his family has run since the 1800s. And it all was officially transferred to him on January 1—a transition that he says has "been too much too fast" as he has scrambled to find financial support and profitable crops.

Cari Rincker, owner of Rincker Law, PLLC provided useful information to guests at First Trust's Agri-Business Meeting.

"We needed to simplify the farm for me to safely take over and not have it, you know, consume my entire life," Bardenhagen says. "We've whittled it down basically to some high-density apples."

This streamlined operation now costs about $60,000 a year—less than half the amount needed when the family grew a wider variety of crops, including cherries and potatoes. To further offset costs, Bardenhagen has another job as a farm business management educator at Michigan State University (MSU). He has also taken out loans through a Farm Service Agency financing program. The stress can be all-consuming for farmers who, like Bardenhagen, are solidly entrenched in the industry and desperate for ways to cope. "You're gambling your whole career," he says. "Is the industry going to pull out of this tailspin or not?"

The agriculture business has become increasingly unstable. Financial uncertainty, physical isolation and increasingly unpredictable crop yields linked to climate change are just some of the stressors that are fueling a mental health crisis among farmers. The anxiety can be overwhelming—especially in many farming communities that have historically struggled with access to mental health services and the stigma of seeking help. A recent CDC study of occupational suicide risk found that male farmers, ranchers and other agricultural managers had a suicide rate more than 50 percent higher than the overall suicide rate of men in all surveyed occupations. Research also suggests that farmers have increased risk of heart disease caused in part by chronic stress and hardships from the job.

These alarming statistics have spurred nationwide mental health efforts that are finally showing signs of paying off. Some programs, such as the Farm Aid farmer resource network and Michigan State University's Managing Farm Stress program, are alleviating financial emergencies, providing access to free hotlines and therapy, and building support networks within the community. Therapists and other mental health professionals who specialize in agriculture-related issues have been setting up more resources to help farmers and combat stigma about seeking treatment. Research suggests that stigma is now starting to change: in the American Farm Bureau Federation's latest survey of 2,000 farmers, 92 percent said they would be comfortable talking about solutions for dealing with stress or a mental health condition with a friend or family member.

Finances are a farmer's number one stressor, says Remington Rice, a multigenerational farmer and behavioral health educator at MSU. U.S. farm income for 2023 is projected to decline by 23 percent from 2022, which would be the most significant drop in the past two decades. Financial well-being is also directly related to other concerns, prominently including climate change: temperature and precipitation fluctuations will cause increasing crop failure

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rates if the global temperature continues to rise. These and many other factors beyond individual control affect farmers in ways that people in other livelihoods may not regularly experience, Rice says. "A dentist has an office somewhere on the other side of town—he doesn't see his patients lining up at his home," he says, "whereas my dad, he can see the cattle from his window. He doesn't really have the same physical separation that other professions have."

More than 60 percent of rural Americans live in areas with a shortage of mental health providers, leaving many without access to care. Expanded teletherapy can help fill those gaps. Rice heads MSU's Managing Farm Stress program, which offers farmers teletherapy at little to no cost, as well as a free course for family members on how to identify signs of stress and suicidal thinking. So far the MSU program has referred 48 farmers to therapy and trained 17 farmers in Mental Health First Aid—another program that teaches people how to spot symptoms and help others who are experiencing mental health issues.

The MSU program is one of many mental health support efforts for farmers—such as the AgriStress Helpline and the Cultivemos network—that are now being developed across the country. But even though more resources are available than ever before, Rice says stigma remains a stubborn barrier in rural America. Seeking mental health support is often seen as a weakness, he adds, noting that the "pull yourself up by your bootstraps" mentality is still a common "survival strategy" that prevents many farmers from looking into therapy. So he is trying to shift the mindset. "It's just like if your tractor were to break down, and it's something that you don't know how to do or don't have the right tools to fix. You would take it to a shop to get work done," Rice says. "The same thing applies to behavioral health."

Members of the community attended our Agri-Business Meeting & Lunch last month.

Teletherapy also helps farmers who are concerned about being seen going to a counselor; they don't have to worry about someone noticing their truck in a provider's parking lot. But if there's still hesitation about therapy, participating in relaxed social gatherings can also build connection and awareness. Rice joins events that are dedicated to other topics but still let farmers informally share their unique experiences and concerns. In a meeting about tractor safety, for instance, Rice will add secondary information on suicide prevention—a helpful outreach approach for farmers who aren't comfortable attending discussions that are solely focused on mental health topics.

Having mental health experts mix naturally into such gatherings and conferences not only increases awareness of available services but also humanizes the treatment process, says Elizabeth Gonzalez Ibarra, a Farm Aid hotline operator who focuses on reaching Spanish-speaking farmers and farmworkers. "Being there in person and telling them, 'Hey, I'm going to be there on the other side to be there for you. I'm here to listen to you,' makes a big difference," she says. "They need to know I'm going to do everything in my power to try to find whatever they need but also primarily to be there for their mental health." Ibarra's program is a part of a new initiative to provide stress relief and resources in Spanish. So far, she says, people are mostly calling about financial concerns because low-paid farmworkers are disproportionately Hispanic. Ibarra says it might be a while until a significant number of farmers and agricultural workers get enthusiastic about therapy, but she remains encouraged by the shift in how mental health issues are discussed—especially, she says, among younger farming generations, who seem more receptive to care.

Public perception also matters, and advocates say showing more appreciation for farmers would encourage them to keep going and to feel better about their work. Negative beliefs about farmers—that they are uneducated, for example, or unconcerned about the environment and climate change—don't reflect the majority of the farming community, Rice says, adding that unfounded criticism and hostility are extremely harmful to mental health. "Farmers are often demonized," Rice says. "That is also contributing to the suicide rate. What people don't understand is that farmers are feeding us: no farmers, no food. We really do need them."

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For Bardenhagen, his farm is his life. But in order to keep his small business alive, he needs to take care of himself first. He advises new farmers to question whether the business is a good fit for them. It comes with a lot of unexpected pressures. And when the burden feels extra heavy, he tries to remind himself of the aspects of the job that bring him joy and stability—such as planting apple trees on land his family has called home for more than 150 years.

"It's home," Bardenhagen says. "I like a lot of other places in the world. But it's home."

Author: Anna Mattson / Publication: Scientific American / Publisher: SCIENTIFIC AMERICAN, a Division of Springer Nature America, Inc. / Date: Feb 15, 2024

In memory of Debbie Gudeman

Today, we come together to remember and honor a person who was much more than just a coworker to us. Debbie Gudeman was a cornerstone of our professional family and a friend to all.

Debbie joined our organization in 2005 as our Trust and Wealth Management Officer, bringing not only her remarkable skills and expertise, but also an infectious enthusiasm and a heart full of kindness. From the start, she was not just committed to excellence in her work, but also deeply invested in the well-being of her customers. She was so generous with her time and was compassionate towards each and every customer and situation.

One of the most enduring memories many of us will have of Debbie is her incredible joyful spirit. Her laughter was a staple in our office, echoing through the halls and brightening our days.

Professionally, Debbie was exemplary, having an unparalleled commitment to her work. Her dedication to her role was evident in every project and task she undertook. She was not just thorough in her work, but always willing to go the extra mile to ensure the job was not just done, but done excellently.

In facing her over 2-year battle with cancer, Debbie showed us the true meaning of courage and grace. Despite the challenges, she remained positive, strong, and ever true to herself. Her resilience in those difficult times was a lesson in itself, teaching us all about the strength of the human spirit.

We thank Debbie for the indelible mark she has left on our lives and our hearts here at First Trust and Savings Bank. She was more than a colleague; she was a guiding light, a source of inspiration, and a dear friend. Her memory will continue to inspire us, and her legacy will live on in the work we do and the way we do it.

Weekly Farm Economics: ARC and PLC Payment Prospects for 2023 and 2024

Paulson, N., C. Zulauf and G. Schnitkey. "ARC and PLC Payment Prospects for 2023 and 2024." farmdoc daily (14):149, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, August 13, 2024.

Recent farmdoc daily articles have discussed the impact of declining prices on corn and soybean return projections in Illinois (see farmdoc daily, July 30, 2024) and the prospects for crop insurance payments to cover revenue losses (see farmdoc daily, August 6, 2024) in 2024. To summarize, corn and soybean price declines through July have led to even lower farmer return projections than in crop budgets released in June. However, current expectations for good to excellent crop yields, despite lower prices, suggest that significant crop revenue insurance payments are unlikely for the 2024 crop year.

Today's article shifts the focus to the commodity programs administered by USDA's Farm Service Agency (FSA) – Ag Risk Coverage (ARC) and Price Loss Coverage (PLC). We discuss how current estimates and projections for marketing year average (MYA) prices for 2023 and 2024 impact prospects for payments from the ARC and PLC programs in both years. Overall, farmers in Illinois should

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not expect commodity title payments for 2023 production which, for corn and soybeans, would occur in October of 2024. There is greater potential for commodity program payments associated with 2024 production, but much could still change over the course of the marketing year.

Background

For 2023 and 2024 crops, farmers had three commodity program options to choose from as part of the 2018 Farm Bill:

Price Loss Coverage (PLC) is a crop-specific fixed price support program that triggers payments if the marketing year average (MYA) price falls below the commodity's effective reference price. Payments are made using a PLC yield on 85% of historical base acres (see farmdoc daily, September 24, 2019)

Agricultural Risk Coverage at the county level (ARC-CO) is a crop-specific county revenue program. ARC-CO triggers payments if actual revenue (MYA price times county yield) falls below 86% of the benchmark revenue (product of benchmark price and trend-adjusted historical yield for the county). Payments are made on 85% of historical base acres (see farmdoc daily, September 17, 2019)

Agricultural Risk Coverage at the individual level (ARC-IC) is a farm-level revenue support program. Like ARC-CO, payments are triggered if actual revenue falls below 86% of the benchmark. If an FSA farm unit is enrolled in ARC-IC, information for all commodities planted in 2023 is combined together in a weighted average to determine benchmark and actual revenues. If a farmer enrolls multiple FSA farms in the same state, all farm units are combined in determining the averages for actual and benchmark revenues. Payments are made on 65% of historical base acres (see farmdoc daily, October 29, 2019).

We focus today on the PLC and ARC-CO programs as they represent the vast majority of base acre enrollment (1% of corn base acres were enrolled in ARC-IC for 2024, less than 1% of soybean and wheat base acres were enrolled in ARC-IC for 2024).

Table 1 shows the effective reference and ARC benchmark prices for corn, soybeans, and wheat for 2023 and 2024. Also included in table 1 are the most recent estimates for 2023 MYA prices and current projections for 2024 MYA prices.

Table 1. PLC, ARC, and MYA Prices for Corn, Soybeans, and Wheat

	2023	2024
Corn		
PLC Effective Reference Price	$3.70	$4.01
ARC Benchmark	$3.98	$4.85
Projected MYA	$4.65	$4.20
Soybeans		
PLC Effective Reference Price	$8.40	$9.26
ARC Benchmark	$9.57	$11.12
Projected MYA	$12.50	$10.80
Wheat		
PLC Effective Reference Price	$5.50	$5.50
ARC Benchmark	$5.50	$6.21
Projected MYA	$6.96	$5.70

Note: MYA projections are from the August 2024 WASDE report farmdocDAILY

ARC and PLC Payments for 2023

The 2023 marketing year for wheat ended on May 31st and PLC and ARC payment rates have been published by FSA. The marketing year for corn and soybeans does not end until August 31st, so payment rates remain estimates based on information currently available. ARC and PLC program data is provided by FSA here.

Wheat's 2023 MYA price is $6.96 per bushel, well above the $5.50 effective reference price where PLC support would be triggered and the $5.50 benchmark price for ARC. County yields would need to be below 68% of benchmark levels to trigger ARC-CO payments for 2023. No Illinois counties had average yields reported in the FSA data that were low enough to trigger ARC-CO payments for wheat for 2023.

Corn's MYA price for the 2023 marketing year is currently projected at $4.65/bu., well above the $3.70 effective reference price. The current 2023 MYA projection for soybeans of $12.50/bu. is also well above the $8.40 effective reference price. Thus, no PLC payments are expected to be triggered for corn or soybeans for 2023.

The 2023 ARC benchmark prices for corn and soybeans are both higher than their effective reference prices: $3.98 for corn and $9.57 for soybeans. The $4.65 MYA projection for corn is 17% above the ARC benchmark (4.65/3.98 = 1.17) while the $9.57 projection for soybeans is 31% above its ARC benchmark. Given ARC-CO's 86% coverage level, this means county yields would need to be below benchmark levels for ARC-CO payments to be triggered.

For corn, the county yield would need to be below 74% of benchmark. For counties where FSA is currently reporting a 2023 yield for corn, only Hardin County would have a yield loss large enough to trigger an ARC-CO payment for corn. If the $4.65 MYA price projection holds, 2023 corn in Hardin County, Illinois would receive roughly a $10 per base acre ARC-CO payment.

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For soybeans even larger yield losses would be needed with county yields below 66% of benchmark triggering ARC-CO payments. Based on county soybean yields currently reported by FSA, ARC-CO would not trigger payments for soybean base anywhere in Illinois.

ARC and PLC Payment Prospects for 2024

The final column of table 2 reports the PLC effective reference prices, ARC benchmark prices, and USDA's projections for 2024/25 MYA prices from the August WASDE report. Current USDA projections suggest even lower 2024 MYA prices for corn ($4.20), soybeans ($10.80), and wheat ($5.70). Still, these projections are all above each crop's 2024 effective reference prices, meaning even lower prices would need to be realized to trigger PLC payments for 2024. The corn and wheat MYA price projections are $0.19 and $0.20 per bushel above the effective reference prices of $4.01 and $5.50, respectively. The soybean MYA projection is $1.54 above the effective reference price of $9.26.

The $4.20 MYA price projection for corn is well below the $4.85 ARC benchmark price for 2024. At that MYA price level, ARC-CO payments would be triggered in counties where yields fell just 1%, or more, below benchmark yield. For soybeans, a $10.80 MYA price for 2024 would imply yields would need to be more than 11% below benchmark to trigger ARC-CO payments. Finally, the wheat MYA projection of $5.70 implies that county yields would need to be at least 6% below benchmark to trigger ARC-CO payments. Much can still change that could impact the 2024 MYA prices. Prices below current USDA projections would result in much higher chances of ARC-CO and, potentially, PLC payments.

Discussion

Lower corn, soybean, and wheat prices experienced during the 2023 marketing year and expected for the 2024 marketing year are resulting in much lower return and income projections for farmers compared with the very high incomes earned in 2021 and 2022. Despite the significant prices declines, support payments from the PLC and ARC programs for 2023 do not seem likely to occur for most farms with corn, soybean, or wheat base acres.

Even with lower price projections for the 2024 marketing year, PLC payments would not occur at current price expectations. ARC-CO payments for 2024 can more likely occur at current price projections for corn if yields are close to benchmark levels, but moderate county yield losses would need to occur for payments to be triggered on soybean and wheat acres.

The greater potential for ARC-CO payments in 2024 stands somewhat in contrast to what continues to look like a relatively low likelihood for significant or widespread crop revenue insurance payments from individual policies in 2024 (see farmdoc daily, August 6, 2024). This illustrates the differences between the ARC commodity programs and crop insurance. While crop revenue insurance policies protect against price declines within the crop year, the ARC program's benchmark revenue is based on a 5-year recent history of prices. ARC's price benchmark incorporates the higher prices experienced from 2020 to 2022, while the projected prices for crop insurance have adjusted down more quickly to current market expectations for the crop year.

The timing of when payments would be received through crop insurance vs commodity programs is also important to keep in mind. Crop insurance payments on individual policies, if triggered, would be available before the end of 2024, typically in the late November to December timeframe. Payments from area-based plans, including the SCO and ECO policies, would not be received until mid- to late-June of 2025 after RMA finalizes the area yields used for those products. Payments from ARC or PLC are not received until the marketing year ends. For corn and soybeans, payments for the crop harvested in 2024 would be received in October of 2025.

Summary

Continued price declines have created concerns about farm incomes for 2023 and 2024. The price declines and county yield experience for 2023 suggest that PLC and ARC-CO payments are not likely to be triggered in most areas for corn, soybeans, or wheat. Even lower price expectations increase the prospect for payments for 2024. However, current price projections would not trigger PLC payments and moderate yield losses would be needed to trigger ARC-CO payments on soybean and wheat base.

Even if ARC and/or PLC trigger support for 2024, farmers should remember that payments for corm and soybeans would not be received until October of 2025. Support outside of the commodity or crop insurance programs could occur via ad hoc programs. Recent historical precedent would suggest this is possible, but not guaranteed. Furthermore, much could still change over the course of the 2024 marketing year which does not begin for corn and soybeans until September 1st. Still, given the current price outlook, careful budgeting and cash flow planning for the rest of 2024 and into 2025 will be critical.

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Our roots are in agriculture

The First Trust and Savings Bank was built on a foundation of agriculture. Since the early 1900s First Trust has been committed to the most important industry in the area. We have remained strong and maintained relationships with agricultural customers through the changing agricultural economic environment. Your goals are our goals. Together, by assembling a team of knowledgeable and dedicated professionals, we formulate a plan that meets your needs and desires.

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