

# Financial Planning for Ag Families: Focusing on Savings and Investment

Shannon Sand

Agricultural Economics Extension Educator

ssand2@unl.edu



NEBRASKA EXTENSION

[cap.unl.edu](http://cap.unl.edu)



**CENTER FOR AGRICULTURAL PROFITABILITY**  
*Institute of Agriculture and Natural Resources*

# Family Financial Health in Agriculture

- The importance of financial stability for ag families
  - Nebraska net farm income projected to fall \$1.4 billion (4%) in 2024
- Unique challenges and considerations for rural/ag families
  - Rural banking deserts
  - Increase in production costs
  - Land costs/lease costs
  - Economic pressure





# Importance of Savings and Investment

- Market volatility
- Emergency
- Purchasing new assets
- Travel/ fun purchases
- Retirement
- Aging in place/paying for care if needed



# Savings and Investment Goals

- Short-term financial goals
  - Can be reached within a year
- Long-term financial goals
  - 5 or more years



# Examples Short-term



Emergency fund



Paying off a small amount of debt



Purchasing a new TV



Visiting family/friends out of town



NEBRASKA EXTENSION





# Examples Long-term

- Saving for retirement
- Funding your current preschooler's college education
- Buying more land to expand the operation
- Taking your family on a once-in-a-lifetime vacation



NEBRASKA EXTENSION



# Building an Emergency Fund

- Minimum of \$1,000
- Generally, want 3-6 months of living expenses
- Options:
  - Automate it
  - Consistent deposits
  - Set a timeline





# Example

- Maria wants to save \$9,000 for her emergency fund over the next year





# Developing a Savings Plan

- Set realistic savings goals and timelines
- Best practices for staying disciplined with savings
  - Automate it!
  - Set a schedule
  - Consistency is key



# Tools for Saving

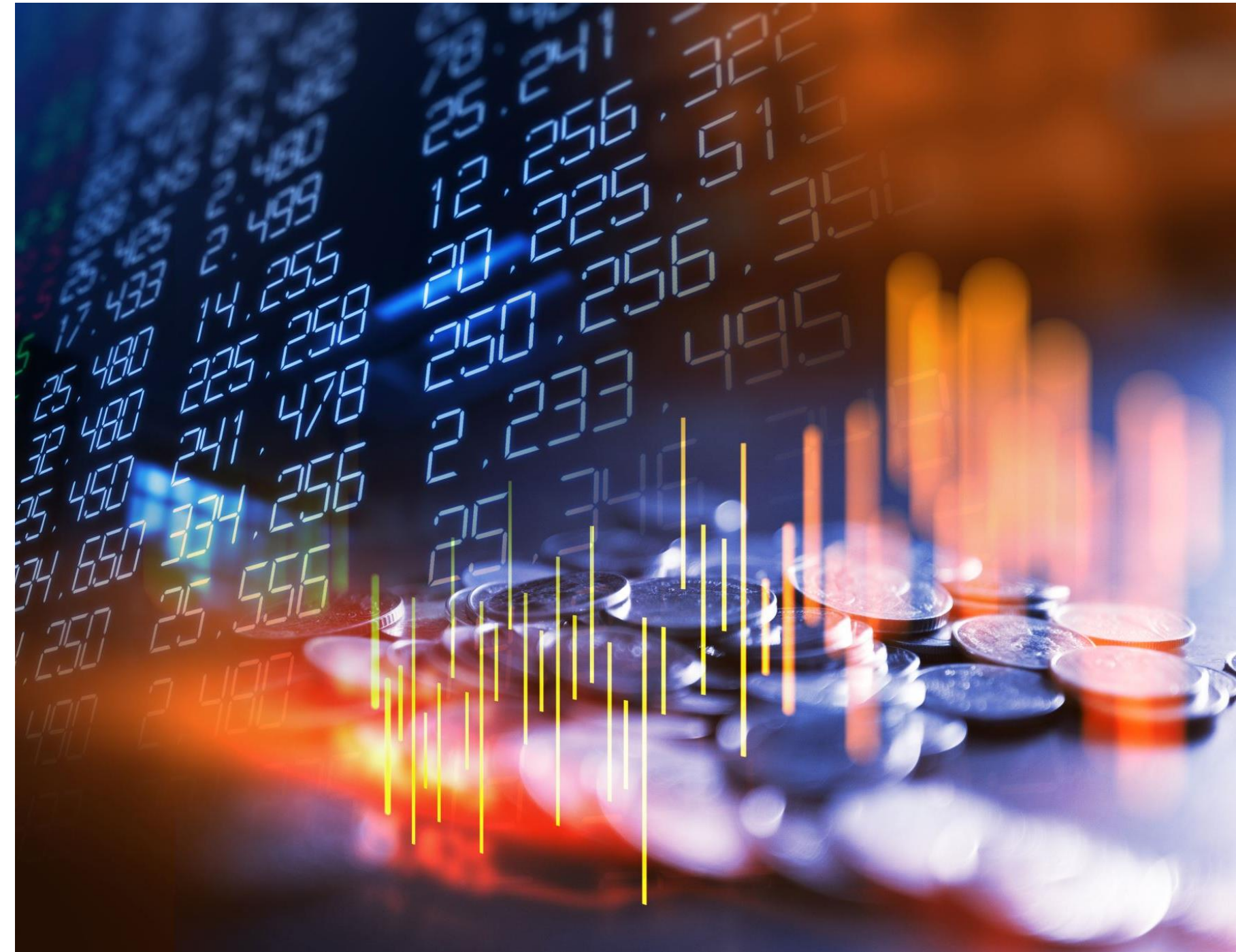
- Automate it
- Be consistent
- High yield savings accounts
- Money market account
- Certificates of Deposit (CD)
- Include saving in your budget
- Find ways to cut spending
- Set savings goals (short and long)





# Investment Basics

- Why and when to consider investing beyond traditional savings
- Overview of investment types: stocks, bonds, mutual funds, and land investments
- Risk tolerance
- Benefits and risks associated with each type



NEBRASKA EXTENSION



# Investment continued

- Stocks: represent a share in the ownership of a company
- Bonds: issued by governments and corporations when they want to raise money
- Mutual funds: is an investment vehicle that pools money from multiple investors to purchase a diversified portfolio of stocks, bonds, or other securities (according to the fund's stated strategy).
- Exchange Traded Funds (ETFs): A single ETF can include a wide range of stocks or bonds
- Land investments: “they aren’t making more land”-Will Rogers





# How to invest

- Robo-advisor
- Invest yourself-online
- Exchange-traded funds (ETFs)
- Mutual funds
- Financial advisor/ banker/ investor/others





# Investing in Land and Ag business

- Long-term investment/  
investment option
- Agribusiness investments
- Considerations when investing  
back in the operation vs  
diversifying elsewhere



NEBRASKA EXTENSION





# Examples of Investments

- Child, or niece or nephew coming back to the operation and wanting to start a new ag business
- Direct marketing beef
- Creating a you pick flower garden
- Wanting to add backgrounding enterprise to cow-calf business



NEBRASKA EXTENSION





# Retirement Planning

- Why is this important?
- 401k
- Self employed plans
- IRA
- Roth IRA
- Check with my Social Security ([ssa.gov](https://ssa.gov)) to estimate future benefits





# Education and/or Savings for Children

- 529 plans
  - NEST
- Savings accounts
- IRA for minors
- CD



# Balancing Savings and Debt



Good vs Bad  
debt in ag

Low-interest  
loans and tax-  
advantaged  
savings accounts





# Smart Money Management Practices

- Know your budget
- Automate savings and investment
- Automate retirement investment
- Check future benefits [ssa.gov](https://ssa.gov)
- Check any current retirement/savings account(s)
- Check annually or bi-annually on your accounts to see how everything is going and if your risk tolerance/ financial goals have changed





# Upcoming programs

- **Risk Management for Livestock Producers**
- North Platte Nov. 12, 6:30-8:30 pm CT
- Curtis Nov. 13, 7:00-9:00 pm CT
- O'Neill Nov. 19, 10:30 am-2:00 pm CT
- Chadron Dec. 3, 5:30-7:30 pm MT
- Scottsbluff Dec. 4, 5:30-7:30 pm MT
- Clay Center Jan. 21, 10:30 am-2:00 pm CT

## **Landlord/tenant meetings**

- North Platte Nov. 18, 11:00 am-4:00 pm CT Kearney Nov 19, 9:00 am-12:00 pm CT
- Alliance Dec. 4, 9:30 am-12:30 pm MT
- York Dec. 3, 10:30 am -2:00 pm CT
- Norfolk Dec. 5, 10:30-2:00 pm CT
- Sidney Dec. 5, 9:30 am-12:30 pm MT
- Mead Dec. 10, 10:30-2:00 pm CT
- O'Neill Dec. 11, 1:00-4:00 pm CT
- Wilber Dec. 12, 1:00-4:00 pm CT
- Dakota City Dec. 17, 10:30-2:00 pm CT
- **Organize This! Legal and Financial Must haves starts** January 14<sup>th</sup> in conjunction with SDSU and NDSU  
<https://extension.sdstate.edu/event/organize-legal-and-financial-must-haves>



NEBRASKA EXTENSION

cap.unl.edu



**CENTER FOR AGRICULTURAL PROFITABILITY**  
*Institute of Agriculture and Natural Resources*

# Resources for Financial Guidance in Nebraska

- Cap.unl.edu
  - <https://cap.unl.edu/finance/one-participant-401k-saving-retirement-and-reducing-taxes>
  - <https://cap.unl.edu/finance/basics-loans-farmers-and-ranchers>
  - <https://cap.unl.edu/finance/tax-accounting-vs-managerial-accounting-what-difference-and-why-does-it-matter>
  - <https://cap.unl.edu/finance/have-you-reconciled-your-bank-statements-recently>
- UNL <https://extension.unl.edu/statewide/morrill/unl-for-families-budgeting-basics/>
- Rural response hotline <https://farmhotline.com/>  
or 800-464-0258
- Childcare.gov
- <https://www.legalaidofnebraska.org/>
- <https://americasaves.org/resource-center/insights/creating-a-budget-for-your-family/>
- Center for rural affairs: <https://www.cfra.org/farm-finances>
- North Central Farm and Ranch Stress Assistance Center: <https://farmstress.org/>







- <https://farmhotline.com/>
- 800-464-0258
- Suicide hotline call or text: 988
- <https://farmstress.org/>



# Contact information

[www.cap.unl.edu](http://www.cap.unl.edu)

Jessica Groskopf  
Agricultural Economist

Jim Jansen  
Agricultural Economist

Anastasia Meyer  
Agricultural Economist

Glennis McClure  
Farm and Ranch Analyst

Shannon Sand  
Agricultural Economist



[cap.unl.edu](http://cap.unl.edu)



**CENTER FOR AGRICULTURAL PROFITABILITY**  
*Institute of Agriculture and Natural Resources*



# References/resources not listed previously

- <https://unitedfarmmortgage.com/the-importance-of-financial-planning-for-farmers/#:~:text=Financial%20planning%20for%20farmers%20is,operation's%20finances%20if%20left%20unmanaged>
- <https://agecon.unl.edu/cornhusker-economics/2017/stabilizing-your-farms-financial-condition-and-profitability>
- <https://cap.unl.edu/policy-legal/nebraska-farm-income-projected-fall-2024#:~:text=%22Producers%20are%20feeling%20the%20pinch,the%20state%20as%20a%20whole%2C%22>
- <https://www.consumerfinance.gov/about-us/blog/new-effort-focused-on-financial-issues-facing-rural-communities/>
- <https://agamerica.com/blog/family-farms/>
- <https://www.adamsbrowncpa.com/guide-nebraska-farm-financial-management/#:~:text=Handling%20Capital%20Needs%3A%20Farming%20demands,without%20straining%20your%20cash%20flow.>
- <https://www.citizensbank.com/learning/planning-for-short-term-and-long-term-goals.aspx>
- <https://www.johnsonfinancialgroup.com/resources/blogs/your-financial-life/put-your-money-to-work-with-8-everyday-savings-tools/>
- <https://www.grit.com/farm-and-garden/emergency-fund-zm0z22ndzawar/>
- <https://www.investopedia.com/terms/m/mutualfund.asp>
- [https://www.schwab.com/etfs?src=SEM&ef\\_id=CjwKCAjw-JG5BhBZEiwAt7JR6xj-4i64bhWu4wiJ3VNj9V2gBbg3oX3cQGviQjNlb4KqoaUEUr2pdxoCUNIQAvD\\_BwE:G:s&s\\_kwcid=AL!5158!3!693665866005!b!!g!!exchange%20traded%20funds!166763468!9517620788&keywordid=aud-1932653709720:kwd-15928901&gad\\_source=1&gclid=CjwKCAjw-JG5BhBZEiwAt7JR6xj-4i64bhWu4wiJ3VNj9V2gBbg3oX3cQGviQjNlb4KqoaUEUr2pdxoCUNIQAvD\\_BwE](https://www.schwab.com/etfs?src=SEM&ef_id=CjwKCAjw-JG5BhBZEiwAt7JR6xj-4i64bhWu4wiJ3VNj9V2gBbg3oX3cQGviQjNlb4KqoaUEUr2pdxoCUNIQAvD_BwE:G:s&s_kwcid=AL!5158!3!693665866005!b!!g!!exchange%20traded%20funds!166763468!9517620788&keywordid=aud-1932653709720:kwd-15928901&gad_source=1&gclid=CjwKCAjw-JG5BhBZEiwAt7JR6xj-4i64bhWu4wiJ3VNj9V2gBbg3oX3cQGviQjNlb4KqoaUEUr2pdxoCUNIQAvD_BwE)
- [https://www.finra.org/investors/insights/etf-vs-mutual-fund?gad\\_source=1&gclid=CjwKCAjw-JG5BhBZEiwAt7JR63x\\_CGNYopE0AWfZpMGW6aeuS4iGLQtb0nhUb17cZarFY73YFiQ23xoC-eIQAvD\\_BwE](https://www.finra.org/investors/insights/etf-vs-mutual-fund?gad_source=1&gclid=CjwKCAjw-JG5BhBZEiwAt7JR63x_CGNYopE0AWfZpMGW6aeuS4iGLQtb0nhUb17cZarFY73YFiQ23xoC-eIQAvD_BwE)
- [https://us.etrade.com/what-we-offer/our-accounts?cid=ppc-71700000103294823:700000002208322:58700008194098106:p74752373776&gad\\_source=1&gclid=CjwKCAjw-JG5BhBZEiwAt7JR678a--P1gAlwnlCPOApSoxIL09bHSQ2IsOsts-1liSyrj2l\\_4zBESRoCTswQAvD\\_BwE&gclid=aw.ds#tab\\_2](https://us.etrade.com/what-we-offer/our-accounts?cid=ppc-71700000103294823:700000002208322:58700008194098106:p74752373776&gad_source=1&gclid=CjwKCAjw-JG5BhBZEiwAt7JR678a--P1gAlwnlCPOApSoxIL09bHSQ2IsOsts-1liSyrj2l_4zBESRoCTswQAvD_BwE&gclid=aw.ds#tab_2)
- <https://www.investopedia.com/terms/1/401kplan.asp>
- <https://www.fidelity.com/learning-center/personal-finance/retirement/self-employed-401k>
- <https://www.fidelity.com/learning-center/personal-finance/retirement/turbocharge-childs-retirement>



NEBRASKA EXTENSION

cap.unl.edu



**CENTER FOR AGRICULTURAL PROFITABILITY**  
*Institute of Agriculture and Natural Resources*