

RIGHT RISK™

RIGHT RISK NEWS

DATES TO REMEMBER

- **July 15, 2014:**
Spring crop acreage reporting deadline.
- **August 15, 2014:**
Spring premium billing deadline date.
- **November 15, 2014:**
Pasture, Rangeland, Forage (PRF) sales closing date.

For more information see: <http://www.rma.usda.gov>.

Livestock Indemnity Programs and the Importance of Recordkeeping

The Agricultural Act of 2014 reauthorized retroactively to October 1, 2011 and extended indefinitely four disaster assistance programs: the Livestock Forage Disaster Program (LFP); the Livestock Indemnity Program (LIP); the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP); and the Tree Assistance Program (TAP). As of April 15, 2014, producers can begin enrolling in these programs for qualified 2012-2014 losses. In this article we will focus on the LIP and the importance of keeping proper records for presentation with your loss claim and request for payment.

LIP Basics

LIP is administered by the Farm Service Agency (FSA) of the U.S. Department of Agriculture (USDA). It provides compensation to eligible livestock producers who have suffered livestock death losses in excess of normal mortality due to adverse weather.

It also covers attacks by animals reintroduced into the wild by the federal government or protected by federal law, including wolves and avian predators.

Eligible livestock includes beef cattle, dairy cattle, bison, poultry, sheep, swine, horses, and other livestock as determined by the U.S. Secretary of Agriculture. The LIP payment rates are based on 75 percent of the market value of the livestock. Payment rates are available online at <http://www.fsa.usda.gov>.

Applying for LIP Payments

To be eligible for LIP, a livestock producer must have legally owned the eligible livestock on the day the livestock died or, for poultry and swine contract growers, a written contract grower agreement and possession of the eligible livestock on the day of death.

Producers should submit applications to receive LIP benefits to their local FSA office. For losses occurring Oct. 1, 2011 to Dec. 31, 2014, the final date to submit an application for payment is Jan. 30, 2015.

Supporting documents must show evidence of loss, current physical location of livestock in inventory, and location of the livestock at the time of death. LIP applicants must provide adequate proof that the eligible livestock deaths occurred as a direct result of an eligible



How Much Risk is Right for You?

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RISK MANAGEMENT PROFILE

Early fall 2011 on the Hagland Farms found owners Jim and Carol Hagland looking at several risk management strategies for their cattle operation. Jim and Carol were both concerned about the coming production year. Late summer and early fall weather had been very dry and they were worried it would carry over into next year. The Haglands are considering several options for addressing production risk...

To read more see: <http://RightRisk.org> > Resources > Risk Mgt Profiles



LIP AND RECORDKEEPING

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adverse weather event or an attack by an eligible wild animal. The quantity and kind of livestock that died may be documented in a number of ways including production records, purchase records, veterinarian records, records assembled for tax purposes, and other means.

Keeping good records is an important risk management tool for producers by providing accurate, complete, consistent, and historical information for better analysis, better decision making, and making application for insurance claims. A good set of records contains the right amount of detail to meet the needs and the goals of the operation. The more detailed the records the more useful the information will be for making management decisions, securing loans, and making applications for insurance claims. However, one should not get bogged down with excessive details.

RightRisk has an e-Learning course designed to help farmers and ranchers learn to keep sufficient financial and production records. "Getting on Track: Better Management through Basic Ag Records" covers the basics of agricultural record keeping with five content modules and four vignettes. Content modules include a five-step process illustrating how to track and record expenses and perform enterprise analysis. The course also provides downloadable record keeping and tax forms for users to apply to their own businesses. The course and other resources are available at no cost at www.rightrisk.org.

The Livestock Indemnity Program is an example of how sound financial management behavior and good documentation are rewarded by ease of access to available programs designed to help producers recover from losses resulting from risks beyond their control.



RightRisk helps decision-makers discover innovative and effective risk management solutions.

- *Education*
- *Coaching*
- *Research*

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is right for you and your operation?*

