

Agriculture Market A Field of Opportunity

*Why, how and when to
break into the agriculture
market*

The agriculture market has distinct planning needs that life insurance can help fill. The opportunity is huge. Many involved in agriculture do not have proper estate plans in place. Recent studies show the following:

- Family farms accounted for 97 percent of U.S. farms in 2011.¹
- An estimated 70 percent of U.S. farmland will change hands in the next 20 years, but many family operations do not have a next generation skilled in or willing to continue farming.²
- Almost three-quarters (72 percent) of farmers do not have a complete succession plan.³

But with this opportunity comes distinct challenges that should first be considered.

WHY SHOULD I CONSIDER ENTERING THE AGRICULTURE MARKET?

Because farmers and ranchers have big planning needs.

They must:

- Cover their debt with the bank.
- Plan for federal estate tax issues, and state taxes, if any.
- Consider inheritance equalization issues, balancing what's left to the children who are staying involved in the operation and what's left for any children who aren't.

All of these needs create huge opportunities for life insurance because it's really one of the only tools that can help them take care of all of these needs without breaking up the farm or ranch—which owners will tell you is almost never an option. There are many farmers and ranchers who need your help. Taking care of their estate planning needs is often outside of their comfort zone.

WHAT MAKES THE AGRICULTURE MARKET UNIQUE?

One of the biggest differences is that farmers and ranchers actually live inside the business.

Family business is challenging enough due to the family dynamics involved, but farmers and ranchers can't leave the business and go home at night. There's no separation so there's always emotion connected to their operation.



In addition, farmers and ranchers are generally asset rich and cash poor.

It doesn't matter how successful they are.

They will always be this way because

most prefer to spend their money on another tractor or more land. They are most comfortable managing their resources themselves, so they're not likely to have large, diversified investment portfolios and millions of dollars sitting around waiting to be invested. If a client with a large investment portfolio is what you are after, don't enter this marketplace. For the insurance provider, though, the possibilities are huge.

Don't assume that because a farm or ranch is successful that the family's planning is in order—because in many cases, it's not.

You must strengthen your ties and relationships within the community to help build your financial planning business.

HOW CAN I BREAK INTO THE FARMING AND RANCHING MARKET?

You need to have a curiosity for the agriculture lifestyle.

The only way to truly engage this market is to have a background in agribusiness and/or build your business and relationships by working with other established professionals in the area. Farmers and ranchers don't easily let people into their world, so if you're an outsider who's not particularly interested in them and what they do, you will not find success. You must strengthen your ties and relationships within the community to help build your financial planning business.

Ask the smart questions

Make sure you fully understand what the farmers and ranchers need. Asking smart questions will lead you to where the opportunity lies:

- What resources do they need?
- What are the things they want or need to know?
- What are the biggest risks that they feel like they have in their operations and in passing it on to another generation?

Next, you must figure out how you become valuable in their eyes.

One good way to provide value is through education. It may be holding local workshops or speaking at the Chamber of Commerce. Whichever way you choose, you need to be seen as the person who can provide much-needed information about the issues that they face.

Most importantly, leave the sales pitch out of it. When you become known as a problem solver who can offer them solutions to meet their estate planning needs, they will seek you out. This typically doesn't happen overnight. Don't expect to enter the market quickly and find immediate success. But, typically, if you do well with one or two families, you're going to end up working with the whole community.

WHAT KINDS OF PROFESSIONAL RELATIONSHIPS ARE HELPFUL WHEN WORKING WITH FARMERS AND RANCHERS?

You simply cannot get the work done without forming mutually beneficial relationships.

How do you put together the right team? Start by looking for estate planning attorneys and CPAs in the communities where your prospective clients live. Approach them by saying that you're working with people in their area, and you need professionals with expertise in their particular field. This will help by starting with a positive tone for the working relationship. Look to them for the unique abilities they bring to the table to help support your clients.

Never try to displace members of the current team of advisors.

Find out who your client's current team is, and get a feel for how those relationships are going. You'll find out quickly whether the farmer or rancher has a banker who's trusted or whether the current CPA is more of a bookkeeper than a strategic advisor. This will help you determine if there are parts of the team that may be weaker or stronger than others. Don't go into a meeting with a set team in mind. That doesn't work in smaller, tighter-knit communities.

IT IS EXTREMELY IMPORTANT TO KEEP THE OTHER ADVISORS IN THE LOOP.

If you upset part of the existing team, the banker or the estate planning attorney, for example – or if it appears like you're going around them to get to the client to make your sale – you're going to ruin your image in that community and probably with that center of influence. Also, be sure to get the family's permission to coordinate. Many families don't encourage their advisors to work together because they believe it's expensive. Talk to them about the value that coordination can bring.

WHAT ARE THE CHALLENGES OF WORKING WITH THIS PARTICULAR MARKET?

It's an underserved market.

There's a perception that farmers and ranchers are thrifty people. They stayed in business during really, really tough times and know how to tighten their belts. As a result, they often don't like to write big checks. So you may decide that you don't want to go down that road if you have to battle those things up front. But if you're interested in preserving the legacy of family farms and ranches, then there's huge opportunity.

FARMERS AND RANCHERS DON'T RETIRE.

They may slow down. They may transfer duties in the operation. But they don't retire. That's not how they live. So don't talk to them about retirement.

Rather, tell them that you can help them buy back their time so they can do the things they've always put off because of the constant demands of the work. For example, they might take that trip they always promised their spouse.



Helping farmers and ranchers see that there's real value in that and then allowing them to get rid of some of the day-to-day responsibilities that they don't have to do to keep the operation going is big. But they won't do it on their own. They need help to talk through it all.

Any additional insight when working in the agriculture marketplace?

INCLUDE THE NEXT GENERATION IN THE CONVERSATIONS.

Most producers go to whoever they perceive to be the decision maker—whoever has the checkbook—and say, “You need to do this planning.” You may just be trying to get the work done, but it’s important to take the time to speak with the next generation and find out what they care about and want to do. Then, let those thoughts and feelings influence the plan. Without that perspective, the senior generation may get started, but then they often stop, which is both frustrating and costly. For you, it hinders your ability to deliver full value.

NEVER UNDERESTIMATE THE POWER OF THE SPOUSE.

This is huge. Often, the husband is perceived to have control of the operations. But the person who will help you get your work done is oftentimes the wife. She’s generally more attuned to preserving family relationships as well as the business. So, when you get her to understand that this process is going to help preserve the family, you have an ally. And that’s one of the most powerful tools you can have in this market.

BE ATTUNED TO YOUR TIMING AND WHAT’S GOING ON IN THE FARMERS’ AND RANCHERS’ WORLD. You need to be aware of when harvest is and pay attention to weather conditions. If there’s a drought, and a farmer is spending all day trying to save the crop, you’ll have a hard time getting a meeting. Show them that you’re not just pursuing agriculture because it’s been a bountiful season. Learn about the specific challenges that farmers and ranchers face. Learn about the geography of the area. Show them that you are truly interested. ***Then, you can have a relevant conversation with them to find out what you can provide for them that no one else can.***

And that’s when you can grow your business.

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information and resources so you can take
advantage of this opportunity!**

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¹ USDA Structure and Finances of U.S. Farms: Family Farm Report, 2014 Edition, December 2014

² USDA Family and & Small Farms, June 18, 2010

³ Farm Journal Pulse, Do you have a successful plan? July 2, 2014. (Note: the split of the 72 percent is 40% of 1,100 respondents don’t have a succession plan and 32% of respondents somewhat have a plan.)



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