

Need a New Building Facility?

Leasing may be the flexible option you need



Many of our customers are not aware we can lease building facilities. Our lease manager Ron Joines points out that facility leases are a very significant part of our lease program, and thinks leasing is a “great leverage tool that provides flexibility, options, and ease of use as you grow your business.” Here are just a few advantages leasing can provide as you look at finance for your facility projects.

Types of facilities eligible for leasing

Just as with equipment, there are many different types of facilities that can be leased. Here are just a few examples:

- Machine sheds
- Modular buildings
- Grain storage & handling equipment
- Dairy facilities
- Climate controlled buildings
- Livestock facilities
- Pole barns
- Farm shops
- Greenhouses
- Warehouses
- Shop buildings
- Processing plants

Tax advantages

Lease payments may be fully tax deductible as business expenses when properly structured as a true lease. Expensing lease payments over the term of the lease may equate to more advantageous deductions, reducing taxable income and expensing equipment more quickly than with depreciation. Most buildings will take several years to depreciate so a shorter term lease is a good option for tax management.

Conserve working capital

Maintain financial flexibility and stability by preserving working capital for more income producing ventures and investments. Leasing can provide 100% financing, including soft costs, so you can keep more cash on-hand. Benefit from fixed rate financing, and mitigate rising rates in the future. Leasing can help manage loan covenants and be another source of financing with flexible benefits.

Flexible payment terms

Lease payments can be tailored to fit your business’ cash flow. Monthly, quarterly, semi-annual, and annual, as well as seasonal, and step up or step down payments are available.

Project financing

Project, or construction, financing is a popular option on facilities. Vendor invoices are funded during the construction phase and the completed project is placed on lease. This streamlines the project overall and minimizes out of pocket costs. If your project is already underway, there are other options available to place it on lease. Additional equipment used in the facility can also be included in a single lease.

Estate planning

Leasing can help make the transition ownership of a facility to the next generation an easy process at lease end. ■

To learn more about our facility lease program, please contact our Lease Manager Ron Joines at 800-225-8325, ext. 2840.

To decide the right type of lease for you, please consult with your accountant.



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Crop Insurance Update



Terry Motsinger, Billy Fanning, Angie Swain

Crop year 2014 could be described as another interesting year. We experienced a near normal spring planting season and the wheat crop was better than expected. However, recent hot and dry weather is taking a toll on crops. You can see tobacco that was set in good timing that still looks like it was set only days ago. Lack of rainfall in many areas has stunted or stopped plant growth and we beginning to see losses. Corn is in some of the same condition, very dependent on how much rainfall it has had as to the condition of the crop. The most interesting thing is one can drive as little as half mile down the road and things are completely different. According to most weather stations, we are at normal to slightly below normal for average precipitation, but it is all about the timing of that precipitation.

Producers need to be reminded that as our spring crops move to harvest, the moment they

suspect a loss they need to call their crop insurance agent to turn in a notice of loss. Producers also need to be very careful at keeping all their production separate by unit or farm. If you feel you may have quality issues with a tobacco crop, we need to get that quality adjustment set up prior to selling that crop. As of a couple of years ago, we have new standards for working quality loss adjustment on tobacco, and the producer needs to let the agent know as quickly as possible to get the proper inspections done.

For fall seeded crops to be insured or to make changes to your insurance be sure to contact your agent by September 30th. Each year we have many calls wishing to insure a fall seeded crop in October or November, and there is nothing we can do. Remember all MPC I crop insurance must be in place by the sales closing date.

Pasture, Rangeland & Forage (PRF) sales closing is November 15. This is a rainfall index policy producers can purchase for pasture and hayland in North Carolina. It has really proven to be a valuable policy for many area producers over the past few years. Yes, even last year when we had above normal rainfall, several policies paid a claim based on the timing of rain. If you have an interest or question concerning how PRF would work for you please contact Billy Fanning, crop insurance specialist at 866-612-4971.

As always, we’re here to help guide you with the decisions and choices available. ■

President’s Message



Vance C. Dalton, Jr.

Fall is a time to assess how the year has gone thus far and to begin planning for the next year. Carolina Farm Credit is having a successful year again in 2014. Earnings are above projections and above this time last year. Our business

planning process has started and we are excited about serving our membership for years to come. As you reflect back on your year and your planning process, it is a good time to plan a visit with your loan officer. They can help you chart your financial progress and set goals for the future. As the saying goes, “Failing to plan is planning to fail.”

Fall also brings about the election of your Carolina Farm Credit directors. Steve Love of Alamance County has announced that he is retiring from the board and will not seek re-election as his term expires this year. As part of the board’s plan to reduce its size, Mr. Love’s seat will not be filled. He has been an excellent director for the past ten years and we are truly grateful for the

leadership Mr. Love has provided to our association. We wish for him the best for years to come. Therefore, only one position will be up for election this year. You should have received your 2014 Annual Meeting Information Statement in the mail last month and ballots were recently mailed to all voting stockholders. Please take time to complete the ballot and return by mail. This is your opportunity to have a say in how your cooperative is governed. Polls close on October 1st.

Our branches are planning for our fall customer appreciation events to take place during the month of October. Please be looking for your invitation and make plans to attend. Your board has approved the revovement of allocated surplus this fall and the checks will be distributed at the branch events. These events provide an opportunity for us to show our appreciation for you doing business with Carolina Farm Credit and give you an opportunity to enjoy good food and fellowship with your friends and neighbors.

It was our good fortune to have four great interns that worked in various branches throughout the summer. Keshawn McDaniel, a graduate



Fall customer appreciation events will be held throughout the month of October. Be on the lookout for your invitation!

student at N.C. A&T University worked in Salisbury; Alex Stott, a rising senior at N.C. State University worked in Hendersonville; Trey Waugh, a rising senior at Appalachian State University worked in Wilkesboro and Kyle Williamson, a rising senior at N.C. State University worked as an appraisal intern in Carthage. If you have not had a chance, take time to read their blogs that are posted on our website chronicling their time with us. These four individuals have bright futures ahead of them and we are grateful we got to spend the summer with them.

Thank you for allowing us to be your lender and provider of financial services. It’s a pleasure to serve agriculture and the people in this industry! ■

Vance C. Dalton Jr



The Association’s Annual and Quarterly reports are available upon request free of charge on our website—CarolinaFarmCredit.com—or by calling 800-521-9952 or writing Christopher H. Scott, Chief Financial Officer, Carolina Farm Credit, ACA, P.O. Box 1827, Statesville, NC 28687. The Annual Report is available within 75 days after the end of the fiscal year and the Quarterly Report within 40 days after the end of each fiscal quarter, on our website.

BOARD OF DIRECTORS: Mark A. Bray, Chairman, Lawsonville | L. Kim Starnes, Vice-Chairman, Salisbury | John M. Barnard, Statesville | E. Bernard Beck, Seagrove | W. Rex Bell, Statesville | David M. Coltrane, Pleasant Garden | Susie J. Gambill, Sparta | Joseph A. Lail, Shelby | W. Steve Love, Graham | Bobby J. “Bud” Matthews, East Bend | Clark M. Newlin, Haw River | Thomas E. Porter, Jr., Concord | Tony L. Ragan, Sanford | D. Kaleb Rathbone, Waynesville | Lewis E. Smith, Lincolnton | Vickie N. Smitherman, East Bend | Dr. Alton Thompson, Summerfield.

Congratulations

to the 2014 Photo Contest Winners!



Ashley Poole of Roxboro, North Carolina won first place in the Carolina Farm Credit 2014 photo contest. Her winning photo is of “Luke supervising his granddaddy (Steve Poole) as he plants this year’s tobacco crop.”

Brooke Tatum of Leasburg, North Carolina won second place for her photo of a fall sunset over Dixon Dairy Farm.

Kelly Sink of High Point won third place for her photo of her son checking the greenhouse with Daddy.



The contest was judged by website visitors who were allowed to vote for their three favorite pictures, once a day from July 1–31. Over 10,000 votes were received this year. All three winners will be featured in the 2015 Carolina Farm Credit photo calendar. Poole also received a cash prize of \$300, and the second and third place winners received \$200 and \$100.

The winning photos along with the photos that were chosen for voting can be seen at carolinafarmcredit.com

The 2015 calendar will also include photos selected from the 33 finalists. In all, more than 300 photos were submitted.

Carolina Farm Credit will start accepting entries for the 2015 photo contest beginning in January 2015 on carolinafarmcredit.com. ■

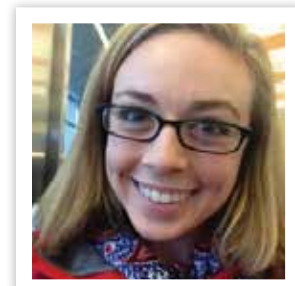
Carolina Farm Credit Scholarships

Carolina Farm Credit provides scholarships through the College of Ag and Life Sciences at North Carolina State University (NCSU) and the School of Agriculture and Environmental Sciences at North Carolina A&T University. These programs are administered through their Academic Affairs offices. In order to be considered, students must complete a financial aid application.

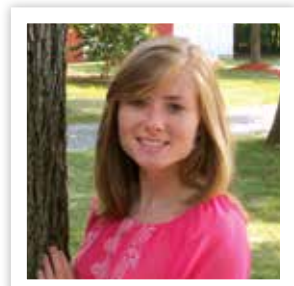
If you have a family member interested, please contact the Academic Affairs offices at these colleges. Scholarships are awarded in the amount of \$2,000 for each qualifying student.



2014-2015 N.C. State University-Carolina Farm Credit CALS Scholarships:



Christina Harvey is a sophomore at N.C. State University majoring in agricultural business management and horticulture. She is from Haywood County, N.C. where she grew up on her family’s farm. Her parents are Tomas and Carla Harvey of Canton.



McKayla Newsome is a sophomore at N.C. State University majoring in animal science. She is from King, N.C. and is the daughter of Brad and Vickie Newsome. She plans to pursue a degree in veterinary medicine, eventually returning to King to work at a veterinary practice, as well as care for the animals on her family’s farm.

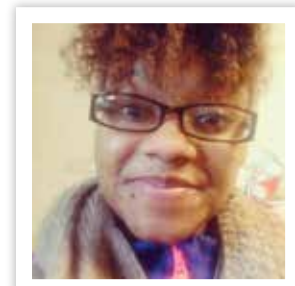


Taylor Patterson is a junior at N.C. State University majoring in plant and soil sciences. He is from China Grove, N.C. and is the son of Randall and Nora Patterson. He has worked on his family’s operation, Patterson Farm, Inc., since he was 11 years old. After graduation, he plans to attend graduate school to pursue a master’s degree.

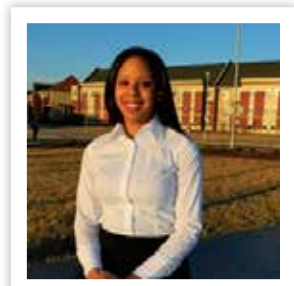


Benjamin Hobson is a senior at N.C. State University majoring in biological engineering with a concentration in agriculture engineering. He is from Boonville, N.C. and is the son of Derrick and Angela Hobson. He is planning to return to his family’s farm after graduation.

2014-2015 N.C. A&T University-Carolina Farm Credit SAES Scholarships:



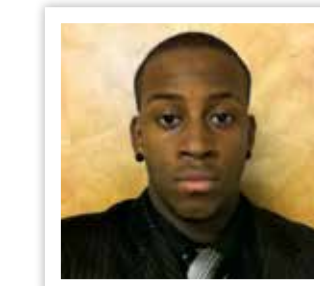
Christina Bradshaw is a sophomore at N.C. A&T University majoring in animal science. She is from Sanford, N.C. and is the daughter of Florence Bradshaw and the late Martin A. Jones. She is involved with the Pre-Vet Club, SAES student advocates, and is the RHA morrow hall council secretary. After graduation, she plans to attend veterinary school.



Lakota Maize is a sophomore at N.C. A&T University majoring in early childhood education and family studies. She is the daughter of Garry and Deborah Maize and was born and raised in Greensboro, N.C. She is involved in the Leadership Synergy Program, National Association of Educators, and is Sophomore Class Vice-President for the 2014-2015 school year.



Rycal Blount is a junior at N.C. A&T University majoring in animal science. She is a member of the Aggie Chess Club, the Pre-Vet Club, Minorities in Agriculture Natural Resources and Related Sciences (MANNRS), and is a member of the University Honors Program. She is from Greensboro and her parents are Robin Simmons Blount and Roman Blount, III.



Nicholas Cobb is a senior at N.C. A&T University majoring in agribusiness and food supply management. He is originally from Jamestown, N.C. and is the son of Ladonna and Maurice Cobb. ■

Social Security Claiming Strategies for Married Couples



Deciding when to begin receiving Social Security benefits is a major financial issue for anyone approaching retirement because the age at which you apply for benefits will affect the amount you’ll receive. If you’re married, this decision can be especially complicated because you and your spouse will need to plan together, taking into account the Social Security benefits you may each be entitled to. For example, married couples may qualify for retirement benefits based on their own earnings records, and/or for spousal benefits based on their spouse’s earnings record. In addition, a surviving spouse may qualify for widow or widower’s benefits based on what his or her spouse was receiving.

Fortunately, there are a couple of planning opportunities available that you may be able to use to boost both your Social Security retirement income and income for your surviving spouse. Both can be used in a variety of scenarios, but here’s how they generally work.

File and suspend

Generally, a husband or wife is entitled to receive the higher of his or her own Social Security retirement benefit (a worker’s benefit) or as much as 50% of what his or her spouse is entitled to receive at full retirement age (a spousal benefit). But here’s the catch: Under Social Security rules, a husband or wife who is eligible to file for spousal benefits based on his or her spouse’s record cannot do so until his or her spouse begins collecting retirement benefits. However, there is an exception—someone who has reached full retirement age but who doesn’t want to begin collecting retirement benefits right away may choose to file an application for retirement benefits, then immediately request to have those benefits suspended, so that his or her eligible spouse can file for spousal benefits.

The file-and-suspend strategy is most commonly used when one spouse has much lower lifetime earnings, and thus will receive a higher retirement benefit based on his or her spouse’s earnings record than on his or her own earnings record. Using this strategy can potentially boost retirement income in three ways:

1. The spouse with higher earnings who has suspended benefits can accrue delayed retirement credits at a rate of 8% per year (the rate for anyone born in 1943 or later) up until age 70, thereby increasing his or her retirement benefit by as much as 32%.

2. The spouse with lower earnings can immediately claim a higher (spousal) benefit.
3. Any survivor’s benefit available to the lower-earning spouse will also increase because a surviving spouse generally receives a benefit equal to 100% of the monthly retirement benefit the other spouse was receiving (or was entitled to receive) at the time of his or her death.

Here’s a hypothetical example. Leslie is about to reach her full retirement age of 66, but she wants to postpone filing for Social Security benefits so that she can increase her monthly retirement benefit from \$2,000 at full retirement age to \$2,640 at age 70 (32% more). However, her husband Lou (who has had substantially lower lifetime earnings) wants to retire in a few months at his full retirement age (also 66). He will be eligible for a higher monthly spousal benefit based on Leslie’s work record than on his own—\$1,000 vs. \$700. So that Lou can receive the higher spousal benefit as soon as he retires, Leslie files an application for benefits, but then immediately suspends it. Leslie can then earn delayed retirement credits, resulting in a higher retirement benefit for her at age 70 and a higher widower’s benefit for Lou in the event of her death.

File for one benefit, then the other

Another strategy that can be used to increase household income for retirees is to have one spouse file for spousal benefits first, then switch to his or her own higher retirement benefit later. Once a spouse reaches full retirement age and is eligible for a spousal benefit based on his or her spouse’s earnings record and a retirement benefit based on his or her own earnings record, he or she can choose to file a restricted application for retirement benefits on his or her own earnings record (up until age 70) in order to earn delayed retirement credits. This may help to maximize survivor’s income as well as retirement income, because the surviving spouse will be eligible for the greater of his or her own benefit or 100% of the spouse’s benefit.

This strategy can be used in a variety of scenarios, but here’s one hypothetical example that illustrates how it might be used when both spouses have substantial earnings but don’t want to postpone applying for benefits altogether. Liz files for her Social Security retirement benefit of \$2,400 per month at age 66 (based on her own earnings record), but her husband Tim wants to wait until

age 70 to file. At age 66 (his full retirement age) Tim applies for spousal benefits based on Liz’s earnings record (Liz has already filed for benefits) and receives 50% of Liz’s benefit amount (\$1,200 per month). He then delays applying for benefits based on his own earnings record (\$2,100 per month at full retirement age) so that he can earn delayed retirement credits. At age 70, Tim switches from collecting a spousal benefit to his own larger worker’s retirement benefit of \$2,772 per month (32% higher than at age 66). This not only increases Liz and Tim’s household income but also enables Liz to receive a larger survivor’s benefit in the event of Tim’s death.

Things to keep in mind

- Deciding when to begin receiving Social Security benefits is a complicated decision. You’ll need to consider a number of scenarios, and take into account factors such as both spouses’ ages, estimated benefit entitlements and life expectancies. A Social Security representative can’t give you advice, but can help explain your options.
- Using the file-and-suspend strategy may not be advantageous when one spouse is in poor health or when Social Security income is needed as soon as possible.
- Delaying Social Security income may have tax consequences—consult a tax professional.
- Spousal or survivor’s benefits are generally reduced by a certain percentage if received before full retirement age. ■



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