

# Estate Planning A Vital Part Of Farming

BY EMILY NIEBRUGGE  
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Since 1976, tax attorney Steve Archbold has listened to the biggest concerns farmers have when it comes to estate planning. Currently practicing in Bloomfield, Neb., Archbold has seen little change in the issues farmers were concerned with about 30 years ago.

He said creating a will has always been one of the biggest issues he addresses.

"When someone walks in the door and says they want a will, that's not the whole story," he said. "They really want a plan, and the plan actually has a lot of different sides to it."

To create that plan, Archbold discusses the tax consequences, such as an estate tax with his clients from the very beginning.

"With the smaller estates — maybe ones that have a value of \$1 million-\$3 million — there really is not any 'death tax' consequence in those situations, but the people don't know that," he said. "They're still really worried about tax consequences, though. When we're talking tax consequences, there's the tax shrinkage. In income tax, if I buy a piece of land for \$100, it might become worth \$1,000, and if I die owning that property and my family decides to sell it after I'm dead, they can get \$1,000 instead of the \$100 I paid for it. The income tax and the estate tax kind of combine — it's very confusing, and the average people tend to get it confused just because they don't do it every day. It's a really complicated tax system."

Sheila Woodward, lawyer at Johnson, Miner, Marlow, Woodward & Huff Prof, LLC., in Yankton, said another main issue is still getting a farm family's assets to the next generation, while keeping the family farm in tact.

"When a farm family comes in, a lot of times they have land and machinery and livestock," Woodward said. "The way land prices have gotten in this area now, it's often impossible to make it even between the kids if they want to keep the land together so that somebody can farm it."

Woodward said she always starts off by telling people that fair is not always equal.

"A lot of people come in with the mindset that each

**"Like other industries, there will be tough times, but it's still a needed industry. People need to eat," he said. "That's an industry we're proud to serve and help finance."**

NATE FRANZEN



KELLY HERTZ/P&D

First Dakota senior vice president and agribusiness division manager Nate Franzen speaks to a group of producers at the bank's 2012 AgriVisions event. Known for its history of agricultural lending, First Dakota has become one of the top five ag lenders in the country amongst community banks.

# Lending A Hand

First Dakota National Bank Got Into Ag Lending During The 1980s Farm Crisis And Has Emerged As One Of The Nation's Premier Farming Banks

BY DEREK BARTOS  
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During the farm crisis of the 1980s, many banks throughout the region saw risk in agricultural lending.

First Dakota National Bank of Yankton saw an opportunity.

"At that point in time, we were one of the only banks looking to lend money into agriculture, and we worked hard to try and work through what was a terribly tough time in the industry to find folks that we knew could work their way through it," said Nate Franzen, First Dakota senior vice president and agribusiness division manager. "That really helped our ag lending grow to where it is today."

Franzen said it was important for the bank to reaffirm its commitment to the industry, because it knew that agriculture was "here to stay."

"Like other industries, there will be tough times, but it's still a needed industry. People need to eat," he said. "That's an industry we're proud to serve and help finance."

First Dakota's decision to invest in agriculture during a time of crisis and uncertainty paid off, and the bank is now one of the top five ag lenders in the country amongst community banks, Franzen said.

The bank has grown from roughly \$35 million in size in the 1980s to \$875 million today.

"All of that growth isn't from ag, but ag has

played a major part in that growth," Franzen said.

First Dakota's ag division currently has approximately \$314 million in ag loans on its books, with another \$234 million of ag loans that the bank has sold for better interest options but continues to service. First Dakota was also the first bank to be chosen by the Farm Service Agency for its preferred lender program in 2004.

"We're very committed to ag, but we're still a community bank, and that's something we're proud of," Franzen said.

While First Dakota took a large leap with ag lending in the 1980s, its experience with the industry dates back much further, when the bank was first chartered in 1872, Franzen said.

"Our bank has been involved in ag lending for a long, long time," he said.

Franzen said the reason the bank has been committed to agriculture all those years is because of the industry's importance to the region.

"It fuels a lot of our economy, and that trickles down to Main Street. It trickles down to the medical field, and all the other industries as well," he said.

"I think a perfect example of that is if you look back to the downturn we had in the economy in 2008. There were lots of other parts of the country that were hit harder than our part of the country. One of the primary reasons for that, in my opinion, is agriculture stayed relatively strong through that time frame, and it

helped the Midwest get through that better than other parts of the country."

While agriculture is vital to the region's economy, it is also unique, Franzen said.

"It's a commodity-driven industry, but also an industry very volatile in the markets with varying degrees of risk because of the dependence on weather and Mother Nature," he said.

Because the industry is different from many others, Franzen said it is important for those who work in the ag division to have a sound understanding of agriculture. It is also important to have that understanding at the senior management level, he said.

"They need to understand that agriculture does have its down time," he said. "Like now, the drought that is hitting our country is an example of that. Some ag lenders would be in a panic mode right now. We understand this is part of agriculture. There are ups and downs over time. It is important to be committed to the long term."

As it did during the 1980s, First Dakota's commitment to agriculture continues to grow, Franzen said. The bank's ag lending has increased approximately 20 percent over the past year, and he sees that trend continuing in the future.

"We're committed to growing, but we want to do it in a good way with good loans with good customers that we know will be able to survive the ups and downs of agriculture," he said. "And that's what we work hard to do."

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