

BUSINESS OF FARMING



ERS3 – the changes

Since the Early Retirement Scheme was introduced in 1994 over 13,000 farmers have availed of it. Here the Department of Agriculture outlines the benefits and requirements of the scheme.

A new Early Retirement Scheme (ERS3) was launched in June this year, forming part of the overall package of measures for the agri-food sector, which was agreed under the Partnership agreement and is set out in the National Development Plan, 2007–2013.

The scheme, which was first introduced in 1994, aims to support farmers who decide to stop farming and transfer their holdings to younger farmers, support farm workers who decide to stop all farm work definitively upon the transfer of the holding, and to complement the Young Farmer's Installation Scheme.

Public funding for the package amounts to €8.6 billion and the scheme is co-funded by the EU under the European Agricultural Fund for Rural Development (EAFRD).

Under this scheme some of the assessment of eligibility and viability of the farming enterprise is now based on area of land in hectares rather than income units. Farmers who retired on or after January 1, 2005 are eligible.

It is the ownership of lands at December 31 in the year prior

to retirement that determines whether the application is classified as Joint Management, Joint Ownership or Sole Application.

Land cannot be transferred in the year of application to change classification but can be done before this. (In the case of Joint Management a younger spouse may apply for the scheme in order to qualify or to increase the period of participation but any State pension awarded to either spouse must be deducted from the Early Retirement Pension.)

There are now three categories of younger farmers eligible to take over the farm (transferees), with the upper age limit for transferees being increased to 45, or 50 in the case of those who had previously participated as transferees.

Intensive enterprises are eligible for the first time. Payments and eligibility will be based on production units rather than hectares in these cases. The non-farm income limit for transferees (where relevant) has been increased to €50,000 in either the tax year prior to retirement or in the tax year prior to application.

Pension payments

The total maximum amount payable to a retiring farmer is €150,000. Retiring farmers are paid an annual pension based on a flat rate of €9,300 per annum for the first 5ha or five production units plus €300 per hectare of agricultural land or production unit disposed of up to a maximum of €15,000 per annum. The table below illustrates some examples:

Area of Farm Transferred (Hectares)	Pension	or	No. of Production Units	Pension
5	€9,300		5	€9,300
10	€10,800		10	€10,800
12	€11,400		12	€11,400
16	€12,600		16	€12,600
20	€13,800		20	€13,800
24	€15,000		24	€15,000

Payments can be made from the date a fully completed application together with all the required supporting documentation is received by the Department of Agriculture and Food. The pension will be paid for not more than 10 years from the date on which a fully completed application is received but payments must cease on the applicant's 66th birthday.

Qualification Criteria

In order to qualify for the scheme, a retiring farmer must on the date the completed application is received in the Department:

- Have retired from farming by ceasing all agricultural activity.
- Have disposed of all agricultural lands to an eligible younger farmer through lease or transfer. Under the scheme, retiring farmers are permitted to retain lands of up to a maximum 10 per cent but not more than 1ha.
- Have cancelled, transferred or made dormant his/her herd number or other Department identifier.
- Be between aged between 55 and 66.
- Provide a PPSN.
- Up to time of disposal have farmed a minimum of 5ha (or five production units in the case of an Intensive Enterprise).
- Have farmed for 10 years up to time of disposal either alone or with a family member.
- Have derived at least 25 per cent of income from farming in tax year prior to disposal.

There are now three categories of transferee. On the date a completed application is received in the Department each transferee must have a PPSN, a Department identifier and fall into one of the three categories.

Category A

Must be approved for payment under the Young Farmer's Installation Scheme (2007 – 2013) having been set up in farming on the pension lands received from the transferor and fulfil the conditions of that scheme or have submitted

an application for payment (YFIS 2) under that scheme that results in the issue of an approval for payment. Both a complete YFIS and an ERS3 application may be submitted at the same time.

Category B

Be a farmer who fulfils the following conditions:

- Be between his/her 18th and 45th birthday.
- Be farming a minimum of 5ha of enlargement land in addition to the area of pension lands received from the transferor.
- Be farming an enlarged holding of at least 20ha of agricultural land (non less favoured area) or, at least 15ha (less favoured area) of agricultural land, details of these areas are available on the Department's website.
- Have a non-farm income of less than €50,000 in the tax year prior to retirement or in the tax year prior to application.
- If born before 1/1/75 have at least five years farming experience, if born on or after 1/1/75 have a minimum of three years farming experience and the 180 hours course.

Category C

Be a farmer who fulfils the following conditions:

- Have been approved as a transferee under a previous Early Retirement Scheme (ERS1, 1994-1999 or ERS2, 2000-2006).
- Be between his/her 45th and 50th birthday.
- Be farming a minimum of five hectares of enlargement land in addition to the area of pension lands received from the transferor.
- Be farming an enlarged holding of at least 20 hectares of agricultural land (non less favoured area), or at least 15 hectares (less favoured area) of agricultural land.

Worker's pension

A worker's pension of €4,000 a year for 10 years may be payable to farm workers displaced by the Early Retirement Scheme. The terms and conditions for farm workers remain unchanged from those in the previous Scheme.

Applications

Copies of the Early Retirement Scheme (ERS3) terms and conditions and application forms are available from the Department's Local Offices, the Department's website at www.agriculture.gov.ie or from the Early Retirement Section, Department of Agriculture and Food, Johnstown Castle Estate, Co Wexford (Phone No: 053 9163400 or email: ers@agriculture.gov.ie). Applications under the scheme should be submitted to the Early Retirement Section at Johnstown Castle Estate in Wexford.



Off-farm income = on-farm investment?

Contrary to popular belief there is no significant relationship between off-farm income and the level of farm investment, according to Teagasc.

According to the paper by Thia Hennessy and Mark O'Brien, average farm incomes between 1995 and 2005 fell by almost 17 per cent, yet on-farm investment during the same time rose by almost 30 per cent. The Teagasc Rural Economy Research Centre, Athenry-based researchers explored the factors affecting farmers' decisions to invest in farming and found that the presence of off-farm income decreases the probability of farm investment and has no significant effect on the level of farm investment. However, the study found the effect of off-farm income earned by the farmer's spouse is less clear. It says the presence and level of the spouse's off-farm income increases the probability of farm investment, although it has no significant impact on the level of investment.

Despite the ever growing divergence between farm and non-farm incomes, farmers continue to invest in agriculture. Moreover, anecdotal evidence drawn from advertisements in the farming print media suggests that the market for agricultural farm machinery remains buoyant. Data on agricultural equipment shows that in 2005 over 4,000 new tractors were sold, the highest level observed for 20 years, according to the FTMTA.

According to the paper, given that agriculture is a sector in relative decline, with farm numbers in decline and farm and non-farm incomes continuing to diverge, it is surprising then that new investment in farming has remained so positive, especially when one considers the alternative investment opportunities available. Furthermore, the 2003 reform of the CAP led to the decoupling of direct payments from production and a consequent decline in the coupled returns to agriculture, which one would expect to lead to a decline in agricultural activity. It is, therefore, somewhat counter-intuitive that given the apparent disincentives to invest in farming that agricultural investment levels remained positive, the paper states.

While investment levels are volatile across the period, there is a consistent trend of increasing investment levels across all farm systems over time, with the exception of the dairy and other system. When all farm systems are combined, the percentage of farm income being re-invested in farming grew from 20 per cent in 1995 to just over 30 per cent in 2004. It is also interesting to consider the types of farm investment. Machinery is the most common source of investment, accounting for over 60 per cent of net new investment. About 31 per cent of investment relates to new buildings or repair to existing ones while investment in production quotas accounts for just one per cent of net new investment across all farms in 2004.

Why farmers invest

It seems counter-intuitive that investment in farming would remain buoyant despite falling real farm incomes, the researchers say, and suggest one possibility is that although farm incomes are declining, total farm household income may be increasing, as farmers and their spouses supplement declining farm profits with non-farm earnings. "In Ireland, the number of farm households where the farmer and/or spouse were participating in the off-farm labour market has increased from 36.5 per cent in 1995 to over 50 per cent in 2004." They point to similar trends that have been recorded across the EU; in Austria more than 50 per cent of farms have off-farm income, 61 per cent of Norwegian farm families have off-farm employment while around 10 per cent of all Scottish farmers and nearly 30 per cent of farmers' spouses have off-farm employment. And previous similar studies of farm investment have found statistically significant relationships between farm investment and off-farm employment, albeit there is no consistency in the direction of the relationship, they say.

According to Hennessy and O'Brien, the results from their study showed that the presence of off-farm income earned by the farmer reduced the probability of investment, while that earned by the spouse increased the probability. They say it is interesting that the age of the farm operator does not significantly affect the decision to invest in farming. Previous studies on investment decisions cite a life-cycle effect, whereby the probability of investment initially grows with age as young farmers prepare for retirement. The significance and direction of this life-cycle effect can be affected by the presence of a successor. The results show that farm size, the number of people living in the farm household and the system of farming are the most significant variables affecting the decision to invest in farming. The effects of farm size are positive but non-linear, meaning that as farm size increases, the probability of investment increases, but at a declining rate. The effect of the number of people living in the farm household also increases the probability of investment. A larger household size increases the probability of a farm successor being present and the farms being continued by the next generation.

It may be inferred that the presence of a successor increases the probability of investment. The effect of a farm system is also positive. This suggests that, other things being equal, if a farmer is involved in dairy production the probability of investment is 0.236 higher than if there is no dairy enterprise on the farm. The effect of farm income is also significant and positive. The squared term of income was not significantly different from zero, indicating that the effect of income is linear. A one unit increase in farm income, i.e. €1,000, increases the probability by 0.0019. In summary, larger, more profitable dairy farms with a successor present have a higher probability of investment.

The main hypothesis under examination in this paper is whether the presence of off-farm income increases the probability of farm investment. Three off-farm income ranges for both farmer and spouse were included in the initial run of the model.

However, as is evident from the results, only the first income range is significant. The effect of off-farm income earned by the farmer is negative. The results show that, other things being equal, when the farmer earns €12,000 or less off the farm, the probability of investing in the farm is 0.102 lower than if the farmer had no off-farm income. The presence of off-farm income earned by the spouse is significant and positive, but also in just one income range. If the farmer's spouse earns €12,000 or less off the farm, the probability of investing in the farm is 0.08 higher than if the spouse has no off-farm income. The model was also run with

simple binary dummies for the presence of off-farm income without specifying the income levels. The results of this model suggested that the presence of off-farm income if earned by the farmer reduced the probability of investment, but if it is earned by the spouse it increases the probability of investment.

Following a stepwise approach, only three variables significantly affect the level of investment. Farm size is again positive but nonlinear while the farm system is also positive. Other things being equal, if a farm is engaged in dairy production then investment levels are likely to be €3,077 higher than a non-dairy farm. None of the variables indicating the presence or the level of off-farm income were significantly different from zero.

The results from the two models are mixed. On the one hand it seems that the presence of off-farm income earned by the farmer significantly negatively affects the probability of that farmer investing in farming but has no effect on the actual level of investment. The level of the farmer's off-farm earnings is only significant at lower levels. In relation to the spouse, the presence of off-farm income increases the probability of investment but has no significant effect on the level of investment.

Similar to the farmer, the level of off-farm earnings is only significant at lower levels. It seems then that the hypothesis that off-farm income is driving farm investment can be rejected for the farmer, but the conclusion is more mixed for the spouse. The results also seem to suggest that farmers that work off the farm do not necessarily substitute capital for labour.

The investment data used in the models above included net new investment in machinery, buildings, land improvements and quota. To investigate further the hypothesis that part-time farmers may invest in machinery in order to substitute capital for labour, the investment decision model was run for investment in machinery only. The presence of the off-farm income earned by the farmer significantly negatively affects the decision to invest in machinery, while the spouse's off-farm income is not significant.

Conclusions

The results illustrate the importance of farm characteristics such as system, size and family farm income. Interestingly, the age variables are not significantly different from zero suggesting there are no life cycle effects present. The role of off-farm income is less clear. In summary the results suggest that off-farm income earned by the farmer reduces the probability of farm investment in general and investment in machinery, while the presence of off-farm income earned by the spouse increases the probability of investment in general with no influence over the probability of investment in machinery. There is no significant relationship between off-farm income and the level of farm investment.

We therefore reject the initial theory that off-farm income is driving farm investment, which makes it difficult to explain why farm investment continues to increase despite the declining profitability of farming. One possible explanation may be the restructuring that is taking place in the dairy sector. The results show that dairy farmers are more likely to engage in investment than non-dairy farmers and in fact dairy farmers account for half of all farm investment in 2004 even though they comprise just 26 per cent of the weighted population of farms. Significant restructuring has occurred within the dairy industry with the number of milk quota holders falling from 31,000 producers in 2000 to just 22,000 in 2005. In an industry constrained by milk quota, the exit of some producers increases the average size of the remaining producers, thereby increasing the need for farm investment.



Under-insurance leading to losses

Many Irish farmers are facing substantial losses due to a failure to correctly allow for increases in the value of their property when insuring their business. Here FBD's Walter Moran outlines the dangers of under-insurance and points out what farmers need to look at when taking out insurance.

FBD recently highlighted a growing trend of under-insurance in the farming industry and indicated that the costs to the industry were potentially massive.

The substantial increase in farm construction in recent years, based on increased standards and the demands of regulation, has increased the value of many farm buildings. Failure to match the increase in value of such buildings with an increased insurance valuation will cause problems for farmers who claim for damages on their farms.

The issue is being exacerbated by the increase in the value of stored crops and feed. The price of wheat is currently 80 per cent higher than this time last year, a pattern which is repeated across other crops. Many farm enterprises are carrying large stocks of grain as part of their current business strategy. These holdings further increase the potential damage that could be caused by a fire or other accident. FBD are estimating that many medium-sized farms could be under-insured by as much as 50 per cent, when the value of buildings and storage are taken into account. This level of exposure means that in the event of accidents many farms would struggle to rebuild their premises and replace their stores.

According to FBD this phenomenon has arisen primarily as a result of increased professionalism within the industry and increased costs of construction and rebuilding work. Farmers renew their policies without thinking of the way in which their assets have appreciated over time. The issue is considered serious enough by FBD that we are offering free extension of cover up to next renewal date to farmers that want to update their sums insured. The purpose of this scheme is to encourage farms to seriously examine the real value of their property and to ensure that they are properly insured against risk.

Insurance Issues on the Farm

There are a few rules you should follow when considering your farm insurance needs. The main items that need to be examined are:

- Farm dwelling house and contents.
- Farm outbuildings, implements and stock.
- Employers and public liability.
- Livestock
- Personal accident
- Motor insurance - cars, 4x4s, tractors and other agricultural vehicles.

Farm Dwelling House and Household Contents

The most important thing to remember here is that the sum insured is adequate to cover the value at risk. The sum insured on the farm dwelling house should represent the cost of rebuilding as new and make an allowance for site clearance and professional fees necessary for the rebuild. Your insurance advisor should be able to give you an indication of the rate per square foot you should use for insurance valuation purposes. Remember it is the cost of rebuilding and not the market value that should be insured. Household contents should be on a new for old basis. Most insurers provide cover on a new for old basis (other than for clothing and household linen) and you should ideally do an inventory of each room to assess the cost of replacing each item. You may well be surprised at the level of cover you need.

Farm Outbuildings

Farm outbuildings should be insured for fire, lightning, explosion and storm and provision should also be made for removing debris and professional fees to reinstate. Provision should be made under this section to include fire cover in respect of hay and straw agricultural produce, and agricultural implements and utensils.

Average Clause

As with all property insurance if you under insure you can lose out, as your insurer will average the claim. An example of this would be as follows:

The farm dwelling house suffers fire damage to the extent of €50,000. The sum insured on the farm dwelling house is

€100,000 but the value at risk is assessed at €200,000.

In these circumstances as the sum insured is only half of what it should be the claim allowable would be €25,000. The same principle applies to farm outbuildings, hay, straw, agricultural produce, etc. It is therefore vital to select adequate sums insured.

Employers Liability Insurance

It is vitally important that you are protected by this form of cover, as claims by employees can be very serious depending on the severity of the injury. Apart from providing adequate compensation to an injured employee you are also protecting your assets and livelihood by having this cover. Please remember that family members working on the farm can also be included.

Public Liability Insurance

This is another vital cover necessary to protect your interests and provide compensation for injuries to members of the public injured on your farm or arising out of your farming activities, for example, livestock escaping out onto the road causing injury or damage. We consider both Employers and Public Liability Insurance to be an absolutely essential part of your insurance package.

Livestock Cover

Cover can be arranged for a combination of circumstances including accidental death caused by:

- Fire
- Lightning
- Explosion
- Storm
- Straying from the premises.
- During transit.
- Electrocution, flood and collapse of slats in a slatted house.

Once again it is important that the full value of the herd is declared to your insurer.

Personal Accident

This type of insurance cover should be considered to provide a weekly income in the event of an accident. Weekly benefits should allow for replacement labour to be hired during the injury period. Cover is available for a period of up to two years following an accident. The above elements represent the main areas that should be assessed in conjunction with your adviser. You may also wish to consider other options as follows:

- 'All risks' cover on jewellery.
- Personal effects that may be carried outside the home.
- Theft of tools and implements from secure outbuildings.
- Fire damage to growing crops.
- Sheep worrying causing fatal injury to your sheep caused by dogs.

Motor Insurance

You should establish exactly what type of cover you require on cars, 4x4s, tractors and other agricultural vehicles and attachments. You can opt for comprehensive, third party fire and theft, or third party only for very low-value vehicles. Make sure you include glass breakage on your policy. Please insure that all your drivers are entitled to drive the particular vehicles and that they have the appropriate driving license to do so.

Walter Moran is Manager of Technical Sales at FBD Insurance

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Pensions - opportunity or threat?

It is a stark reality that this life of ours is not a dress rehearsal and it is surely a 'one way street'. Retirement may come to some at an early age, or near the end or sadly for some, may not come at all. Farmers are, for the most part, no different to most other sectors in this respect but retirement and pensions are rarely properly planned as they should be, writes Agricultural Consultant Eddie McQuinn.

There is a general awareness amongst farmers of the need for protection policies such as life assurance, mortgage protection, and in a smaller number of cases, savings and investment products. However, when it comes to pension products, there is very often a serious lack of interest. The farm always seems to get priority for investment with investment on the farmer and spouse coming well down the priority list.

Pension policies allow people to accumulate retirement funds that will replace earned income in retirement. Earned income will, by its very nature, stop when a farmer stops working unless of course he /she wishes to continue working for nothing into old age. Of course, many will say that they have been working for nothing throughout their farming lives anyway, but that is another matter.

Usually, there is a fall off in income when one stops working, unless of course one has made alternative provisions for unearned income to replace all or part of earned income. The drop in income on retirement may be partially bridged by:

- Using savings and investments to live on. However very few farmers will be able to save sufficient funds, from their 'after tax income', to fully replace their earned income in retirement for as long as they might live. The social welfare pension will usually only replace a relatively small proportion of pre-retirement income for farmers and in very many cases this source of income post-retirement, may be either nonexistent or only be partially available.
- Continuing to draw an income from the farm after retiring. However, money from this source is usually paid either directly or indirectly from 'after tax' funds and is rarely a realistic solution to the dilemma. Very few farms can fund living costs for two families.
- Selling part or all of the farm and living off the proceeds. This is a once-off solution and in my experience is the least acceptable solution to the problem. Asking the farming successor to foot the bill is most likely to be greeted with a negative response.

Thus, unless farmers are happy to suffer a very significant fall in their living standards in retirement, they must make arrangements well before retirement to provide themselves with additional income when they retire.

The idea of not having a need for significant income in retirement is really a myth and retired farmers, like any other sector in society, are entitled to their financial security, dignity and financial independence.

It must be remembered that society has changed and attitudes towards the care of old folk has changed dramatically, putting more pressure on post-retirement income if financial independence is to be maintained. The nursing home has replaced care for the elderly in today's society from what was the accepted practice of family care in one's own home. Of course, with this change comes extra expense.

Farmers and pensions

It is my experience that farmers in general have made totally inadequate provision for post-retirement income by way of traditional pension policies. The majority have ploughed

all spare cash back into the farm (and in some cases, cash that was not 'spare') thus leaving very little or nothing for funding a proper pension fund.

While an increasing number of farmers will now qualify for the 'Contributory Old Age Pension' it must be understood that this source of income is likely to amount to only a fraction of the money required post-retirement.

Again, some farmers have investments off-farm which will provide an additional fallback, but in most cases this is totally inadequate to maintain living standards post-retirement.

However, the situation with farmers regarding pensions appears to be changing significantly. There is now a realisation that healthcare and general living costs post-retirement cost serious money and that building up a proper retirement fund with reasonably generous help from the Revenue Commissioners is extremely necessary. In addition, it is realised that the earlier one starts to build that retirement fund, the less demanding is the challenge.

Benefits

The general benefits of having a proper retirement fund include financial independence and security. It is a very tax-efficient method of accumulating a fund which in turn may be drawn on for an income, post-retirement, in a very tax-efficient manner. If one compares capital expenditure on the farm with similar expenditure on a pension policy, there is really no debate as to which is the most tax efficient. The pension policy will win hands down.

The 'end game' for retirement funding arrangements, from a farmer's viewpoint, is when the time comes to take benefits from the particular arrangement. This could happen at various ages depending on the individual circumstances, from age 50 to 75. It must be understood that the term 'retirement' is only a general term referring to a minimum age requirement, as in many cases there is no compulsion to retire or stop working e.g. the benefits from a PRSA can be drawn down between ages 60 and 75 with no requirement to 'retire'. However, the individual may have to choose from various benefit options when 'retiring' such as a tax free lump sum, an ARF, an Annuity or a Taxable cash benefit. Thus one may view a pension policy as an investment that includes:

- Income tax relief on contributions (with certain limits).
- Tax free growth within the pension fund.
- Tax free extraction of funds on retirement (within certain limits).
- Tax free transfer of some pension funds to spouse on death.
- Income drawdown flexibility on retirement.

In the recent past there have been a number of changes in legislation regarding the type of pension products on offer to the self-employed, some of which offer the opportunity for the investor to retain control over the management of the retirement fund etc.

In addition, the advent of a significant proportion of farm households having an off-farm job has presented the opportunity to some to join an 'occupational pension scheme' in their employment. However, it must be pointed out that when taking out the benefits from an occupational pension

policy, there are far more restrictions and less flexibility than when taking out the benefits from a self-employed policy i.e. PRSA or PPP. It is a similar story when one compared the tax efficiency of taking out the benefits from both pension types. The self-employed pension policies have a number of key advantages to the holders.

When to start

Accumulating an adequate pension fund is like climbing a mountain, in that one may climb the steep side and suffer short-term pain or climb the gentler slope which may take longer but be less painful.

Obviously, the earlier one starts making contributions to a fund, the longer it has to grow (which is tax free) and so offer better returns when it comes to draw down the benefits. However, in practice, most farmers give other investments priority in their earlier years which can prove expensive in the long run.

Certainly, where an up-front tax write-off at the higher rate is available, it should never be overlooked and should be sheltered with pension contributions up to the allowable limits. What other investment can you make that would give a 42 per cent up front return? At the other end of the scale, it is never really too late to make pension contributions. Indeed, many clients believe that by making contributions later, they 'tie-up' funds within the pension fund for a shorter period of time. This theory has some merits, but many other factors must be considered before taking this route up the mountain!

Fund performance

How many times have I been asked by clients 'what return should I expect on my pension policy'? How does one fund differ from the next? Where can I get the lowest charges on entering and managing a fund, etc.?

When all variables are taken into account, what really matters at the end of the day is how your fund performs from the day you make contributions, up to the day you wish to draw down your pension benefits. However, in order to make meaningful comparisons, one must be sure that the comparisons are fair and reliable.

If valid comparisons are to be made, fund performance must follow a number of reporting principles including: Total returns over time including capital and income.

Time weighted rates of return. This aspect of reporting will eliminate the timing effect of inflows of new money,

thus ensuring comparisons are valid. Make like-with-like comparisons of funds such as asset class, currency, tax treatment of costs, etc.

Time frame. I always advise clients to decide on the number of years to their retirement and look back on fund performance over a similar timeframe. This should give a good idea of what to expect with their own fund in the future. However, remember, past performance is no guarantee...

Risk assessment. Remember that risk is a double edged sword. Any sensible assessment of performance should take risk as well as returns into account. Generally though, pension funds construct diversified portfolios as a fundamental control of risk but even after that, risk exposure can still vary significantly from fund to fund.

Retirement

If retirement is not only about pensions, then what else is it about?

It is time for a thorough stock-take in one's affairs (or a re-check as will apply to most people) including wills, title deeds, life policies and the general whereabouts of important documents amongst other things, as well as unfulfilled ambitions. It is probably the first time in most people's lives that they have the time to think properly about such important aspects of their lives, and financial security at this stage is a vital part of their wellbeing. Financial security could also be viewed as a product of their business life and if it is absent at this stage of life, it is a poor reflection of the performance of their business life.

It is most important to have a chat with a good, experienced and authorised financial advisor that understands your business and associated needs and objectives at the earliest possible date. From this discussion, a plan of action should be agreed on. Such a plan is likely to address the entire succession issue as well as your own retirement arrangements. This plan should be reviewed annually and when appropriate adjustments should be made depending on changes to your circumstances, such as tax changes etc. This course of action will ensure that you do not arrive at a point in your life when you are greeted with the thought 'if only'.

Remember that, today is the first day of the rest of your life. It is time to provide for it in a planned and meaningful way!

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THE SELENIUM CHALLENGE



Why is Selenium important?

Selenium is a trace mineral essential for the optimum health and performance of your herd. It is a key nutrient required for the defence of all body cells, maintaining a balanced immune system while lowering fertility.

But what does this all mean for your herd?

Cows with a selenium deficiency are more susceptible to herd health diseases and issues such as retained placenta, metritis, high neonatal calf count (NCC), mastitis and poor fertility. Selenium deficiency calves are typically weak at birth and suffer from high morbidity and mortality rates.

Are Irish cattle deficient in selenium?

The vast majority of soil in Ireland is deficient in selenium, and as a consequence almost all livestock are deficient in this essential mineral according to a recent survey carried out by Rogers et al. (2004).

What is the most effective way to measure the selenium status of your herd?

Traditionally, farmers have taken blood tests to measure the selenium levels of their livestock. Recent research conducted in Canada has shown the correlation between blood and milk selenium levels. Wichtel et al. Can Vet J (2004). This work has proven that farmers can now take a sample of milk from their bulk tank, send it to a laboratory and get an accurate measure of their herd's selenium level and thereby evaluate their herd health status.

What levels do I require to achieve an adequate selenium status in my herd?

Adequate levels are 0.01 µg/ml.

If I have a Selenium-deficient herd how can I improve this?

Alltech's Sel-Plex[®], the only EU approved organic selenium, is a feed supplement that is most effective when added through a premix or incorporated in the cow's diet. Sel-Plex is absorbed and retained by the animal more efficiently than any other source of selenium available.

What's involved in the Selenium Challenge?

Alltech are currently running the Selenium Challenge in conjunction with local leading feed suppliers giving you the opportunity to test your herd's selenium status and evaluate your herd's increased profitability through the inclusion of Sel-Plex in the diet.



For further information contact
your local leading feed supplier or
call 1850 41 02 44