

## Leads the Nation at AFBF Annual

# MFB Earns Top Awards



MFB President Elton R. Smith accepts "Golden Eagle Award" from AFBF President William J. Kuhfuss. MFB has won the coveted golden eagle the last three years.

Michigan Farm Bureau was the only state Farm Bureau in the nation to win seven Gold Stars and the Golden Eagle Award at the 1975 American Farm Bureau Federation annual meeting held in New Orleans last month.

MFB captured the "Golden Eagle Award" in membership category IV. State Farm Bureaus are classified according to membership numbers for the awards program: Group IV states have 50,000 to 99,999 members.

Program areas where MFB excelled to win the Golden Eagle included: classification of members according to farming or non-farming; special recruitment activities aimed at agricultural producers; identification of members' commodity interests and development of programs designed to meet specific needs of these members.

To gain seven stars MFB was judged to have outstanding

programs in membership quota of 60,710, young farmers, marketing (AAMA related), information, policy development, special projects and women's programs.

The convention will be savored for a long time by the more than 300 MFB members who made the January trek to the "Paris of America."

Receiving the prestigious "Golden Eagle Award" for the third straight year, collecting seven "Gold Star" awards and discussion meet representative Bob Dean competing in that contest's finals were events which surpassed even the balmy 70 degree New Orleans weather.

While President Elton R. Smith accepted the awards for MFB, he emphasized that the awards were earned by MFB members in the counties throughout the state.

(Read more on discussion meet finalist Bob Dean on page 3.)

## Big Government Knocked

"The United States will never have plentiful supplies of domestic energy until we overhaul the government's approach to energy production and prices," Secretary of the Treasury William E. Simon told the annual meeting of the American Farm Bureau Federation at New Orleans, Louisiana, on Monday, January 6.

Simon deplored what he called "the shortcomings and evils of big government."

"The government has become so huge and domineering and we have turned to it so often for the solution of our problems that we have forgotten how much can be accomplished by private enterprise and by men and women who are free to determine their own destinies," he declared.

"IF WE ARE TEMPTED once again by the siren songs of controls and other forms of centralization, we will not only inflict enormous damage upon our economy but we will also place the free enterprise system in the greatest danger it has faced in our lifetimes," he said.

Simon told the AFBF annual meeting that "the progress that we have made in agriculture because you are no longer under the thumb of government can also be made in energy and transportation and many other fields where government regulation now impedes growth and development."

EXPRESSING CONCERN at the state of the U.S. economy, the Treasury Secretary said that, "even with the country in a recession, the inflation rate

remains at record peacetime levels." But he added:

"Loose fiscal and monetary policies over the past decade are at the root of many of our current economic problems," he said.

"These fiscal and monetary policies form the basic underlying causes of the inflation that has been gathering momentum in this country," he continued. "Unless they are reformed," he added, "inflation will continue at an intolerable rate."

SIMON TOLD Farm Bureau members that they "have come to represent a constructive and positive force on the side of progress for all Americans."

"We welcome your dedication to the free enterprise system and to many other values that have helped to build this country, and we share your pride in the awesome gains that American farmers have made in providing food and clothing for people here and across the world."

"The President," he said, "is strongly committed to the proposition that the best hope for solving our problems lies with you, the American people, and with the free enterprise system that has always been the foundation of our strength."



Secretary of the Treasury William Simon



President Smith receives Michigan's "Seven Star Award" from AFBF Secretary-Treasurer Roger Fleming. With seven stars plus the golden eagle, Michigan Farm Bureau was top award winner at the 1975 AFBF annual meeting.



# Leading From Strength

As this column is written, over 350 Michigan Farm Bureau members have just returned from the American Farm Bureau Federation annual meeting in New Orleans. I'm sure these members will be sharing their experiences with you, and also the pride they must have felt in their state organization for being tops in the nation.

I congratulate all of you for the part you played in helping the Michigan Farm Bureau win the coveted Golden Eagle award, plus seven gold star awards for outstanding programs. Without the strong leadership of county Farm Bureau presidents and the dedicated efforts of county committees, these awards would not have been possible.

The theme of the AFBF annual meeting was "Leading From Strength," and the stage background in the huge convention center made an impressive scene. We felt a special empathy for the Minuteman who stood silhouetted against a background of stars and stripes. At the base of the Minuteman statue were four words: Christianity, Courage, Conviction and Cooperation. I believe those key words are just as applicable today as they were in the days of the original Minutemen. Farmers will need those four C's to meet the challenges of 1975.

It is the Christian principles undergirding our organization that create policies which are for the well-being of all citizens, not just ourselves. It will take Courage to take strong, and sometimes unpopular, stands on our beliefs. It will take Conviction to put our policies into action. And it will take Cooperation to give us the strength needed to keep our agricultural industry healthy.

Of all the challenges we will meet in 1975, I think there are two, related to each other, which are critical: protecting our ability to produce and world hunger.

We will see mounting pressures for wage and price controls as legislators look for ways to placate inflation-weary consumers. Even though history—as early as 301 A.D. and as recent as 1973—has recorded failure after failure of this method of fighting inflation, we have Congressmen who are again recommending price controls as a solution. Our livestock industry is still suffering from the seriously-disrupted market caused by the 1973 price controls. Threats of export embargoes on farm commodities discourage farmers from increasing their production.

We must continue to fight for our right to seek a fair return in the market place and for our right to remain independent from federal treasury subsidies.

There are many other challenges which can affect our ability to produce—an inflation, caused by excessive government spending, which sends our production costs skyward; transportation problems, environmental concerns, land use planning, availability of fuel and fertilizer, and OSHA regulations. These will need our continued attention and united efforts—not just at the state and national levels, but in the counties where our members live and farm.

Feeding the hungry of the world is a concern to all of us. We are a compassionate people; we do not want any human being to go to bed hungry at night. Americans respond with open hearts and personal sacrifice to those in need. But there are those who respond with so-called solutions to world hunger based on emotion instead of realities. Many dangers lie within these kinds of "solutions" and we have a big information job ahead of us. It's a delicate job because putting hard economic facts before the public is not as well received as an emotional appeal by a clergyman to cut meat consumption. Our world needs more food — not less — and those who use emotional appeals which discourage food production are really doing a disservice to humanity.

There are also pressures from government-held food reserves. Farmers are well-aware of the dangers involved in that "solution." The potential threat of government dumping surpluses on the market to bring down prices is not a stimulant to increased food production.

Feeding the hungry of the world is a big responsibility, one that cannot be shouldered alone by the American farmer and taxpayer. It is a responsibility which must be shared by all citizens here and by the other developed nations. "Selling" our American system of using incentives to increase production is the best kind of aid we can give developing countries. Protecting that system here will be a prerequisite to solving world food problems.

As we review some of these challenges, we should be thankful that we have clearly-defined, member-determined policies on issues to give us direction and united, effective efforts. It enables us to say with confidence that we will be "Leading From Strength" in 1975.

## PRESIDENT'S COLUMN



### MICHIGAN FARM NEWS

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FARM BUREAU YOUNG FARMERS: Gary Nye, Hillsdale.

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## DONNA Who's Al Hirt?

It's probably seldom—if-ever that Al Hirt gets upstaged by anyone. When he's on stage, he and his horn are in full command, putting out a sound that makes goosebumps play tag along your spinal column.

But, when he appeared at the AFBF awards program in New Orleans, the great musician played second fiddle to a man from Michigan. Poor Al just couldn't compete with President Elton R. Smith, at least with the Michigan folks in the audience. When our president climbed to the very top of the pyramid of award-winning states to collect seven gold stars, the goosebumps quit playing tag, stood at attention and saluted.

There was one other chair at the top of the pyramid, but that state hadn't bagged the coveted Golden Eagle Award like we did, so there was no doubt that we were No. One in the nation.

President Smith is a modest, fair gentleman and when I congratulated him later, he was quick to point out that many, many people were responsible for winning those awards. How right he was! I hope the county presidents who were asked to rise and be recognized in that great convention hall, felt their fair share of glory. If it weren't for their leadership of the county committees in the award-winning program areas, we'd have had no gold stars to bring back home.

To me, it was a real moment of glory and the highlight of the convention. Every accomplishment of our organization is the result of team effort and it's great to be a part of a winning team. I doubt if the Pittsburg Steelers left New Orleans any more elated than the Michigan Farm Bureau members did.

The view from the top is breathtaking, but we have little time to enjoy the scenery. To stay up here, we must pack this whole year with award-winning activities. The first step, of course, is to make membership goal because, without that—we will not only be evicted from the mountain-top, there won't even be a campsite on the foothills for Michigan.

By the way, have you paid your dues yet?

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When you watched the bundled-up crowds shivering at the Sugar Bowl, didn't you worry about that poor girl on the swing on Bourbon Street?

## MOVING?

Planning to move? Let us know 8 weeks in advance so you won't miss a single issue of the Michigan Farm News. Attach old label and print new address in space provided. Mail to: Michigan Farm News, P.O. Box 960, Lansing, Michigan 48904.

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 City \_\_\_\_\_  
 State \_\_\_\_\_ Zip Code \_\_\_\_\_  
 County of Membership \_\_\_\_\_



### NOTICE OF ANNUAL MEETING FARM BUREAU MUTUAL INSURANCE COMPANY OF MICHIGAN

The annual meeting of the policyholders of Farm Bureau Mutual Insurance Company of Michigan, a corporation, will be held at its Home Office, 7373 West Saginaw, Lansing, Michigan, on Wednesday, February 26, 1975, beginning at 1:30 p.m., for the following purposes:

1. To receive reports from officers and management.
2. To elect directors.
3. To consider such other matters as may properly come before the meeting.

Attest: February 1, 1975  
 W.S. WILKINSON KENNETH BULL  
 Secretary President

Policyholders may obtain a copy of the Annual Report from any County Farm Bureau Office or from the Home Office at Lansing.

### NOTICE OF ANNUAL MEETING FARM BUREAU LIFE INSURANCE COMPANY OF MICHIGAN

The annual meeting of the stockholders of Farm Bureau Life Insurance Company of Michigan, a corporation, will be held at its Home Office, 7373 West Saginaw, Lansing, Michigan, on Tuesday February 25, 1975, beginning at 1:30 p.m., for the following purposes:

1. To receive reports from officers and management.
2. To elect directors.
3. To consider such other matters as may properly come before the meeting.

Attest: February 1, 1975  
 W.S. WILKINSON ELTON R. SMITH  
 Secretary Vice President

Policyholders may obtain a copy of the Annual Report from any County Farm Bureau Office or from the Home Office at Lansing.

### NOTICE OF ANNUAL MEETING COMMUNITY SERVICE INSURANCE COMPANY

The annual meeting of the stockholders of Community Service Insurance Company of Michigan, a corporation, will be held at its Home Office, 7373 West Saginaw, Lansing, Michigan, on Monday, February 24, 1975, beginning at 1:30 p.m., for the following purposes:

1. To receive reports from officers and management.
2. To elect directors.
3. To consider such other matters as may properly come before the meeting.

Attest: February 1, 1975  
 W.S. WILKINSON KENNETH BULL  
 Secretary President

Policyholders may obtain a copy of the Annual Report from any County Farm Bureau Office or from the Home Office at Lansing.



At New Orleans

Dean is Debate Finalist



Bob Dean, Hillsdale County, was discussion meet finalist at AFBF annual meeting.

Hillsdale County's Bob Dean, the Michigan Farm Bureau discussion meet winner carried the Michigan banner to AFBF annual in New Orleans last month and succeeded in becoming one of four young farmers from across the nation to compete in the finals of the national championship.

Dean was victorious over tough competition in the quarter-finals where the role Farm Bureau should play in financially aiding young farmers was discussed.

Discussing land-use planning, the Michigan representative showed a depth of knowledge and facts as he was again chosen a winner in the crucial semi-finals.

Although not chosen winner in the finals, as one of the top four debaters from across the land, Dean impressed those who followed him throughout the meet with his command of relevant statistics and use of solid logic.

Dean's performance was a major factor in securing MFB's "tops in the nation" position at the 1975 AFBF annual.

Washington Seminar Scheduled for March

Michigan Farm Bureau Women are again sponsoring a Washington Legislative Seminar according to Helen Atwood, manager of MFB's Women's Department.

Taking place Monday through Thursday, March 10-13, the purpose of the Seminar is for leaders selected by County and State Farm Bureau's to meet personally with Michigan Congressmen in Washington to discuss Farm Bureau policies and key issues before the Congress.

In addition to the "Legislative Leaders", any Farm Bureau member is welcome to be part of this tour as part of the "American Heritage Group" spending more time on sight-seeing and touring.

"This gives an opportunity for travel and hotel as a total group and is an attractive way for husbands and wives to take part in this activity," says Ms. Atwood.

Detailed information on the tour is available through County Farm Bureau Secretaries.

Supply Report

By Greg Sheffield, Marketing Manager FBS

FEEDS

Up to the middle of January trading in corn and other high protein grains was at lower prices and volumes. The world-wide recession and lower feeding levels are said to be the major cause. Still awaited is a pickup in European exports. Apparently, there are many feed-grain farmers waiting for higher prices, and they are not ready to sell until they see signs of how large the shipments will be to Russia and China. They fear losing out again by missing skyrocketing feed ingredient prices. Yet, livestock numbers have decreased. This all means much uncertainty as usual. Perhaps, this is why the Feed Department, working with Farm Bureau dealers and livestock farmers, has completed a lively feed contracting sign-up with thousands of tons committed by Michigan cooperative patrons. Consideration is being given for a second, three-month program in light of the great interest shown by farmer patrons in the first program.

SEEDS

Farm Bureau Services' Seed Department is now booking seeds with dealers and working on farmer programs. Seed corn and other field seeds are involved. Many varieties of seed corn are currently not available. Others are in short supply rather unexpectedly. Your commitments for seed corn should be made as soon as possible.

Seed for Mariner oats, a midseason white variety that has shown itself to be widely adaptable to differing Michigan conditions, will soon be available. This seed is expected to be in good supply. It's an M.S.U. cross and matures two days earlier than Garry, one of its parents, and it's three inches shorter. It resists lodging better and has a better test weight. Mariner outyields Garry by seven percent but is susceptible, as is Garry, to leaf and stem rust.

HARDWARE

So far there's no sign of softening in prices for hardware. Some relaxation in allocations are indicated on farm fence, wire, and steel. More steel is predicted in the coming months. Steel building supplies are in great demand and are being sold at a rapid rate through Farm Bureau dealers. With a winter slowdown likely, ordering buildings now may result in savings.

Dealers, statewide, are urging their customers to buy garden tillers, garden tractors, and lawn mowers now. A great surge of interest in gardens and garden seed is expected again this spring. In many instances, delivery from manufacturers has been slow. Price and availability are not projected to show much, if any improvement.

FERTILIZER

Prices have continued to increase. Fortunately, the rate of inflation for fertilizer seems to be slowing a bit. However, supplies are still short and still on allocation. Heavy farmer demands on dealers for all the fertilizer they can get are again expected. There are no additional supplies available although farmers indicate a very active spring planting season.

Farmer patrons are advised to keep in close touch with their Farm Bureau dealers and to take their fertilizer supplies as they become available if they have adequate on-farm storage facilities. Farm Bureau Services has started receiving shipments of new, high-quality urea from the recently completed CF Industries plant.

CHEMICALS

Shipments of herbicides, insecticides and fungicides started coming in during January and are being shipped out to Farm Bureau dealers as rapidly as possible. Chemical needs should be arranged for soon to make sure you have chemicals when you need them. Prospects for 1975 show another tight year in chemical supplies. Farm Bureau's close ties with manufacturers have been advantageous during this shortage period.

MACMA Annual Planned

The fourteenth Annual Meeting of the Michigan Agricultural Cooperative Marketing Association will be held Friday, February 21, at the Pantlind Hotel in Grand Rapids, Michigan.

MACMA is the multi-commodity marketing association affiliated with the Michigan Farm Bureau and includes thirteen operating divisions through which marketing services are provided to members who produce processing fruits and vegetables, feeder livestock, and operate retail farm markets.

will include reports of MACMA's 1974 operations by MACMA President Elton Smith, General Manager Noel Stuckman, and Treasurer Max Dean. These reports will indicate that MACMA has had one of its most successful years, measured by increases in membership, volume of commodities marketed, and income to the Association.

Election of directors for 1975 will be held.

P.A. 344, the Michigan Agricultural Marketing and Bargaining Act, will be featured on the program.

Four divisions - asparagus, red tart cherries, potatoes, and cabbage - are accredited under the Act and several more divisions are expected to be accredited for marketing of 1975 crops.

The act and the accreditations are being challenged in the state courts through lawsuits instigated by fruit and vegetable processors. A report of the litigation will be given to those in attendance.

A complimentary noon luncheon will highlight the day's activities with a featured speaker. MACMA members and others who are interested in the activities of the

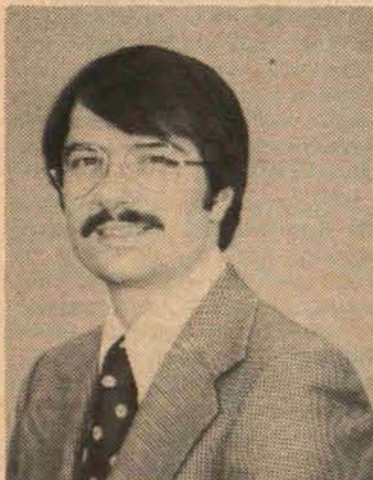
Association will need to contact the MACMA office for meal reservations and tickets.

Annual Meetings for the Michigan Asparagus Growers, Michigan Red Tart Cherry Growers, Michigan Processing Apple Growers, and Michigan Plum Growers, divisions of MACMA, will be held on February 20 at the Pantlind Hotel. members of these divisions will be given reports of 1974 activities and plans for 1975.



Noel Stuckman, MACMA General Manager

LaFave Is New Counsel



Gerald J. LaFave

Gerald J. LaFave, 29, was recently appointed assistant general counsel for Michigan Farm Bureau and its affiliate companies. He will be working out of the office of general counsel William S. Wilkinson.

LaFave, a 1970 graduate of the University of Detroit School of Law, practiced law in Coldwater and was a research attorney for the Michigan Supreme Court before coming to Farm Bureau.

A native of Bay County, he was active in 4-H, raising blue ribbon chickens and rabbits before college.

Currently a Captain in the U.S. Army Reserve and a member of the Michigan National Guard, LaFave lives in Lansing with his wife Cheryl and their nine-month old son Michael.

ILLUSTRATED QUOTES



"GIRL"

"BOY"

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1974-1975 MEMBERSHIP COMPARISON SHEET

Table with 4 columns: Date, New, Renewals, Life Mbrs., TOTAL MEMBERS, % Maint., % Goal, NEEDED FOR GOAL. It compares membership data for 1975 and 1974.



# CAPITOL REPORT

Robert E. Smith

# The State of The State



100 years ago in January, the then Governor Bagley said "A financial crisis of more than ordinary severity has been encountered by every section of the country, and the best thought of the nation has been taxed for measures of relief—to a large extent unsuccessfully." At the beginning of the 78th Legislature on January 9, 1975, Governor Milliken echoed that sentiment in his State of the State address. He pointed out that there were "hard times in those days and hard times now." This is perhaps more true in Michigan due to its dependence on the automobile industry.

One week earlier in his Inaugural Address, the Governor said that it is up to the elected officials to "lead and inspire the people through and out of a wilderness of doubt, cynicism, despair and fear." He said further that we "must put an end to despair and defeatism before it puts an end to us." The State of the State address actually delivered before the Legislature was only a portion of the total message which is in booklet form of 81 pages. It touches upon every facet of the Michigan economy and has 150 proposals.

The single, most important issue before the Legislature is the budget and the financing required to pay for it. Governor Milliken pointed out that in 1973 and 1974 State taxes in Michigan were cut by more than half billion dollars. Such tax cuts include property tax relief for households and farmers, numerous tax relief programs for the elderly, handicapped, blind, certain veterans, and also some tax relief for business to encourage a more favorable business climate. Since those measures were enacted, Michigan's fiscal picture has become less favorable. The repeal of the sales tax on food and drugs reduced revenues 200 million dollars or more on an annual basis. In addition, other revenues have decreased such as gas tax, corporate tax revenue, etc. Michigan's constitution requires that the budget be balanced.

Governor Milliken is recommending replacement revenue only for the taxes that have been lost. To achieve this would require an increase in the income tax from 3.9% to 4.6%. He said that he would also be submitting proposals for a major revision of business taxation in order to improve the tax climate for job development. Other major areas in the message include:

## AGRICULTURE

Governor Milliken gave major attention to the importance of agriculture. He pointed to the food problems of the world and said that despite the fact that in the last 20 years the world's total food output increased by more than 50 percent, world demand has outstripped the increase in supply. He pointed to the rising demand of many of Michigan's agriculture commodities overseas (about a quarter billion dollars this year). He mentioned his appointment in 1974 of the Michigan Council on Rural Development as an advisory group to help develop long range plans to assist rural Michigan and assist rural people in achieving "equity of access" to State services and to means of strengthening the rural economy.

He mentioned the tax reduction

program passed in 1973 that applies to households and agriculture land, and also the Farmland and Open Space Preservation Act (PA 116) passed in 1974 will give major tax relief to farmers who maintain their land in agriculture as well as exemptions from special assessments such as water, sewer, lights, and non-farm drainage. He mentioned the success of overseas marketing offices to promote Michigan products. He said that agriculture in Michigan can be one of our "brightest stars." However, there are many issues... such as maintaining railroad transportation, the necessity of sufficient energy for agriculture, land use programs, revision of the pesticide laws to conform with the Federal act, updating of Michigan's obsolete Commercial Feed Act, revisions to the State Inheritance tax statute to encourage retention of family farm operations and the future of the small farmer and his special problems.

The Governor recognized that there is a greater percentage of rural families, both farm and non-farm, with incomes below the poverty level than there is in urban areas. He mentioned broad areas of need which could include such things as adequate funds for agriculture research, rural development and numerous other programs designed to encourage and promote farming.

## ECONOMY - JOBS

The message gives considerable attention to the overall economy and the need for additional jobs. Specifically mentioned was several pieces of legislation passed last session to aid business and also legislation passed such as tax relief for business such as franchise fee relief, tax relief on inventory, etc. These incentives are to encourage new plants. Permission was given local governments to form economic development corporations. He mentioned the small business Advisory Council created as a study group. Efforts to strengthen tourism and conventions in Michigan, the appointment of a Workmen's Compensatory Advisory Commission to study and recommend changes in that law, and that he will submit later in the session, comprehensive tax revision programs designed to stimulate job creating business expansion. He is also recommending a Job Development Authority in the Department of Commerce, a summer employment program for young people, an advisory commission to study regulation of financial institutions, and the need for Michigan to be ready to carry out many programs that may be forthcoming from congressional and federal action.

## CRIME

Governor Milliken described crime as a "Giant tidal wave that threatens to inundate society." He mentioned that last year more than twenty million dollars in federal funds were allocated to Michigan, of which about 88 percent went to local enforcement agencies. The Michigan "rate of increase" has declined but numbers are still very large. The Governor suggested a new agency to be named the Michigan Commission on Investigations to attack organized

crime and public corruption. He noted that more than 600 recommendations had been made by the Michigan Commission on Criminal Justice. He suggested the state compensate the innocent victims of crime, and a state-wide system to allow any citizen to call for police or fire assistance through the special 911 emergency number now used in some areas.

He pointed to the fact that in Wayne County 69 percent of those convicted of prison offenses did not go to prison. In felony offenses, the odds against going to jail are 10 to 1. This suggests the need for changes in the sentencing and parole of inmates. He also suggested that mandatory sentences would be appropriate in some cases such as any person convicted of a felony with a handgun should not have less than 5 years in prison, in addition to the sentence for the felony. The Governor supports the appointment of supreme court and court of appeals judges with the advice of a special judicial qualifications commission. The voting public would have an opportunity to decide whether the judge should be retained. This system would take the higher courts out of politics. Some version of it is used in many states. Judges of lower courts would continue to be elected. Support was also given to the need for state financing of courts through a phased-in program.

He reported on the "Turn-in-a-Pusher" (TIP Program) now in operation. The program has been successful in working to control narcotics in the State. The State Police had 6,852 calls through the program. Of these 2,619 were investigated and 1,203 were credited with offering valid information. This has resulted in 560 arrests, including 200 cases involving hard narcotics.

Other special programs that have been successful include the Diversion Investigation Unit and the office of Substance Abuse Services.

## BONDING

State bonding was suggested as a means of carrying out many State programs including 175 million dollars for transportation which can be financed by the 1/2 cent gas tax allocated to the general transportation fund; 230 million dollars for 1975-76 to modernize prisons, mental hospitals and special college medical facilities as well as meeting other necessary state building needs; an additional 400 million dollars in bonding authority for the Michigan State Housing Development Authority to be used for a mortgage finance program working through financial institutions and to make housing improvement loans and grants. These bonds, together with the 205 million dollar Veterans bond issue will bring to more than one billion dollars the total of bonding that can help stimulate the economy.

## EDUCATION

The Governor said the continuation of the "Equal Yield Formula" of the present "Bursley" Act should extend to capital outlay and intermediate district millages. One mill of property tax under the formula results in the same number of dollars per mill regardless of whether the district

has a high or low valuation. He said that the Education Commission of the States has cited Michigan as one of the 10 states that "produced substantive enactments aimed at equalizing educational opportunity and tax burden." Syracuse University called the Bursley Act "one of the most significant pieces of legislation concerning a general support formula and a circuit breaker to become law in any state." Similar praise has come from Ohio State University, the National Legislative Conference, and the United States Office of Education.

The Governor supported career education as a major goal to prepare young people for the "world of work" and recommended creating a "school based job counseling and placement service for employment seeking youth."

Attention was given to the serious problem of teacher strikes. He said the present laws are not working and other alternatives must be found. He opposed legalizing strikes by public employees. He said both sides should be required to bargain in good faith and accept assistance from trained, well-qualified mediators, and that it should be possible for a neutral third party to intervene and make recommendations and to also insure that the public has needed information.

Higher education was discussed with various recommendations including the need for additional funding for tuition grants and scholarships.

## ENERGY

An Energy Report will soon be available detailing a program for meeting the continuing energy problem with outlined plans for conservation, research, development and emergencies. The plight of electrical utility companies was realized. They have become poor risks as a result of spiraling fuel rates and increasing construction costs. It will not be long before there is serious difficulty in meeting electrical power needs. The Governor said he intends to appoint an Energy Commission; that energy problems must be solved if any new job providing industry is to be attracted to Michigan. He mentioned the increasing number of oil wells being drilled in Northwestern Michigan and the need for trained technicians. Request for a grant will be made to initiate a Petroleum Technology Program.

## ENVIRONMENT AND LAND USE

Governor Milliken quoted an old Indian saying "Whatever befalls the earth befalls the sons of the earth. Man did not weave the web of life; he is merely a strand in it. Whatever he does to the web, he does to himself."

He again mentioned the major legislation to preserve farm land and open space; also, another act that passed this year to promote methods of recycling solid waste. He said that Michigan should "enact a comprehensive land use policy act" and that it should be based on decision making at the local level to give the people the ability to determine the pattern of the State's growth for the future.

Other areas that he mentioned in this category were: wet lands and sand dunes protection; mine

reclamation; recommendations on revisions of statutes dealing with local zoning powers, off-road vehicles, non-returnable bottles and cans. He pointed out that litter along Michigan highways cost taxpayers 1.8 million dollars a year, and that bottles are a major factor. He favored elimination of non-returnable bottles and cans.

## FEDERAL - STATE

He said that federal funds are becoming a necessary important source of revenue for both state and local government. Federal aid to the state totals 1.4 billion, one-fourth of all state revenues. In addition, Michigan and local government will receive over 866 million dollars in federal revenue sharing funds, most of which goes to the local government. Other federal monies include aid for housing and community development.

## TRANSPORTATION

Governor Milliken said that he would ask the legislature to submit a revised transportation bonding program to the electors in 1976. He discussed public transportation such as rapid transit not only in the metropolitan areas but several cities large and small throughout the entire state. He said that the National Mass Transportation Systems Act of 1974 will provide 187 million dollars over the next six years for operating expenses and capital improvement. He mentioned the problems of transportation in rural areas and the new Federal-Rural-Highway Public Transportation Demonstration Program, also the new rail passenger service (AMTRAK). He recognized the problem facing agriculture for necessary rail service. He pointed out that Michigan must be prepared to match the 70 percent federal funding available for these purposes. The message went into detail on highway safety and highway beautification, aviation, port development and other phases of transportation.

Other major areas discussed in the Governor's 82 page message included problems of aging, the arts, consumer protection, community affairs, bi-centennial, veterans, Upper Peninsula, ethics and election reforms, health, traffic safety, nutrition, human rights, human services, mental health, natural disaster, open-responsive government and voluntarism.

Governor Milliken closed his message by saying that in the weeks and months ahead, "we must work together to restore people's confidence in themselves and the democratic process."

A thorough study of the Governor's State of the State message, together with a thorough study of Farm Bureau policies that were adopted at the Annual Meeting in December indicates many, many areas of agreement.

Generally speaking, most legislators regardless of party are in agreement with the broad goals. However, there are bound to be variations of opinion as to how these goals can best be reached. The first session of the 78th Legislature will be most interesting and perhaps one of the most important sessions in recent times.



# NATIONAL NOTES

# The 93rd Congress

Albert A. Almy



The 94th Congress convened on January 14 and will soon begin consideration of major legislative proposals concerning the economy, energy and other issues important to Farm Bureau members. At this writing, few bills have been introduced on which to report. However, several actions occurred during the last days of the 93rd Congress and immediately following its adjournment which are of interest to agriculture.

### U.S. RAILWAY BOARD

On December 20, 1974, the U.S. Senate confirmed the appointment of Charles B. Shuman to a two-year term as a director of the United States Railway Association (USRA). Farm Bureau members will remember Mr. Shuman as the past president of AFBF.

The Senate action came following the nomination of Mr. Shuman to the USRA Board by President Ford. State Farm Bureaus, working through the AFBF, provided a great deal of support for Mr. Shuman's nomination. Mr. Shuman was selected and nominated from among names recommended by railroad shippers and organizations representing railroad shippers.

The USRA Board is responsible for developing a restructured system for the bankrupt Northeast and Midwest railroads. Authority for the bankrupt railroad restructuring is provided by the Regional Rail Reorganization Act of 1973.

Mr. Shuman's appointment to the USRA Board is considered of real importance to agriculture. A large proportion of agricultural commodities and production inputs are shipped by rail. The appointment of Mr. Shuman will bring to the USRA Board a man who fully understands agriculture and its need for a viable rail system to provide essential transportation.

### CARGO PREFERENCE

In the January issue of Michigan Farm News, this column reported that Congress had passed and sent to President Ford a Cargo Preference Bill. The bill would have required that a minimum percentage of the gross tonnage of major liquid petroleum products imported into our country be carried in U.S. flagships.

Although Farm Bureau supports

a strong merchant marine, policy adopted by voting delegates is opposed to the government requiring certain cargoes to be placed aboard U.S. flagships when their rates are not competitive with other available transportation, including foreign vessels.

Following Congressional approval of the Cargo Preference Bill, Farm Bureau recommended to President Ford that he veto the legislation. Farm Bureau pointed out that the bill would likely lead to higher cost of petroleum products, establish a precedent that may later be applied to exports of agricultural commodities, and prompt retaliation by foreign governments.

President Ford subsequently took action to veto the Cargo Preference Bill, giving some of the same reasons for his action as cited in the Farm Bureau veto recommendation.

### SPECIAL UNEMPLOYMENT COMPENSATION

The 93rd Congress approved legislation extending unemployment benefits to offset high unemployment during the current economic slump. The extended benefits result from two separate programs which are as follows:

First, a supplemental benefits program was approved and is intended for those workers who have been covered by the regular unemployment insurance program, but who have exhausted all of the benefits offered in a particular state. Under this program, after a worker has exhausted all of the benefits offered in the state program, and if unemployment reaches a certain level in that state, the new federal program will pay for an additional 13 weeks of coverage. Farmer-employers will not be affected by this program unless they have paid into the state program in the past.

Secondly, a special unemployment assistance program was also approved by Congress. This program is intended to provide benefits for workers who have never been covered by the regular unemployment insurance program. This special assistance program includes farm workers, thus making federal unemployment insurance available to farm workers for the first time. The benefits will be paid for entirely by federal funds. Farmers

will not be included in financing this program except as a general taxpayer.

Eligibility and extent of coverage under the special unemployment assistance program is determined by the provisions and regulations of the unemployment insurance program

in each state. The benefits will be paid by the state, using federal funds where the worker was last employed for five days or more. Workers applying for the benefits will file their claims where currently living. The local unemployment office will then send requests for wage and

separation information where the workers were employed during the previous year. Some farmers will undoubtedly be receiving these forms from various unemployment offices. Farm Bureau recommends that such farmers should cooperate in supplying the information requested.

## Michigan Farm News invites you to Fly the Flag for the Bicentennial.

We invite our readers to take part in the greatest show of colors this country has ever seen. We are proud to take part in this national campaign sponsored by the U.S. Bicentennial Society to restore the flag to a place of respect and honor it deserves.

To encourage you to fly the flag, we have arranged for you to purchase a complete Bicentennial Flag Kit for only \$8.95, including handling and shipping. The large quantities of flags involved makes this possible. Order the 50-Star Bicentennial Flag with the special Fly the Flag coupon. Also available: 13-Star Betsy Ross Flag and the Bennington '76 Flag. Your flag will be sent directly to your home at no additional charge.

Each flag is crowned with the golden Double Eagle top ornament, symbol of the Bicentennial. Matching goldenized 6ft., two-piece, steel pole. Heavy-duty flag - 3 x 5 ft. - with double-stitched stripes, canvas heading and brass grommets. Complete with sturdy metal wall-mount bracket, 3 mounting screws, rope halyard, mounting instructions, and self-storage corrugated box.

With each flag kit you also receive your own full color parchment certificate, verifying your participation in the Fly the Flag for the Bicentennial campaign. Each certificate bears the 50-Star Flag, the golden Double Eagle, the names of the trustees and your own registry number. The ideal keepsake of the Bicentennial, suitable for framing and display in home or office.

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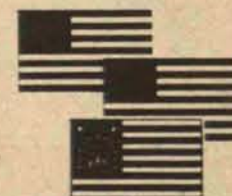
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## Q & A

Q: Did the legislation pass requiring covering of all trucks? What is the present law?

A: The present law requires that "no vehicle shall be driven or moved on any highway unless such vehicle is so constructed, or loaded, as to prevent its contents from dropping, sifting, leaking, or otherwise escaping therefrom."

Last year legislation was introduced and considered, but did not pass, that would have required such vehicles and trucks, etc. to be covered to prevent the contents from dropping, sifting, leaking, or blowing.

Farm Bureau successfully opposed this legislation requiring mandatory covering which would create an unnecessary expense and also unnecessary labor. The present law, if enforced, is entirely adequate to prevent littering on the highways. However, one of the first bills to be introduced this year was HB 4010 which is very similar to last year's bill. There would be additional restrictions outlined in detail in the legislation.

If such mandatory legislation is to be prevented, anyone with a truck or trailer hauling any commodities, rubbish, gravel, etc. should follow the present law and load in such a manner that it does not fall or blow off the truck onto the highway, or onto people's property as this can be a serious form of littering.



# A New Orleans Album



New Orleans bound members were greeted by President Smith at Lansing airport.



Al Hirt entertained during the Awards Program.



Dick and Doris Wieland enjoyed the flight down.



Harvey Gosen, Saginaw County, and Al Almy discussed the issues.





Michiganders were proud of their "distinguished young farmer," Pete Bontekoe and wife Pamela.

# MFB Came, Saw and Conquered



MFB Queen Janis Sanford charmed all with her quiet beauty.



St. Clair County members made friends with Korean seamen.



The historic French Quarter was popular with MFB members.

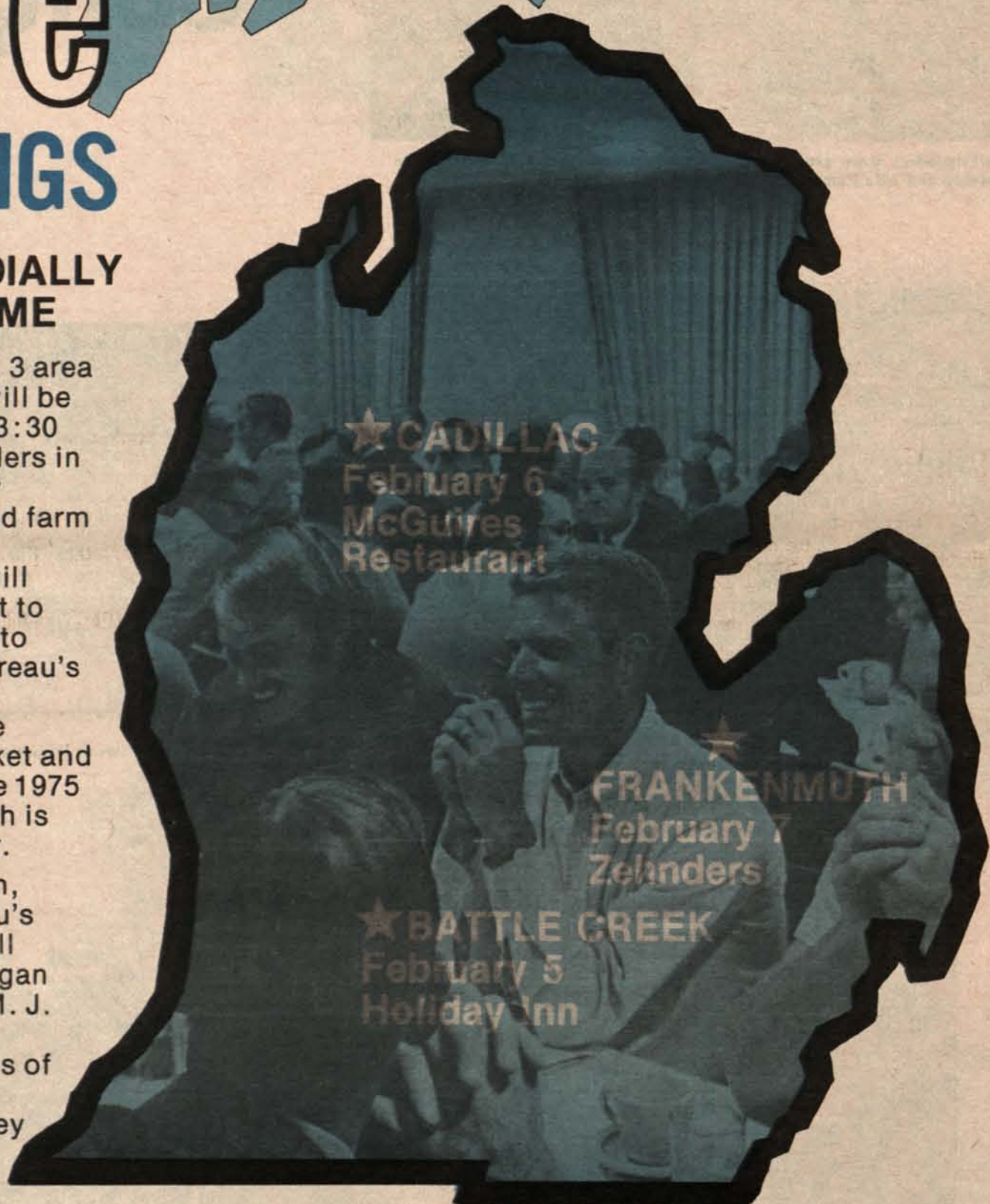


# Open Line MEETINGS

## YOU ARE CORDIALLY INVITED TO COME

For your convenience, 3 area Open Line Meetings will be held from 9:30 a.m. - 3:30 p.m. We hope the leaders in agriculture, especially Presidents, Boards and farm leaders of supply and membership co-ops will attend. You don't want to miss this opportunity to discuss with Farm Bureau's top resources people Michigan's agriculture outlook and your market and supply situation of the 1975 growing season, which is just around the corner.

In addition, Bob Smith, Michigan Farm Bureau's legislative council, will explain the new Michigan "Land Use" law. Mr. M. J. Buschlen of MFB will explain the new rulings of Michigan - OSHA and workman comp. as they apply to the farm.



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**Farm Bureau**  
 FARM BUREAU SERVICES, INC  
 FARMERS PETROLEUM



# Michigan Marketing Outlook

## DAIRY

The dairy situation during the past month has not changed to any great extent. There are, however, a couple of quite significant happenings:

1. The Minnesota/Wisconsin Price Series has dropped, which was contrary to several projections.

2. The increase in the support price for manufactured products has been revised upward.

Total production in 1974 was down one percent from 1973 and is the lowest since 1948. Indications are that production will drop even further in 1975, due mainly to economic factors.

Utilization of Class I fluid milk and federal Order #40 in pounds is down from a year ago by approximately 2.5%, also, compared to November 1974 the utilization would be down even further approaching the 3% figure. While at the same time, production in December 1974 compared to December 1973 is about the same; however, in comparing December 1974 to November 1974 it is down somewhat.

Projections indicate the cost-price freeze will continue through much of the coming year. There appears to be very little doubt that costs will continue upward. The big question is what will the price do. Hopefully, consumption has bot-

tomized out and will turn upward and this year will result in a better crop year. These two factors will be of considerable benefit to the dairyman.

**Ron Nelson, Marketing Specialist**  
Market Development Division

## SOYBEANS

Soybean growers have been staring in disbelief at the sharply sliding values quoted for their tightly held inventories. The tug-of-war between the crusher and exporter on the one hand and the farmer on the other has been remarkable in its determination on both sides. Daily trade in cash soybeans has slowed to a trickle. Speaking in relative terms, there has been very little soy trading since the end of the major harvesting period.

While the quest for ownership has been going on, the pervading influence has been the economic outlook of our nation and the whole world. We went from a free-wheeling, free-spending economy to a cautious, entrenched, wait-and-see attitude almost overnight.

In the soybean complex itself, the soyoil must be pointed out as the culprit in its precipitous slide. Many observers expected that margarine and other food uses of soyoil would create a very strong demand for oil. India and other far eastern countries were expected to be awarded sizable PL 480 for soyoil. Without doubt they need it, but we have not even been able to conclude an agreement for wheat aid that was announced over two months ago. Politics overshadow the needs of starving people.

The soyoil drop in value has been startling with Rotterdam quotes dropping \$90.00 per ton in one week during the first full week in January. That same week palm oil and sun oil were \$45.00 lower and groundnut oil \$25.00 lower.

Domestic crush has also been disappointing. No doubt that animal feeding has been very sharply curtailed, and substitution of roughage has further cut into the

units of meal feed. Whether the usage has been cut enough to offset the drop in supply, will be better established when the final production figures are released January 16 and the Stocks in All Positions report is released January 24.

In any event, the final word on the eventual price for the crop has not yet been written. In the first place, it has not yet been sold by farmers. Second, many questions are as yet unanswered. We know that stocks are very low in all commodities, and the world is still drawing down supplies of all grains to an exceedingly dangerous reserve level.

Despite the big intentions expected to be reported January 22 in the Intentions to Plant Report, Mother Nature will let us all know just how successful this next crop year will be.

**SOYBEAN DAY!!!** March 12, 1975 has been established for this year's Soybean Day. It will be held at Holiday Inn, Adrian.

**Donn Kunz, Grain Manager**  
Michigan Elevator Exchange

## LIVESTOCK

Livestock price patterns and feed costs continue to remain uncertain and cloud livestock producers and feeders decisions.

Butcher hog prices have remained in the high 30's and low 40's during the past 30 days. Butcher cattle prices have seen the \$40.00 peaks but the majority of the cattle seem to be priced in the \$35.00-\$37.50 range.

We expect butcher cattle and hog prices to advance slightly in the next month or so.

Feeder pig prices have been in the high 20's to low 30's in recent weeks. Recent declines in the Futures Market is apt to reduce feeder pig prices into the mid-20's in the next few weeks unless there is a marked turn-around in the Futures and butcher hog prices for the summer months.

Recent Hog & Pig Reports showed a 15% cutback in intended farrowings for December through

May. This cutback is not as great as expected by traders.

Choice 500-pound butcher steer calves are costing from \$25.00-\$28.00. Eight-hundred-pound choice feeders are mainly at \$28.00. Heifers are priced 6-8c less than steers. The feeder cattle market will be virtually unchanged in the next 60 days.

**Bill Byrum, Marketing Specialist**  
Market Development Division

## HONEY MARKETING

Liquid, light amber honey in 55 gallon drums has remained at 45 cents per pound despite record high sugar prices and despite the smallest United States crop in ten years. Also, this small crop makes the total amount of honey available (carry-over plus new crop) in the United States, for packing, the smallest in ten years. Small packers are experiencing record sales of honey and are out of honey. Yet, the price has not gone up. Major packers say this is because imports of honey have been large. In studying the crops of honey from the major exporting countries, it would seem that these countries cannot completely fill the nineteen million pounds of honey that the United States is short. For sweetening, honey is now the least expensive natural sweetener.

Troy Barton has reported steady sales of honey for members in the Honey Marketing Program at current prices. I look for these prices to increase gradually.

To strengthen the honey producer's position in the marketplace in the long term, the Honey Marketing Operations Committee requested Farm

Bureau make two resolutions Farm Bureau Policy. The following resolutions were made policy:

1. Include the honey industry under the Perishable Agricultural Commodities Act (PACA);

2. Require liquid products labeled "Honey" or "Honey Blends" to contain at least 51 percent table grade honey.

The committee felt the PACA would offer additional protection for honey producers dealing with buyers. The fruit and vegetable industry has been under the act for many years. It has helped the industry eliminate questionable buyers and sellers that either do not pay, go back on their word, or use other vices.

The second resolution dealing with the requirement of 51 percent honey in any liquid honey product is thought to be an aid in maintaining honey a major place in the sweetening industry. The expected major encroachment of manufactured Isomerase into the honey market is on the near horizon. Honey marketing members feel we could bury our heads in the sand like the dairymen did with butter by requiring only the 100 percent product be marketed. Then the manufacturers of the synthetic product would perfect their product to match more closely the qualities of the natural product. The 51 percent honey content eliminates the economic advantage of imitating and maintains the honey industry. Pure honey can and will be sold to the quality conscious.

**David Wolfe, Marketing Specialist**  
Market Development Division

## FPC Refunds

### Go to Farmers

Dealers and stockholder patrons of Farm Bureau Services, Inc. will share in over \$2,000,000 in refunds following a record year of sales for the cooperative.

Patronage refunds are distributed to farmer stockholders in proportion to the number of dollars spent with the cooperative during the past fiscal year. Twenty percent of the money is given in cash, eighty percent in allocated credits. For instance, a farmer who purchased feed at \$150 per ton for the last year has been refunded \$9.78 per ton, and receives \$1.95 of the credit in cash; or a farmer purchases a ton of potash at \$72 and his portion of these patronage refunds would lower that cost by \$4.70. The refund distribution also applies to marketing. Those selling their corn realized an extra six cents per bushel, using a selling price of \$42.80 as another example.

Cooperatives, like Farm Bureau Services, refund to patrons or stockholder members all net margins after taxes, expenses, interest, and funds set aside for expansion.

Farm Bureau Services, Inc. is an affiliate of Michigan Farm Bureau and is a major marketer of grain and beans and farm supplies in the state.

## FBS Patrons

### Get \$2 Million

Patronage refunds amounting to the equivalent of about two cents per gallon of gas sold during the past fiscal year have been returned to dealers and stockholder patrons of Farmers Petroleum Cooperative, Inc.

Over a half million dollars in patronage refunds has been distributed. The money is distributed according to the number of dollars a farmer stockholder has spent with the cooperative during the past fiscal year. Twenty percent of the refund is in cash, the balance in allocated credits.

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Michigan Rural Rehabilitation Corporation  
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Phone: 616-781-4646

FARM BUREAU SERVICES, INC. & FARMERS PETROLEUM CO-OPERATIVE, INC.

## DEBENTURES



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9%	15 Year Maturity	\$100.00 Minimum Purchase
8 3/4%	10 Year Maturity	\$1,000.00 Minimum Purchase
9 1/2%	15 Year Maturity	\$5,000.00 Minimum Purchase

Interest paid annually on September 1st. The purchaser to be offered the option to receive their interest in quarterly payments on September 1st, December 1st, March 1st, and June 1st. Interest would start the date of purchase.

This is neither an offer to sell nor a solicitation to buy these securities. The offering is made only by the prospectus.

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Let's Talk About . . .

# Estate and Inheritance Taxes

The taxation of assets upon the occasion of a person's death has become a tradition of the American tax system.

A federal inheritance tax was enacted, and later repealed, in the Stamp Act of 1797. Subsequently such a tax was temporarily imposed during the Civil War and again during the Spanish-American War. With the passage of the Revenue Act of 1916 the estate tax became a permanent feature of our federal tax system.

In 1825 Pennsylvania levied an inheritance tax of 2.5 percent on the heirs of decedent, thereby becoming the first state to tax wealth transferred at death. Today, Nevada is the only state that does not impose some form of tax upon such transfers of wealth.

The federal government's version of the death tax has remained relatively unchanged for more than a generation. The present rate and bracket structure was adopted in 1941, and the only significant change since then was the adoption in 1948 of a marital deduction designed to correct an inequity that existed between residents of common law and community property states.

In any discussion of death taxes, one clearly must distinguish between "estate" taxes and "inheritance" taxes. Estate taxes, used by the federal government and 12 states, are taxes levied upon the estate of the decedent and are subject to a single set of deductions and exemptions. On the other hand, inheritance taxes, which are used by 37 states, are taxes levied against the individuals who receive the proceeds of an estate. Due to graduated rates and various exemptions and deductions, total inheritance tax liability can vary widely with the number of individuals sharing an estate.

### Federal Estate Taxes

A number of steps are taken in determining the amount of the federal estate tax. Every estate is allowed a specific exemption of \$60,000. Deductions are allowed for funeral expenses and the expenses of administering the estate as well as the decedent's unpaid debts and taxes. Bequests to the United States or any political subdivision therein and approved charitable, educational, or religious institutions are also deductible from the gross estate.

If the decedent is survived by a spouse, a marital deduction of up to 50 percent of the noncommunity property in the adjusted gross estate (the gross estate less expenses, etc.) may be taken on property transferred to the surviving spouse. Therefore, an adjusted gross estate of \$120,000 can be reduced to \$60,000 by full use of the marital deduction. When the \$60,000 exemption is then applied the taxable estate becomes zero. In addition to these deductions and exemptions, limited additional tax credits are granted for any state estate of inheritance taxes paid.

The following table shows the rates and brackets currently in effect on net taxable estates (that amount left after all deductions and exemptions are taken).

FEDERAL ESTATE TAX SCHEDULE			
Taxable Estate		Gross Estate Tax	
At least:	but less than:	Base plus percent of excess over:	
\$ 0	\$ 5,000	3%	\$ 0
5,000	10,000	150 + 7%	5,000
10,000	20,000	500 + 11%	10,000
20,000	30,000	1,600 + 14%	20,000
30,000	40,000	3,000 + 18%	30,000
40,000	50,000	4,800 + 22%	40,000
50,000	60,000	7,000 + 25%	50,000
60,000	100,000	9,500 + 28%	60,000
100,000	250,000	20,700 + 30%	100,000
250,000	500,000	65,000 + 32%	250,000
500,000	750,000	145,700 + 35%	500,000
750,000	1,000,000	233,200 + 37%	750,000
1,000,000	1,250,000	325,700 + 39%	1,000,000
1,250,000	1,500,000	423,200 + 42%	1,250,000
1,500,000	2,000,000	528,200 + 45%	1,500,000
2,000,000	2,500,000	753,200 + 49%	2,000,000
2,500,000	3,000,000	998,200 + 53%	2,500,000
3,000,000	3,500,000	1,263,200 + 56%	3,000,000
3,500,000	4,000,000	1,543,200 + 59%	3,500,000
4,000,000	5,000,000	1,838,200 + 63%	4,000,000
5,000,000	6,000,000	2,468,200 + 67%	5,000,000
6,000,000	7,000,000	3,138,200 + 70%	6,000,000
7,000,000	8,000,000	3,838,200 + 73%	7,000,000
8,000,000	10,000,000	4,568,200 + 76%	8,000,000
10,000,000 and over		6,088,200 + 77%	10,000,000

Source: Internal Revenue Code of 1954, Section 2001.

### State Inheritance Taxes

Under the Michigan Inheritance Tax Law the estate of a decedent is subject to state taxes with a normal exemption to a surviving spouse of \$30,000 and to surviving children of \$5,000 each. The tax itself is relatively small in terms of percentage of the estate, however, in a large estate this tax can be a substantial amount.

### Michigan Inheritance Tax

- 2% up to \$50,000
- 4% \$50,000 to \$250,000
- 5% \$250,000 to \$500,000
- 6% \$500,000 to \$750,000
- 8% \$750,000 and above

Normally in the average situation jointly held property is excluded from State Inheritance taxes. Since the largest amount of property that is transferred, particularly in a

farm situation, uses joint ownership, this has tended to minimize the affect of the State Inheritance Tax. It should be noted, however, that joint ownership has many pitfalls, not the least of which is the position that it has in the Federal Estate Tax situation where jointly held property is presumed to be held in the estate of the first joint owner to die.

While joint ownership often solves the problem at the death of the first joint owner, it ultimately creates a serious problem at the death of the surviving joint owner and therefore should be looked upon with extreme caution, particularly as it applies to the holding of farm personal property.

In summary of the current tax law, it is worthy to note that this creates a tremendously large burden on the farm family today with land prices and equipment prices at their current level. It is not uncommon to find the basic ingredients to make up a successful farming operation totaling in excess of \$200,000 to \$300,000 in terms of estate value when applied to the test for Federal and State taxes.

Along with this rapid increase in the value of farm property is the very real problem of not having sufficient liquid dollars to meet the high cost of dying. It is certainly true in a farming operation as in any business, that to be successful requires the constant involvement of capital dollars in the business and this does not provide the opportunity to set those dollars aside in some liquid form to meet the expenses and taxes involved in a persons death. Since Federal Estate taxes are due within nine months of the date of death it further points up the need for liquidity in an estate.

The successful farm operation today is certainly a prime target for the high cost of dying, and therefore should be looked upon as a serious problem facing the average Michigan farmer today.

### Current Methods of Transfer

#### a. By Will -

Certainly the easiest method of transfer is to draft a will giving the executor of an estate directions of where certain property should go. Even this very simple approach is used in a surprisingly few number of cases. Best estimates show less than 40% of the population having taken this very basic step in the planning for the transfer of their property at their death.

#### b. By Gift -

This transfer device, while relatively simple in nature, is not used for a variety of reasons. Most predominately it is against human nature to give away property that someday might be needed. When we look at this device in a farming operation, it is inconsistent to think that the farm which has represented the family security for so many years should be easily given away at a time in life when security is a very important ingredient.

Coupled with this fact are certain limitations as far as the transfer by gift that is imposed under the Federal Gift Tax Law. Basically, this law allows a person to give away up to \$30,000 in his lifetime without any gift tax imposed plus annual gifts of \$3,000 to as many people as he wishes. Under this type of limitation it becomes impossible to transfer large blocks of assets without the imposition of some gift taxes. The current level of gift taxes under the federal law are exactly three fourths of the Federal Estate tax thus making this an ineffective way to transfer large estates in a single gift. In addition, there is always the possibility that the Internal Revenue Service may say that a gift was made in contemplation of death. Should death occur within three years from the time a gift is made it is possible that the value of the property may revert back and be taxed as if it had not been given at all.

#### c. Transfer by Trust -

While this device is preferred in many situations, it is not used in large numbers particularly in a farming situation. This device is tied in closely with proper planning or a will and so on that basis is not readily used. Also, a farming operation does not lend itself to easy handling in trust form as would be the case if an estate was made up of stocks and bonds. In order to be successful, a farming operation must be looked upon as a total operation, not just the involvement of several assets. For this reason as well as the shortage of trust companies who are experienced in

dealing with farming operations this device is used very sparingly in Michigan.

#### d. Transfer by Contract -

There are a number of types of contracts which can be used very successfully as a means of transfer of property from one generation to another. Most of these arrangements while they solve the problem of who will get the property do not solve the estate tax implications that would be imposed under federal tax law. The most common form is the land contract method of transfer whereby land is exchanged for a contractual guarantee to be paid over a period of time. The unpaid balance on the contract would be taxed in the decedents gross estate and thus no tax savings has been affected by this device.

The use of a private annuity is another device which has been used with some success in the transfer of farm property from one generation to another. One of the basic disadvantages to this device is the requirement that no security is tied to the contractual commitment, thus the unsecured promise to pay frightens many people away from the use of this method even though it can affectively save great amounts of Federal Estate taxes.

Each of above four main methods have distinct advantages and disadvantages. It is difficult to say that one should be used in place of another. There is a real need for the farm family to look at the various methods of transfer available, and in cooperation with a qualified attorney and trust officer make a judgment based on the particular facts in each case as to which method or combination of methods might be best utilized.

### Farm Bureau Policies

While discussions, such as this, can point out the effect of present laws on estates and the need for making wills and other plans under present laws, other action helpful to estate planning must be taken through legislation at both the federal and state levels. It was with this thought in mind that the voting delegates at Michigan Farm Bureau's last annual meeting adopted the following policy:

"Past experience has proven that the settlement of estates in Michigan can be a time-consuming, costly, and demoralizing process. We recommend that: (1) The legislature give priority position to legislation changing the probate court code to provide for a uniform, prompt, and equitable method of estate settlement, (2) Legislation be passed to update Michigan's Inheritance Tax laws. Present exemptions are unrealistic and should be increased consistent with inflationary pressures."

AFBF policies are also very cognizant of the need for legislation. Last month the following policy was adopted at the AFBF annual meeting:

"The exceptions from the federal estate and gift taxes should be increased substantially in recognition of the economic changes which have occurred since the present exemptions were provided.

"The preservation of agricultural land should be of vital concern to all people, both to insure an adequate supply of food and to maintain open space near heavily populated areas. The present Internal Revenue Service policy of appraising farm property at its highest sale value often forces its sale for a non-farm use in order to provide funds for the payment of estate taxes.

"When estates are appraised for federal estate tax purposes, their value should be based on the use and productivity of the property at the time of the appraisal.

"We recommend that the period in which transfers of property are held to be in contemplation of death be reduced to one year."

### Conclusion

It is the responsibility of each individual, regardless of age or sex, who desires to have some say in the method his estate is to be handled, to insure that some method of transfer has been made. It is also the responsibility of Farm Bureau members to let their legislators know that they support legislation, both at state and national levels, which will prevent further burdens being placed on farmer's estates and to amend present estate laws.

(Editor's Note: The material in this article concerns general principles only. It is in no way intended as legal advice or as specific recommendations. Any legal question involving your estate should be directed to an attorney of your choice.)

# DISCUSSION

# TOPIC

by KEN WILES

Manager Member Relations



# Homefront

The Spratt Community Group, Alpena County, report that it was a pleasure to have people who have been in the neighborhood for many years join in their planned potluck dinner.

A recent meeting of the Thompsonville Community Group, Benzie County, was held at the Senior Citizen Hall. All those present were invited to take part in the discussion. The group's secretary reported a very nice discussion with all present participating.

One community group secretary, who will remain nameless, reports the meeting was to be called to order at 8 o'clock but ye scribe brought the wrong secretary's book to the meeting and had to return home to get it. After returning to the meeting she discovered that son did not have his contact lenses for his up and coming date and Mother had to return home. Group singing was still in progress when she returned to the host's house for the third time and she declined to comment on how it sounded.

The Utter Farmers are encouraging other young farmers to become active members in a community group.

Some community groups have several very talented members. The Gun River group of Allegan County is a good example of a group fortunate to have musicians who are more than willing to present fine musical programs for the entertainment of fellow members.

The number of Farm Bureau members participating in the community group program continues to grow. Mr. and Mrs. Walter Grossman and Mr. and Mrs. Jack Wiscott recently joined the Loon Lake community group of Iosco County. Mr. and Mrs. Larry Kuhl recently joined the Huron County Sodbusters and Mr. and Mrs. Sterling Steece are now members of the South Capac group in St. Clair County.

## Member Life A Success

Farm Bureau Member Life Insurance continues to show a steady increase in policyholders while proving its value through death benefit payments.

Through nine months of operation, the number of policyholders have grown to 6,212; 43 claims resulted in death payments totaling \$49,934.

The purpose of this program was development of basic protection for Michigan farm families. Farm Bureau members requested the program. The Farm Bureau Board of Directors authorized Member Life development by Farm Bureau Life.

New Farm Bureau members can join the Farm Bureau Member Life insurance program with no physical or medical question requirements, if they sign up within 90 days of becoming a Farm Bureau member.

About 48 cents a week . . . \$25 annually . . . provide protection for the entire new member family. Those protection benefits include:

1. An insurance policy created exclusively for Farm Bureau members.
2. Coverages for Farm Bureau members and spouses ages 18 through 70, and children ages 15 days through 21 years of age (if single and not holding a Farm Bureau Member Life policy).
3. Men and women serving their country in the armed forces are protected while in military service.
4. No physical exam or health questions for new members if they become a Farm Bureau Member Life policyholder within 90 days after becoming a Farm Bureau member.
5. Automatic updating of coverages for you and your family. No updating worries for you . . . because when you marry and as children arrive they're automatically insured.
6. The program is participating. That means profits, if any, can be plowed back into the program in the form of lower premiums, or higher death benefits.

## OFFICE CALLS

Think about the security and advantages Blue Cross and Blue Shield will bring to your family and remember that your open enrollment period is March 1st., through March 15th.

Members of the Delegate Body at the December annual meeting voted to accept Master Medical coverage as part of your Blue Cross and Blue Shield coverage effective with your February 20, 1975 billing.

This means that for a small difference in your monthly Blue Cross and Blue Shield rates, you will now be covered for added items such as: Hospital care beyond the limits of your basic program, physicians' home and office visits, prescription drugs, blood (except for the first two pints) and visiting nurse service. All this and more is available after you meet an annual deductible of \$100 for a single person contract or \$200 for a two person or family contract.

With the new added feature of Master Medical, now is an excellent time to consider joining or re-enrolling with Blue Cross and Blue Shield group coverage. And if you have any single, dependent young adults who qualify as 19 to 25 year-old riders, this open enrollment period is the time for you to add them to your coverage at special rider rates.

For additional details contact your County Farm Bureau Secretary.

## Discussion Topic Report Sheet

The Discussion Topic and Report Sheet for the discussion topic on the opposite page is furnished for use of community group members who may wish to review it prior to their group meetings. If used by a community group, in lieu of report sheet furnished the Discussion Leader, please forward answers with minutes to Information & Public Relations Division, Michigan Farm Bureau, P.O. Box 960, Lansing, Michigan 48904 on or before March 1, 1975.

COMMUNITY FARM BUREAU  
Discussion Exercise & Report Sheet  
February, 1975

Community Farm Bureau \_\_\_\_\_ County \_\_\_\_\_  
Indicate the number of people taking part in this discussion.

TOPIC: Estate Taxes

1. How many individuals in your community group now have a current will drawn up by a competent attorney?
2. How many families in your group have had professional estate planning assistance?
3. How many partnerships are represented by the families in your group?
4. Are all of these partnership agreements in writing?
5. In case of the untimely death of the major farm operator, has adequate provision been made to take care of the estate taxes and other current expenses so the farm can remain in the family and continue operation? Yes No
6. Conclusions: \_\_\_\_\_

## Topic Summary

From a review of the comments submitted by community groups after the discussion of the December topic "Transportation," it is apparent that Farm Bureau members consider good roads essential if rural areas are to be developed to their fullest potential and if transportation costs are to be kept to a minimum. Following is a tabulation of the replies received from the community groups:

1. Should increase in revenues for highways be met through "user taxes" rather than a return to the old system of taxing property to build roads? Yes 96% No 3% Undecided 1%
2. Should local roads serving recreational areas be maintained without local matching funds? Yes 55% No 30% Undecided 5%
3. Should the gross weight, width, and length limitation of trucks using any road system be increased? Yes 9% No 88% Undecided 3%
4. Should the state's 23 seaports be improved to take advantage of the projected growth in seaway shipping? Yes 86% No 8% Undecided 6%
5. Conclusions: Trucks should haul both ways; improvements are fine, but there is a limit to what we can pay; most vital seaports should be improved; build, for the future, a step at a time; we need railroads; operate road maintenance more efficiently; use the piggy back system more; need more mass transit.

# FARM BUREAU MARKET PLACE

SPECIAL RATE TO FARM BUREAU MEMBERS: One free 25 word ad per month per membership, additional words, 10 cents each. Figures such as 12 or \$12.50 count as one word NON-MEMBER advertisers: 15 cents per word one edition, two or more editions, 10 cents per word. Copy deadline: 13th of Month. Mail classified ads to: Michigan Farm News, P. O. Box 960, Lansing, Mi. 48904 Publisher reserves right to reject any advertising copy submitted.

### FARM EQUIPMENT

### FARM EQUIPMENT

### LIVESTOCK

### MISCELLANEOUS

### MISCELLANEOUS

WANTED — John Deere 2 or 3 - 16' Bottom Plow, Model No. 415A or 416A. Any condition - need for parts. Edward Heyn, 8837 Ruggles Road, Baroda 616-422-1061. (2-11-25p)

WE SELL, ERECT, SERVICE: Smith Silos; Silomatic unloaders and feeding equipment; Schuler bunk feeding boxes; Kasten boxes, blowers and gears. Norman Laursen, Laursens, Inc., West Branch, Michigan 48661 Tel. 517-345-1400. (6-12-30p)

RABBITS — Pedigreed New Zealand whites with top production. "Rabbits are our only business." Dettmers Bunny Patch, Box 109, Garfield Road, Rt. 1, Carson City, Mich. 48811. Phone 517-584-3765. (11-11-25p)

SAUSAGE MAKERS, GREAT RECIPES! Bologna, Frankfurters, Head Cheese, Summer, Blood and Pork Sausage. \$1.00 Hamilton's Box 233-131, New Ulm, Minn. 56073. (2-11-20p)

KODACOLOR FILM DEVELOPED, 12 exp. Roll \$1.50. Cavalier Color, 1265 S. 11th, Niles Mich. (3-12-12p)

APPLE GROWERS — Place orders for bulk apple boxes now. Standard or built to your specifications. Mead Wood Products, Frankfort, Michigan. Phone 616-882-4630 or 616-352-9892. (2-11-3p)

FOR SALE — "Flying L" horse & stock trailers, gooseneck & flatbeds in stock, 1 1/2 mi. west of Palo. Thomas Read, Fenwick, Mich. 48834, Phone 517-637-4772. (10-11-25p)

FOR SALE: English Springer Spaniel puppies. AKC. Excellent hunters and pets. Reasonably priced. Deposit will hold. Write: Route 5, Box 435, Three Rivers, Michigan 49093. (1-21-25p)

HOMEMADE CHEESE! HARD, SOFT & COTTAGE! Make it yourself! Easy delicious! Complete instructions! Recipes \$1.00. Hamilton's Box 233-131, New Ulm, Minn. 56073. (2-11-20p)

WANTED — Old automobiles, light trucks, motorcycles, any make or condition. Preferably previous to 1930. Harry Farris, 5563 Michael, Bay City, Mich. 48706 Phone: (517) 684-4904. (4-11-22p)

WANTED — Used celery or onion transplanter in good condition. Vance Talmadge, 1329 Finn Rd., Munger, Mich. 48747. Phone 517-659-2742. (2-11-18p)

HARLEY ROCK PICKERS. Picks 1 to 16" diameter, dirt free. Rock Windrowers: 10 and 20 feet. Earl Reinelt, 4465 Reinelt Rd., Deckerville, Mich. Phone: 313-376-4791. (4-10-20p)

MILKING SHORTHORN BULLS — Registered and Polled of serviceable age. Robert Arnold, Central Lake, phone East Port 616-599-2204. (1-11-17p)

COLDWATER DILLPICKLES! Can in minutes! No hot brine. Delicious. Crisp. Factory secrets! recipe \$1.00. Hamilton's Box 233-131, New Ulm, Minn. 56073. (2-11-20p)

FORESTRY SERVICES — Appraisals, plans, consultations, investigations relating to timber, shade and Christmas tree problems. Fire and theft losses, marketing. George Blair, Reg. Forester No. 3, 720 S. Durand, Jackson, Mich. Tel. (517) 782-9544. (5-11-25p)

FOR SALE — 250 gal. Haverly bulk tank, nearly new motors on agitator and compressor. Double steel wash tank, trainer and tote pail. E. W. Southworth, 7593 N-28, Richland 49083. 616-629-9698. (2-21-25p)

### LIVESTOCK

REGISTERED POLLED HEREFORD BULLS. Excellent young herd bull prospects, from dams weighing up to 1500 lbs. Call Bellvoix Ranch, Daniel Berg, 616-547-2026, Charlevoix, Mich. (3-11-24p)

FOR SALE — AKC Irish Setter puppies. Champion line. Vet checked and dewormed. Pedigree furnished. \$100 each. Stud service available. Edwardsburg 616-663-8354. (2-11-21p)

FOR SALE — Asparagus plants for the 1975 planting season. Green Tip Farm, R3, Paw Paw, Mich. 49079. Phone 616-657-5003. (2-11-18p)

### MONEY MAKING OPPORTUNITIES

EARN AT HOME MAILING OUR CIRCULARS! Experience unnecessary! Send stamped addressed envelope for information. Wright, 949 Broadway, 602-MN4, New York City 10010. (1-11-25p)

FOR SALE — John Bean 200CP - very good. Also John Bean 275CP - good. Call 616-861-4865 or 616-861-2672. 2-11-16p)

HEREFORD BULLS — pure bred herd sires. Ready for service. Also, registered heifers and calves. Egypt Valley Hereford Farm, 6611 Knapp St., Ada, Michigan. Phone OR 6-1090. (Kent County) (11-11-25p)

FOR SALE — Holstein heifers freshening Jan., Feb., Mar. and April. Excellent production background. A1 breeding. Also Holstein bull, 1 yr. old. Dam production record 22,328 lbs. milk, 874 lbs. BF, text 3.9. Edwin Roth, 10030 Potters Rd., Lowell. 616-897-7817. (2-11-39p)

LOG CABIN — rustic furniture building instructions. 304 pages. . . illustrated! Satisfaction guaranteed. \$3.95 postpaid. Glenn Smith Enterprises, Box 1513, Dept. F-81, Akron, Ohio 44309. (2-21-23p)

### REAL ESTATE

FOR SALE — One acre with nearly finished 30x38 new two bedroom home, attached garage, on blacktop. \$25,000. Gordon Willford, Gladwin. Phone 517-426-7904. (2-31-21p)

WANTED — 14' Wheel Disk and 14' weeder. Vern Bradley, R1, Springport, Mich. Phone 517-857-2446. (2-11-14p)

CORRIEDALE SHEEP — Purebred. Breeding stock for sale. Papers optional - also Suffolk - Purebred. Waldo E. Dieterle, 7285 Textile Rd., Saline, Mich. 48176. Phone (313) 429-7874. (8-11-22p)

FOR SALE — Complete Auto Mechanics and Diesel Home Study Course. (National Technical Schools.) 54 illustrated booklets (lessons) covering tune-up, electrical, air conditioning, magnetos, trouble shooting. Perfect \$20.00 postpaid. Don J. Gridley, Box 746, Mackinaw City, Mi. 49701. (2-11-35p)

FOR SALE — 1150 Pockman 10x16" cages in very good condition. W.M. Spencer, Route 2, Eau Claire, Mich. 49111, or call 616-782-8261. (2-21-20p)

REAL ESTATE FOR SALE — 181 acres, Hillsdale County. Buildings and land in excellent condition. Adjoins fishing lake. Recreation possibilities. Land contract. Call 517-523-2998 after 6p.m. (2-11-25p)

FOR SALE — 550 Laying cages like new. Lester Roy, 4816 S. Gregory Rd., Gregory, Mich. 48137. Phone 517-223-9205. (2-11-18p)

FOR SALE — Xmas tree planting machine "Reforestrator". Excellent condition. Joe Schwab, Lowell, Mich. Phone 616-642-9679. (2-11-15p)

FOR LEASE OR SALE — highly productive muck land, 100 to 800 acres with or without solid set irrigation. Contact Robert Daymon, Fowlerville, 517-223-9966. (2-11-21p)



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