10 Financial Tips for America's Young and Beginning Farmers

1. **Sweat the small stuff.** Keeping accurate and detailed records encourages both short-term and long-term financial planning. Not only does it help you stay organized and make better management decisions, it makes it easier for your lender to assess your financial situation.

2. **Develop a business and marketing plan.** You will work smarter and improve your odds when you focus and organize your goals.

3. **Evaluate your capital investments for profitability and payback.** Keeping track of how long it will take to generate enough cash flows from a capital investment to justify the investment will help you make better financial decisions for the future.

4. **Know your costs.** When you consider your cost of living and expenditures—including depreciation and family living—you'll have a better understanding of your overall financial situation. Your local banker can provide guidelines to monitor your financial ratios.

5. **Decide on what type of operation you want to run.** New farmers and ranchers should either be very efficient, low-cost producers or should add value that someone else will pay for.

6. **Consider supplementing your operation with off-farm income** until your operation is large enough to employ you profitably full time.

7. **Consider renting farm equipment** or custom hiring instead of purchasing.

8. **Shop around.** Getting price quotes on supplies such as feed, fertilizer and fuel can uncover lower-cost sources. Your research might get you a discount from a local, preferred supplier that gives excellent service. Make sure product quality is part of your evaluation.

9. **Ask your banker about how to get access to state and federal credit enhancement programs.** Some banks also offer special benefits for first-time Schedule F tax filers.

10. **When in doubt, ask for help and guidance from someone you trust**—an experienced farmer or rancher, a trusted adviser or your local banker. You don't have to make these important financial decisions alone.

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