



# HELPING YOU

# identify and manage risk

---

**Land As Your Legacy®**

A TRANSITION PLANNING TOOL FOR FARMERS AND RANCHERS

---



**Nationwide®**  
is on your side

All businesses are subject to risk — especially in the agricultural industry. Everything from the weather and insects, to global markets and politics can drastically impact your farm or ranch operation.

You may not be able to avoid these risks, but you can identify potential issues now so you're not caught off guard later. And this brochure can help you get the process started.

## IDENTIFY THE RISKS

The following are five essential plans that can help ensure the profitability and longevity of your operation. Below each plan you'll find questions designed to get you thinking about the risks you may encounter in the future.

Keep in mind this is not a comprehensive list, simply a starting point in the process. A number of the risks listed here may overlap or you may have additional risks that are specific to you and your operation.

BUSINESS PLAN	
<b>Strategic risk</b>	What are the risks to your business or to the industry in general from other competitors?
<b>Compliance risk</b>	What are the laws and regulations you have to comply with and what are the costs for noncompliance?
<b>Financial risk</b>	What are the risks to your cash flow? How do interest rates or foreign exchange rates affect your business?
<b>Operational risk</b>	What risks are associated with your business' operations and administrative procedures? (This would include accounting controls and data protection.) How would you deal with a fuel shortage or disruption in the delivery of seed, chemicals or feed? Does your reputation impact your business?
<b>Legal risk</b>	What's the risk you could be sued by vendors, employees, visitors or others? Do you have safety measures in place for your processes?
<b>Environmental risk</b>	What are the potential threats to your business from effluents, emissions, wastes and resource depletion?
<b>Employee risk</b>	Are your employees overworked? What happens if you lose a key employee? Does your employee know confidential information?
<b>Political and economic risks</b>	Will your business be impacted by the instability or political environment in other countries? How are you impacted by monetary policy, exchange rates, government spending policies and the global economy?
<b>Commercial risks</b>	What's the possibility someone will be unable to pay a debt or deliver on a financial promise?
<b>Natural disasters</b>	What happens to your business in the event of a storm, earthquake, fire or other natural catastrophe?

RETIREMENT PLAN	
<b>Inflation</b>	Does your retirement plan deal with the reduction in purchasing power caused by inflation? Will you be able to afford the increasing costs of health care?
<b>Outliving your money</b>	With increasing life expectancies, do you have the financial resources to provide for your entire lifetime?
<b>Investment risks</b>	How are you impacted by downturns in the markets or interest rate fluctuations?
<b>Health problems</b>	Have you considered the cost of health care and long-term care during retirement?
<b>Loss of a spouse</b>	How will your retirement income be affected by the death of your spouse or a divorce?
<b>Unexpected retirement</b>	What will you do if a layoff or health problems force you to retire earlier than planned?

TRANSITION PLAN	
<b>Inadequate financial resources</b>	Does the business generate enough income or have enough capital to support another family or to smoothly transition to the next generation? How will the business be impacted by the death of the owner, estate costs and distribution of the estate?
<b>Inadequate management</b>	Can someone competently take over and successfully run the business?

ESTATE PLAN	
<b>Expenses</b>	Do you know what the costs will be to your estate — funeral, attorney, accountant, inheritance taxes, estate taxes, probate and potentially more?
<b>Inadequate direction</b>	Do you have formalized legal documents and arrangements established that direct the distribution of your assets in the manner you desire?
<b>Valuation risk</b>	Do you know how the IRS will value your estate?

INVESTMENT PLAN	
<b>Credit risk</b>	Have you loaned money to someone or have you purchased a bond? Will they be able to pay you back?
<b>Equity risk</b>	How much volatility or decline can you handle in the equity markets?
<b>Interest rate risk</b>	How will increasing or decreasing interest rates impact you?
<b>Currency risk</b>	Are you impacted by changes in the foreign exchange rates?
<b>Commodity risk</b>	How are you affected by changes in commodity prices?
<b>Liquidity risk</b>	Can you liquidate assets quickly enough to take advantage of gains or minimize losses?
<b>Event risk</b>	What types of events can impact your investments?
<b>Tax risk</b>	Do you know the tax treatment and various tax consequences of your investments?



## PREPARING FOR THE FUTURE

Once you've identified the potential risks, you need to decide how to manage them. The right strategy can help diminish the impact these risks have on your family and your operation.

Most strategies use a combination of the following tactics:

- **ACCEPT IT**
- **TRANSFER IT**
- **REDUCE IT**
- **ELIMINATE IT**

And your Land As Your Legacy advisor can help guide you through the process of evaluating your personal situation and developing the right strategy to meet your needs. Once you have a strategy you feel comfortable with, your agent can also help refer you to the appropriate professionals to complete your transition planning team.

**So, call your Land As Your Legacy advisor today to schedule time to review your needs and start planning for the future.**

Federal income tax laws are complex and subject to change. The information being provided is based on current interpretations of the law and is not guaranteed. Nationwide and its representatives do not give legal or tax advice. Please consult your attorney or tax advisor for answers to specific questions.

Be sure to choose a product that meets long-term life insurance needs, especially if personal situations change — for example, marriage, birth of a child or job promotion. Weigh the costs of the policy, and understand that life insurance has fees and charges that vary with sex, health, age and smoking status. Riders that customize a policy to fit individual needs usually carry an additional charge.



Life insurance is issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

Nationwide, Nationwide is on your side and the Nationwide N and Eagle are service marks of Nationwide Mutual Insurance Company. © 2014

LAM-1595AO.2 (10/14)