

The Role of Life Insurance On the Family Farm



The family farm in America is being squeezed on each side due to increased prices raising the cost of doing business. Almost every expense farmers incur has gone up due to rampant inflation.

However, amidst these challenges, life insurance can offer a valuable solution. By providing protection and serving as a financial safety net, life insurance can help farmers and their families weather the difficulties life may bring.

Financial stress

One major challenge farmers face is the volatility of commodity prices, which can fluctuate greatly and impact their income. Additionally, rising production costs, such as equipment, seeds, and fertilizers, put pressure on farmers' profitability.

Climate and extreme weather events, including droughts, floods, and wildfires, further exacerbate the financial burden by damaging crops and livestock. These factors create a challenging environment for American farmers, requiring them to navigate uncertainties and seek innovative solutions to sustain their livelihoods.

In 2023, 48.3% of all farms had less than \$10,000 in sales and 79.0% of all farms had less than \$100,000 in sales.¹

▶ Case Study One

Signature Protection Indexed Universal Life

Jane and her husband had been running a successful farm for many years. However, they had accumulated significant debt over the years, including loans for purchasing land, machinery, and cattle.

They were concerned about the financial burden that would fall on their family if anything were to happen to them. They needed a solution that would allow their children to inherit the farm without the added stress of debt repayment.

They met with their insurance advisor who explained how a Signature Protection Indexed Universal Life (IUL) policy could provide a solution to ease their concerns.

The advisor went on to say that Signature Protection IUL can provide a lump sum payout to their beneficiaries in the event of their death. This payout could then be used to repay any outstanding debts, ensuring the farm would continue to operate smoothly without burdening their family members.

▶ Case Study Two

Signature Performance Indexed Universal Life

Damien, a dedicated farmer with a vision for long-term financial stability, wanted to find a solution to build cash accumulation while ensuring protection for his family and farm.

He had been facing challenges due to rising costs of farming operations, fluctuating commodity prices, and unpredictable weather conditions.

His financial advisor suggested Signature Performance Indexed Universal Life (IUL) as a means

to offer growth potential and flexibility. Damien learned that Signature Performance IUL was tied to a widely researched stock market index of his choosing and would allow him to potentially grow his cash value over time while protecting him from down turns in the market. Damien also liked that the policy would provide a death benefit that would financially protect his family in the event of his untimely death.

Life insurance serves as a vital resource for farmers, helping them navigate the challenges of rising expenses and providing security for their families.

By exploring the various options available, like Signature Performance IUL or Signature Protection IUL, farmers can tailor a solution that aligns with their specific needs and goals. By securing life insurance, farmers can have peace of mind knowing their families will be financially protected and be able to maintain their agricultural operations.

These case studies are fictitious and are for illustrative purposes only. 1. Farms and Land in Farms 2023 Survey, 2024, United States Department of Agriculture, <https://downloads.usda.library.cornell.edu/usda-esmis/files/5712m6524/b2775h03z/ns065w04d/fnlo0224.pdf> Policy Form Series: IUL23, GIUL21, IUL14R(NY), IBR23 (Forms may vary by state). Neither American National nor its agents give tax or legal advice. Clients should contact their attorney or tax advisor on their specific situation. American National Insurance Company, headquartered in Galveston, Texas is licensed to conduct business in all states except New York. Business is conducted in New York by American National Life Insurance Company of New York, headquartered in Glenmont, New York. Each company has financial responsibility only for the products and services it issues.



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