



PennState Extension

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Meet the Presenters



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Extension Program Specialist

Retirement Planning

Financial Planning

Transition Planning-Certified Transition Coordinator

Financial Analysis

Budgeting



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Senior Dairy Educator

Dairy business management

Agricultural biosecurity and food safety defense

Transition planning-Certified Transition Coordinator

SME in Subject Matter Expert in Mortality Animal Composting



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Passing The Torch

Retirement: What to Think About

DELIVERING EDUCATION YOU CAN TRUST



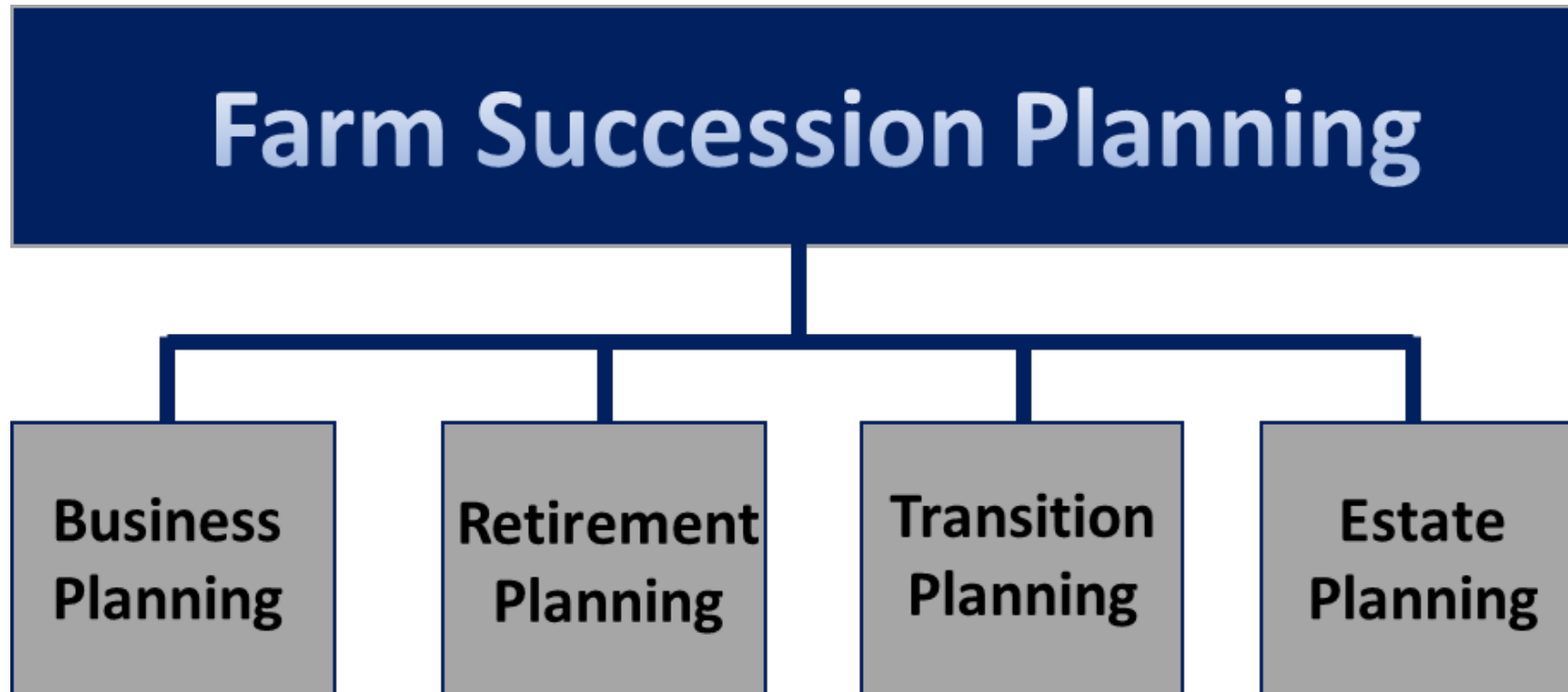
“Begin with the end in mind.”

Stephen Covey

Would anyone like to share what they want their retirement to look like?



Where does Retirement Planning fit in your Succession Plan?



We need to consider two generations.

2

- Retiring Generation
- Successor Generation

They both have unique needs!

Retiring versus Successor Farmer

Retiring Farmer

- For you, retirement is imminent or on the near horizon
- Whether retiring completely or still being involved on the farm, you will need to draw on retirement income sources at this stage

Successor Farmer

- For you, retirement may be many years away
- Whether farming full or part-time, this is the time that you are accumulating assets and investing for future retirement needs

Retirement planning: Why are farmers unique?

Many farmers are self-employed with no access to traditional plans

Tend to invest in farm assets instead of saving/investing

Usually want to keep the farm in the family





Think of Retirement as a Three-legged Stool

Savings and investments

Tax advantaged retirement plans

Social Security

What are your biggest concerns about retirement?



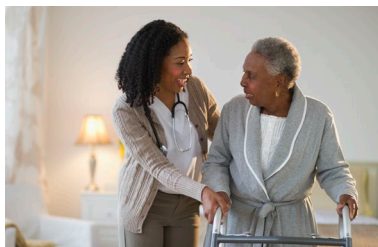
MEDICARE HEALTH INSURANCE

Name/Nombre
JOHN L SMITH

Medicare Number/Número de Medicare
1EG4-TE5-MK72

Entitled to/Con derecho a
HOSPITAL (PART A) 03-01-2016
MEDICAL (PART B) 03-01-2016

Coverage starts/Cobertura empieza



**How many people have
engaged in any form of
retirement planning?**

Definition of Self-Employed



A self-employed person does not work for a specific employer who pays them a consistent salary or wage. Self-employed individuals, or independent contractors, earn income by contracting with a trade or business directly.

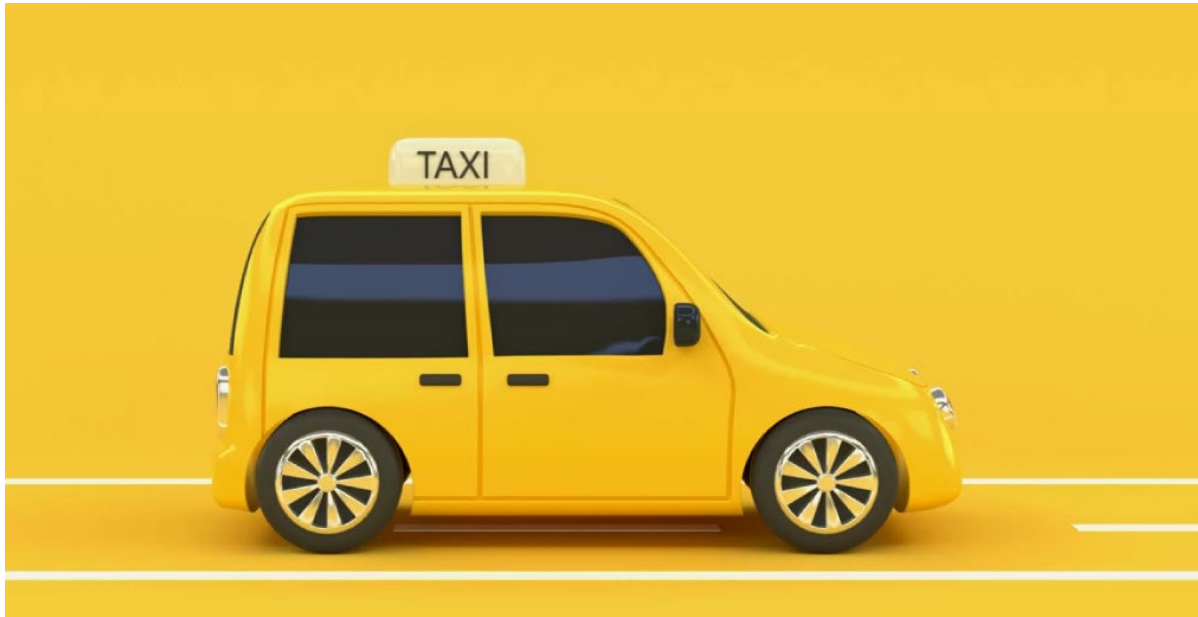


Self-employment may not be subject to tax withholding, so those who are self-employed are responsible for paying their taxes.



A self-employed person must file annual taxes and pay estimated quarterly tax. They are also typically required to pay a self-employment tax of 15.3% in addition to income tax.

Investment Vehicles for the Self-Employed



Vehicle = Retirement plan
Passengers = Investments inside the vehicle

1. IRA - Individual Retirement Account
2. Solo 401(k)
3. SEP - Simplified Employee Pension Plan
4. Simple IRA Plan
5. Defined Benefit Plan

1.) IRA – Individual Retirement Account

Traditional and Roth

\$7,500 in 2026, \$8,600 if you are age 50+

Many investment choices

Easy to open and maintain

No required minimum distributions for Roth since already taxed

2.) Solo 401(k) – One participant 401(k) plan

Covers business owners with no employees; but can include owner and spouse

Employee under 50 - \$24,500; Employee age 50-59 - \$32,500 (\$24,500 = \$8,000 catch-up)

Employee aged 60-63 - \$36,000 (\$24,500 + \$11,500)

You can wear two hats in this plan: employee and employer (as the employer, you can also contribute up to 25% of your compensation)

IRS filing requirements when account is over \$250,000

3.) SEP – Simplified Employee Pension

Contribute as much as 25% of your net earnings from self-employment (not including contributions for yourself) up to \$72,000 for 2026

No or few employees; sole proprietors can use

Established with a one-page form

Low administrative burden

4.) Simple IRA

For farm corporations, receiving a salary from the business

\$17,500 in 2023, plus an additional \$4,000 if age 50+

Up to 100 employees

Required to make employee contributions

More complex

5.) Defined Benefit Plan

Also known as a pension plan

High income, high savings potential

Expensive to set up and maintain

Most likely needs professional assistance to set up

Why these retirement plans instead of just investing in farm assets?

Options!



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Retirement for Farmers

Social Security Planning

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History of Social Security

What is Social Security?

Social Security is a federal program in the U.S. that provides retirement benefits and disability income to qualified people, as well as their spouses, children, and survivors.

- *Investopedia*



Social Security

History of Social Security

First precursor in the Middle Ages

1620, English Poor Laws

Civil War Pensions

1935 enactment of Social Security

Continuing amendments

What is Social Security?



Securing today
and tomorrow

Social Security was created

to promote the economic security of the nation's people



1930s Great Depression

America facing the worst economic crisis of modern times



August 14, 1935

President Roosevelt signs Social Security Act as part of the *New Deal*

Designed to pay retired workers age 65 or older a continuing income after retirement.



1939
Survivors Insurance
for families of
a deceased
worker



1956
Disability Insurance
for disabled workers
and their family
members



1965
Medicare
providing health
insurance for
our beneficiaries



1972
Supplemental Security Income
needs-based program funded by the U.S. Treasury
general fund to provide payments to people with
limited income and resources who are age 65 or
older, blind, or disabled. Children with disabilities can
get SSI, too.

The most successful anti-poverty program in our country's history

SSA.gov



Social Security Administration | Publication No. 05-10230

March 2023 (Recycle prior editions) | Produced at U.S. taxpayer expense



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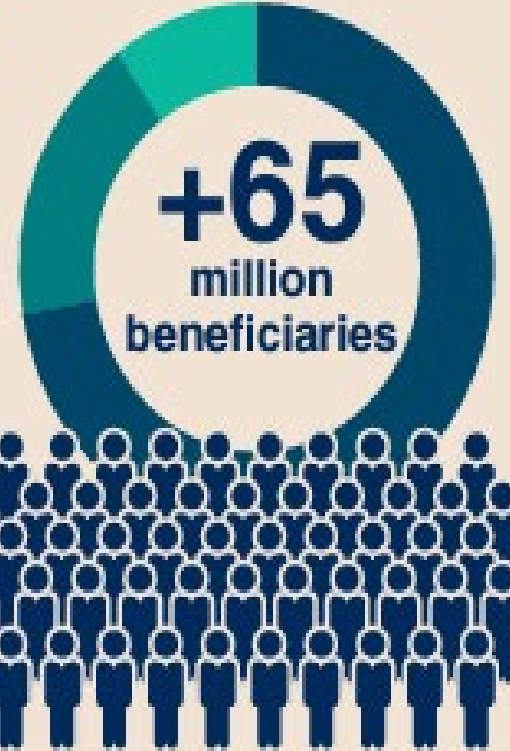
Who do we serve?



1 in 5 Americans
currently receive a
Social Security benefit



1/5 are Disabled,
Dependents,
or Survivors



+51 million
retired workers and
dependents

+8 million
disabled workers
and dependents

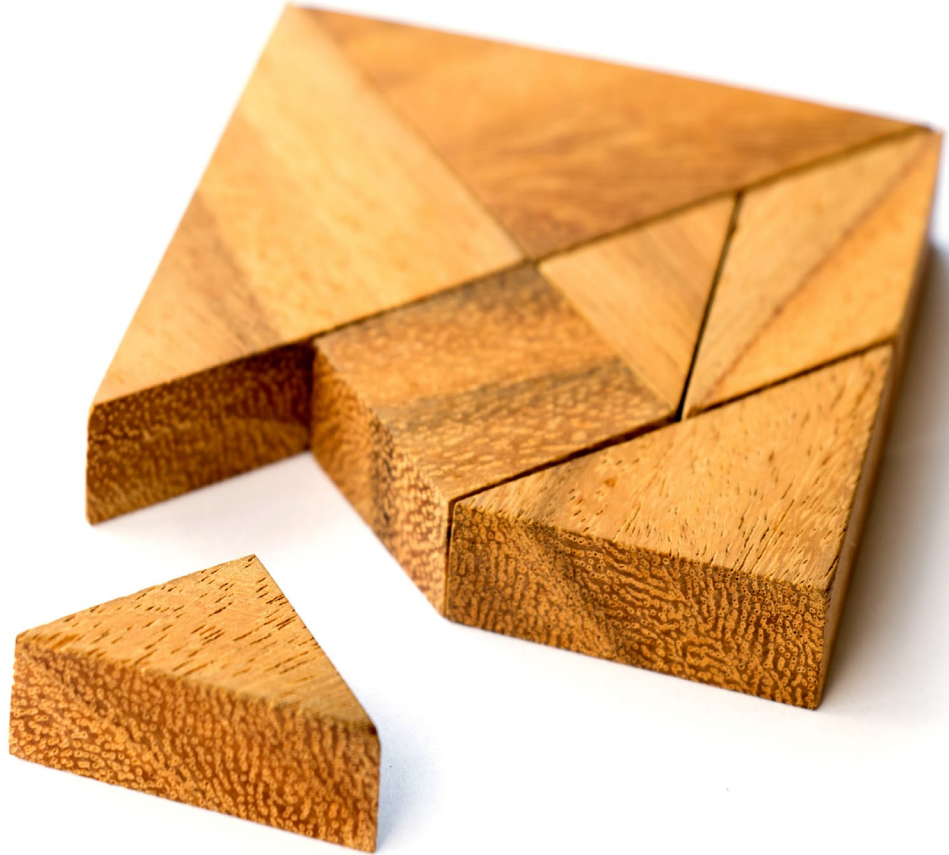
+5 million
survivors of
deceased workers

The most successful anti-poverty program in our country's history

SSA.gov



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Major Components

Retirement benefits

Disability benefits

Survivors benefits

Dependent benefits

Qualifying for Retirement Benefits

Minimum amount of wages or net profit for a given year

Earn one credit per quarter if minimums met; 2026 credit is \$1,890

Four credits can be earned each year; 2026 total is \$7,560

Must have 40 credits, or 10 years, of required wages or net profits

Farmers, plan ahead. Be sure you qualify!

Understand how to earn credit

Think about how you are reporting your income

Business structure matters

How is your retirement benefit calculated?

Many people wonder how we figure their Social Security retirement benefit. We:

- Base Social Security benefits on your lifetime earnings.
- Adjust or “index” your actual earnings to account for changes in average wages since the year the earnings were received.
- Calculate your average indexed monthly earnings during the 35 years in which you earned the most.
- Apply a formula to these earnings and arrive at your basic benefit, or “primary insurance amount.”

This is how much you would receive at your full retirement age — 65 or older, depending on your date of birth.

Social Security Administration

Publication No. 05-10070

January 2022 (Recycle prior editions)

Your Retirement Benefit: How It's Figured

Produced and published at U.S. taxpayer expense





How many of
you have
looked at your
Social Security
Statement?



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How to determine your future Social Security Benefits

Open a “my Social Security account” online

<https://www.ssa.gov/myaccount/create.html>

View your Social Security Statement

<https://www.ssa.gov/myaccount/assets/materials/statement-redesign-online.pdf>

Retirement Benefits

You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn “credits” through your work — up to four each year. Your full retirement age is **67**, based on your date of birth: April 5, 1962. As shown in the chart, you can start your benefits at any time between ages 62 and 70. **For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life.**

These personalized estimates are based on your earnings to date and assume you continue to earn \$54,489 per year until you start your benefits. To learn more about retirement benefits, visit ssa.gov/benefits/retirement/learn.html.

Disability Benefits

You have earned enough credits to qualify for disability benefits. If you became disabled right now, your monthly payment would be about **\$2,083 a month**.

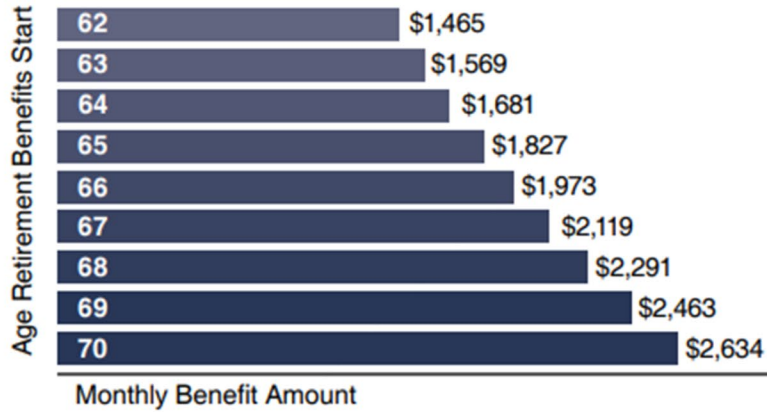
Survivors Benefits

You have earned enough credits for your eligible family members to receive survivors benefits. If you die this year, members of your family who may qualify for monthly benefits include:

Minor child:	\$1,562
Spouse, if caring for a disabled child or child younger than age 16:	\$1,562
Spouse, if benefits start at full retirement age:	\$2,083
Total family benefits cannot be more than:	\$3,802

Your spouse or minor child may be eligible for an additional one-time death benefit of \$255.

Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)



Medicare

You have enough credits to qualify for Medicare at age 65. Medicare is the federal health insurance program for:

- people age 65 and older,
- under 65 with certain disabilities, and
- people of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).

Even if you do not retire at age 65, you may need to sign up for Medicare within 3 months of your 65th birthday to **avoid a lifetime late enrollment penalty**. Special rules may apply if you are covered by certain group health plans through work.

For more information about Medicare, visit medicare.gov or ssa.gov/medicare or call **1-800-MEDICARE (1-800-633-4227)** (TTY **1-877-486-2048**).

We base benefit estimates on current law, which Congress has revised before and may revise again to address needed changes. Learn more about Social Security's future at ssa.gov/ThereForMe.



Earnings Record

Review your earnings history below to ensure it is accurate. This is important because we base your future benefits on our record of your earnings. There's a limit to the amount of earnings you pay Social Security taxes on each year. Earnings above the limit do not appear on your earnings record. We have combined your earlier years of earnings, but you can view them online with [my Social Security](#). **If you find an error** view your full earnings record online and call **1-800-772-1213**.

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1966)
1971-1980	\$ 2,142	\$ 2,142
1981-1990	87,102	87,102
1991-2000	246,069	246,069
2001	34,147	34,147
2002	34,846	34,846
2003	36,021	36,021
2004	38,032	38,032
2005	39,711	39,711
2006	41,829	41,829
2007	43,971	43,971
2008	45,170	45,170
2009	44,603	44,603
2010	45,666	45,847
2011	47,093	47,093
2012	48,560	48,560
2013	49,095	49,095
2014	50,605	50,605
2015	51,996	51,996
2016	52,108	52,108
2017	53,251	53,251
2018	53,966	53,966
2019	54,559	54,559
2020	54,489	54,489
2021	Not yet recorded	

Earnings Not Covered by Social Security

You may also have earnings from work not covered by Social Security. This work may have been for federal, state, or local government or in a foreign country.

If you participate in a retirement plan or receive a pension based on work for which you did not pay Social Security tax, it could lower your benefits. To find out more, visit ssa.gov/gpo-wep.

Important Things to Know about Your Social Security Benefits

- Social Security benefits are not intended to be your only source of retirement income. You may need other savings, investments, pensions, or retirement accounts to make sure you have enough money when you retire.
- You need at least 10 years of work (40 credits) to qualify for retirement benefits. Your benefit amount is based on your highest 35 years of earnings. If you have fewer than 35 years of earnings, years without work count as 0 and may reduce your benefit amount.
- We use cost of living adjustments so your benefits will keep up with inflation.
- The age you claim benefits will affect the benefit amount for your surviving spouse.
- If you get retirement or disability benefits, your spouse and children also may qualify for benefits.
- If you are divorced and were married for 10 years, you may be able to claim benefits on your ex-spouse's record. If your divorced spouse receives benefits on your record, that does not affect your or your current spouse's benefit amounts.
- When you apply for either retirement or spousal benefits, you may be required to apply for both benefits at the same time.
- For more information about benefits for you and your family, visit ssa.gov/benefits/



2015	51,996	51,996
2016	52,108	52,108
2017	53,251	53,251
2018	53,966	53,966
2019	54,559	54,559
2020	54,489	54,489
2021	Not yet recorded	

Taxes Paid

Total estimated Social Security and Medicare taxes paid over your working career based on your Earnings Record:

Social Security taxes

You paid: \$75,568

Employer(s): \$77,498

Medicare taxes

You paid: \$18,158

Employer(s): \$18,158

your ex-spouse's record. If your divorced spouse receives benefits on your record, that does not affect your or your current spouse's benefit amounts.

- When you apply for either retirement or spousal benefits, you may be required to apply for both benefits at the same time.
- For more information about benefits for you and your family, visit ssa.gov/benefits/retirement/planner/applying7.html.
- When you are ready to apply, visit us at ssa.gov/benefits/retirement/apply.html.
- The *Statement* is updated annually. It is available upon request, either online or by mail.

[SSA.gov](https://ssa.gov) | Follow us on social media ssa.gov/socialmedia

Form SSA-7005-SM-OL (01/22)

Common question.....

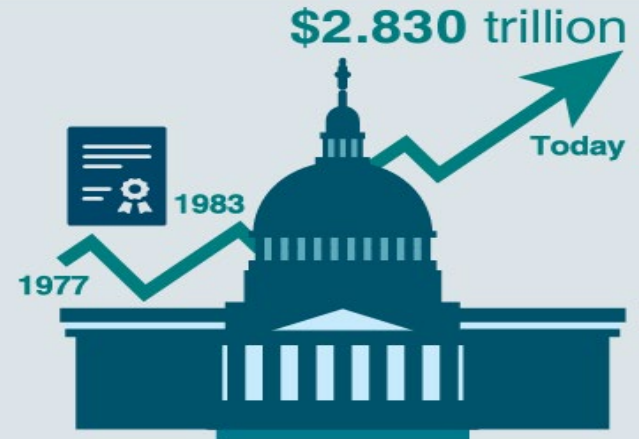
Will Social Security be there for me when I retire?

Transforming to Meet the Needs of Our Customers

The OASI and DI Trust Funds have reached the brink of depletion of asset reserves in the past.



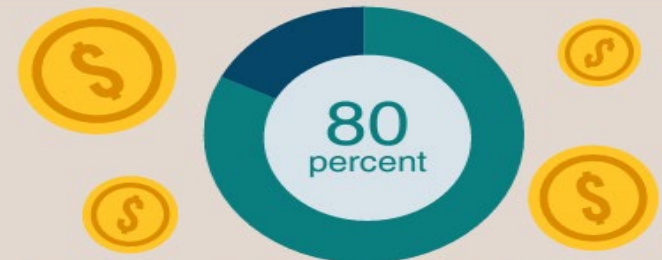
However, in 1977 and 1983, Congress made substantial changes to the program that resulted in the \$2.830 trillion in the trust funds today.



Social Security in the Future




The combined OASI and DI Trust Funds will be able to pay all benefits in full and on time until 2034.



Even if legislative changes are not made before 2034, we'll still be able to pay 80 percent of each benefit due.

Social Security is with you through life's journey, securing today and tomorrow.

[SSA.gov](https://www.ssa.gov) |     

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Retirement for Farmers

Medicare Planning

DELIVERING EDUCATION YOU CAN TRUST

True or False? Will you be automatically be enrolled in Medicare at age 65?

It depends on your situation:

- **Yes**, you're automatically enrolled in Medicare Parts A and B at age 65 if you're already receiving Social Security or Railroad Retirement Board benefits. You'll get your Medicare card a few months before your 65th birthday.
- **No**, you're not automatically enrolled if you're not yet receiving those benefits. In that case, you must sign up manually during your Initial Enrollment Period — a 7-month window that starts 3 months before the month you turn 65.

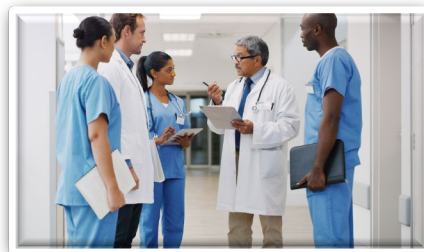
Parts of Medicare



Part A

Hospital Insurance

- Helps cover inpatient care in hospitals, skilled nursing facility care, hospice care, and home health care.



Part B

Medical Insurance

- Services from doctors
- Outpatient care
- Home health care
- Durable medical equipment
- Preventative services



Part D

Drug Coverage

- Helps cover the cost of prescription drugs
- Run by private insurance companies



Medicare Supplement

Medigap

- Extra insurance you can buy from a private company that helps pay your share of costs in Original Medicare (Parts A & B)

Qualifying for premium-free Part A

- Minimum amount of wages or net profit for a given year

- Earn one credit per quarter if minimums met

- Four credits can be earned each year

- Must have 40 credits, or 10 years, of required wages or net profits

- Premium-free Medicare – same requirements as Social Security

How much will the monthly Part A premium cost in 2026?

\$0

- If you or your spouse worked for 40 quarters (10 years) or more
- If you were a federal employee on January 1, 1983
- If you were a state or local employee anytime after March 31, 1986

\$310

If you or your spouse worked between 30 and 39 quarters (7.5 and 10 years)

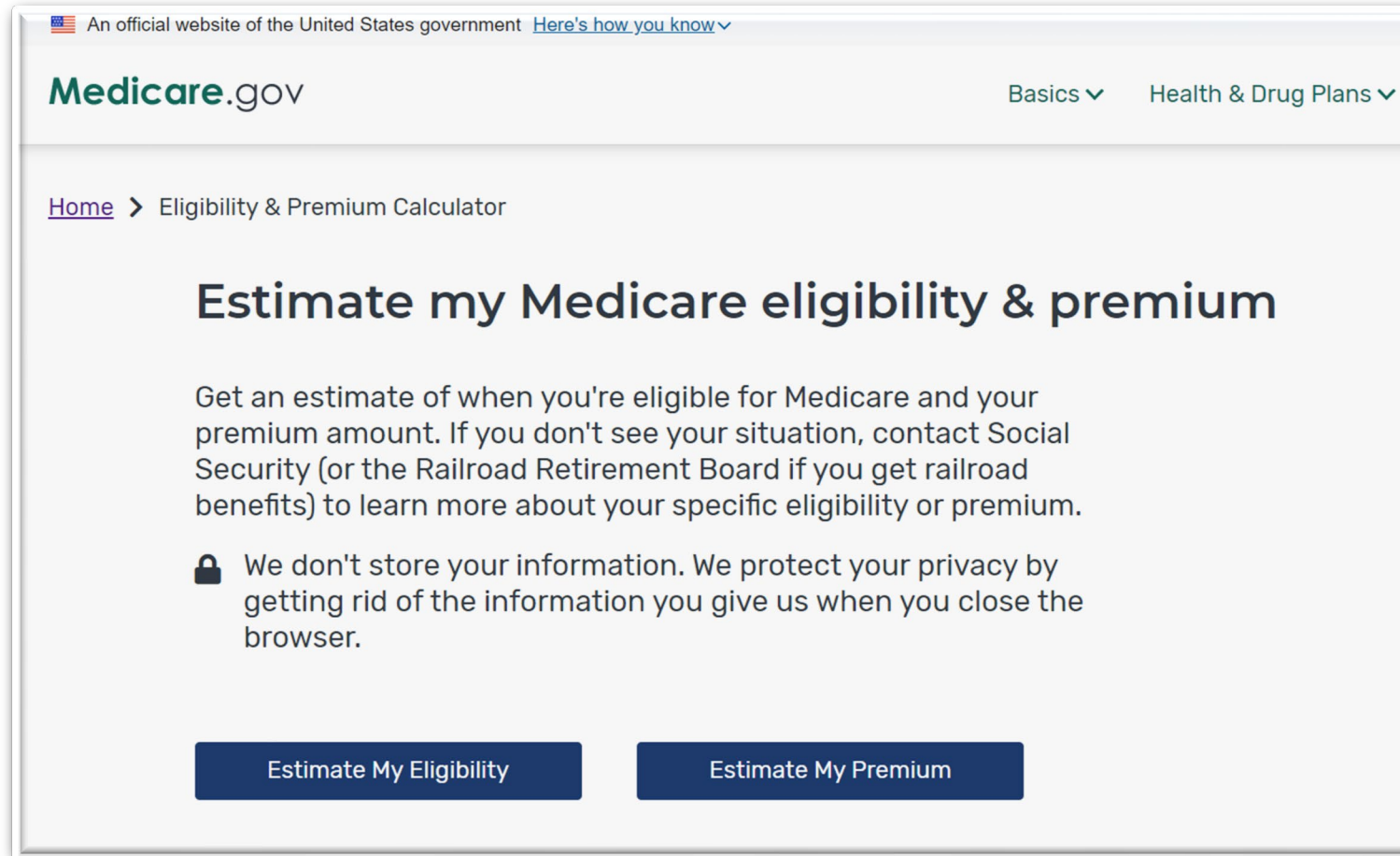
\$563

If you or you spouse worked fewer than 30 quarters (7.5 years)

Farmers, plan ahead. Be sure you qualify!

-
- Understand how to earn credit
-
- Think about how you are reporting your income
-
- Check your Medicare eligibility
-
- Check your Social Security eligibility

Check your Medicare Eligibility



The screenshot shows the Medicare.gov website interface. At the top, it states "An official website of the United States government" with a link "Here's how you know". The Medicare.gov logo is on the left, and "Basics" and "Health & Drug Plans" are on the right. Below the navigation, the breadcrumb "Home > Eligibility & Premium Calculator" is visible. The main heading is "Estimate my Medicare eligibility & premium". The text below explains that users can get an estimate of when they're eligible for Medicare and their premium amount, and provides contact information for Social Security or the Railroad Retirement Board. A privacy notice with a lock icon states that information is not stored and is protected. At the bottom, there are two buttons: "Estimate My Eligibility" and "Estimate My Premium".

<https://www.medicare.gov/eligibilitypremiumcalc>

Don't let this be you!





What is a Financial Planner?

- Definition
- Compensation
- How to Choose?

What is a Financial Planner?

There is no standard definition!

A financial planner is a professional who assists a client in meeting life goals through financial advice that integrates relevant elements of the client's personal and financial circumstances.

Fiduciary

A fiduciary is an individual who is ethically bound to act in another person's best interest. This obligation eliminates conflict of interest concerns and (should!) makes an advisor's advice more trustworthy.

Who must act as a fiduciary?

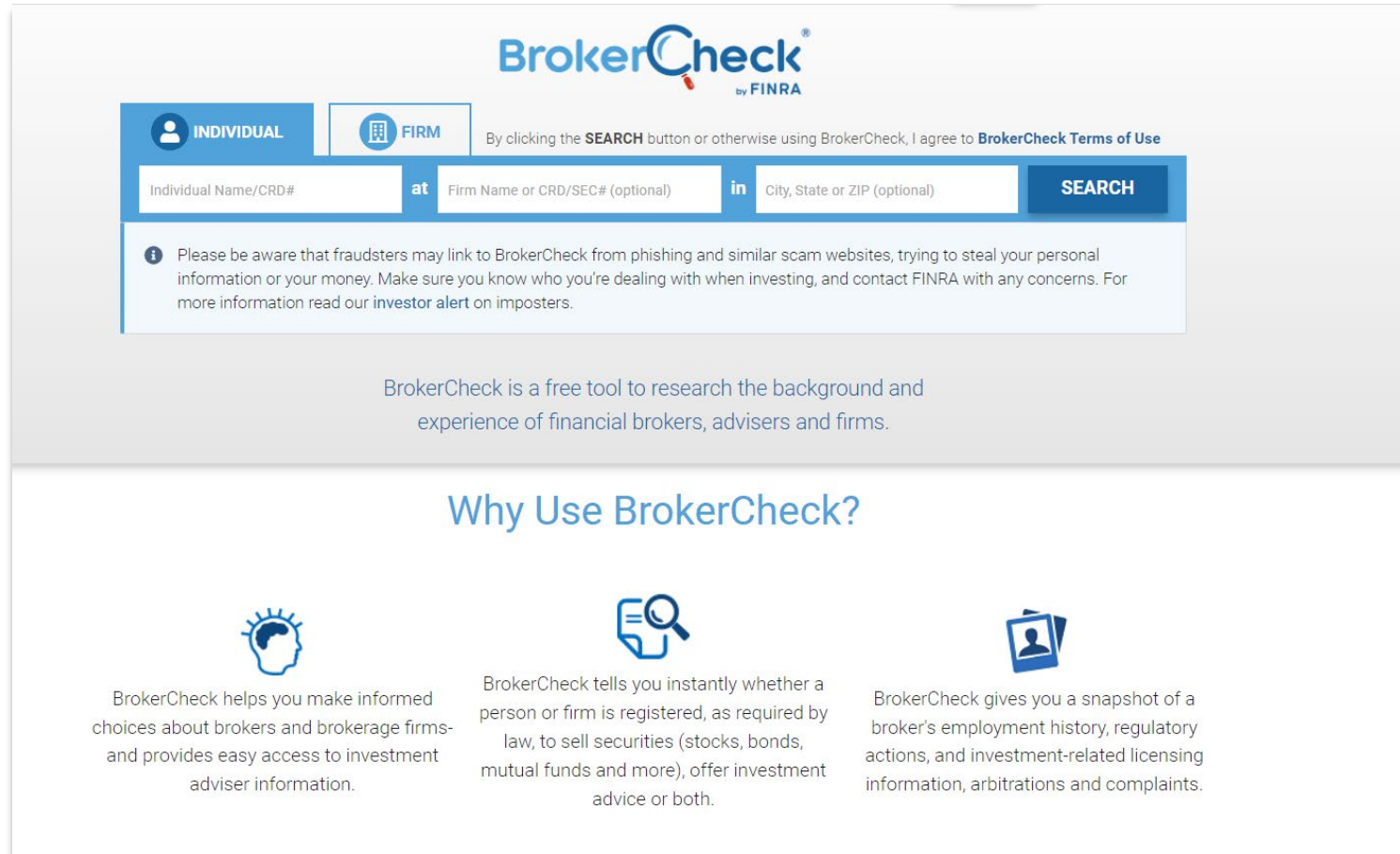
RIA – Registered Investment Advisors registered with the SEC. **DO!**

Broker-dealers, stockbrokers and insurance agents are only required to fulfill a suitability obligation. Products must be “suitable” but they do not have to put their clients' interests before their own. **DON'T!**

Financial Planners - there is no standard definition!

- Anyone can call themselves a “planner” – so be careful!
- CFP – Certified Financial Planner – Education, Training, Ethics
- BrokerCheck – free tool to research advisors, brokers, and firms
- SEC Investment Advisor Public Disclosure database

BrokerCheck - Search for Financial Advisors



The screenshot shows the BrokerCheck search interface. At the top, the logo "BrokerCheck by FINRA" is displayed. Below the logo are two tabs: "INDIVIDUAL" (selected) and "FIRM". To the right of the tabs is a link: "By clicking the **SEARCH** button or otherwise using BrokerCheck, I agree to **BrokerCheck Terms of Use**".

The search form consists of three input fields: "Individual Name/CRD#", "at Firm Name or CRD/SEC# (optional)", and "in City, State or ZIP (optional)". A blue "SEARCH" button is located to the right of the third field.

Below the search form is a warning box with an information icon: "Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you're knowing who you're dealing with when investing, and contact FINRA with any concerns. For more information read our [investor alert](#) on imposters."

Below the warning box is a descriptive sentence: "BrokerCheck is a free tool to research the background and experience of financial brokers, advisers and firms."

The section "Why Use BrokerCheck?" features three icons and their corresponding descriptions:

- Icon:** A head with a brain and a lightbulb.
- Description:** "BrokerCheck helps you make informed choices about brokers and brokerage firms- and provides easy access to investment adviser information."
- Icon:** A magnifying glass over a document.
- Description:** "BrokerCheck tells you instantly whether a person or firm is registered, as required by law, to sell securities (stocks, bonds, mutual funds and more), offer investment advice or both."
- Icon:** A stack of three cards.
- Description:** "BrokerCheck gives you a snapshot of a broker's employment history, regulatory actions, and investment-related licensing information, arbitrations and complaints."



Resources Available for Financial/Transition Planning



- Educators, Webinars, Workshops
- Sokolov-Miller Family Financial and Life Skills Center



- Farm Vitality Grant
- Reimbursement, 75% of cost up to \$7,500
- Creating plans for ownership transfer within farm families, financial planning, business planning, management strategies



TRANSITION/TRANSFORMATION TEAM GRANTS

- **Dairy Transition Teams: *Focused on transition in the business such as succession, change in business structure, or partnership.*** This grant is designed to help the farm establish a team to develop a transition or succession plan. Farms can apply to receive up to \$3,500 in funding, which could cover the cost of paid team members, discovery-related costs and lawyer expenses.*

TRANSITIONING THE FARM WEBINAR SERIES

FALL 2025–WINTER 2026

Join us from noon to 1 p.m. to explore the business side of passing on your farm.

DATE	WEBINAR
Wednesday, August 27, 2025	How to Form an LLC
Friday, September 19, 2025	Budgeting to Add Employees or Family Members
Wednesday, October 15, 2025	Healthcare Planning
Wednesday, November 19, 2025	Adding an Enterprise to the Farm
Wednesday, January 28, 2026	Solo 401(k) Retirement Plan
Wednesday, February 18, 2026	Farm Taxes: Schedule F
Wednesday, March 4, 2026	Lease Agreement Options

Learn more and register at extension.psu.edu/farmtransition25 or 877-345-0691.

Webinars and in-person workshop options



Learn more about the
Health Insurance Literacy Programs



In partnership with University of Maryland
and Delaware Extension programs.



988

SUICIDE & CRISIS
LIFELINE



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Farm Safety includes Mental Well-Being

If you are feeling prolonged stress, hopelessness, or isolation:

Help is available

- National Suicide Help Line: Call/Text 988
- AgriStress HelpLine: Call/Text 833-897-2474
- National Crisis Text Line: Text 741741
- Access Community Resources: Call 211
- Veterans Help Line: Call 800-273-8255
- WellSpan Behavioral Health Hotline (Plain Sect): Call 717-851-1527

<https://extension.psu.edu/supporting-pennsylvania-families-and-communities>

Farm stress is real. We can help.

Webinars

- Communicating with Farmers Under Stress
- Weathering the Storm in Agriculture: How to Cultivate a Productive Mindset
- Mending the Stress Fence



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Learn more.

extension.psu.edu/communicating-with-farmers-under-stress-webinar

Find more resources at extension.psu.edu



ARTICLES



NEWS



**ONLINE
COURSES**



**GUIDES
AND PUBS**



VIDEOS



WEBINARS



WORKSHOPS



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Questions?



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The University is committed to equal access to programs, facilities, admission, and employment for all persons. It is the policy of the University to maintain an environment free of harassment and free of discrimination against any person because of age, race, color, ancestry, national origin, religion, creed, service in the uniformed services (as defined in state and federal law), veteran status, sex, sexual orientation, marital or family status, pregnancy, pregnancy-related conditions, physical or mental disability, gender, perceived gender, gender identity, genetic information, or political ideas. Discriminatory conduct and harassment, as well as sexual misconduct and relationship violence, violates the dignity of individuals, impedes the realization of the University's educational mission, and will not be tolerated. Direct all inquiries regarding the nondiscrimination policy to the Affirmative Action Office, The Pennsylvania State University, 328 Boucke Building, University Park, PA 16802-5901, Email: aao@psu.edu, Tel 814-863-0471.



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This presentation, including its text, graphics, and images ("Content"), is for educational purposes only; it is not intended to be a substitute for veterinary medical advice, diagnosis, or treatment.

Always seek the advice of a licensed doctor of veterinary medicine or other licensed certified veterinary medical professional with any questions you may have regarding a veterinary medical condition or symptom.



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