Family Living Costs?

Changing Lands, Changing Hands Conference

June 9 & 10, 2009
How Big is Big Enough?

It depends -----

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How Big is Big Enough?

It depends ----- on what your needs are for:

- **Family Living**
- IRS – SS
- Growth
How Big is Big Enough?
It depends ----- on what your wants and needs are!

Do you expect all family living expenses to come from the farm?

What standard of living do you expect?

Do you expect savings, retirement or non-farm capital expenditures?
It depends ----- on what your needs or wants are!

Whether you need it or want it, you pay it!!
It depends ----- on what your needs or wants are!

Growth

Will you need to grow the business?

What will growth draw out of the earnings?

Principal Payments?

Can you meet all expectations?
Cash Profit Margins

Commodity type operations..10% --- 20%

Organic type operations....30%--50%

Gross Sales needed to generate $50,000?
Cash Profit Margins

Commodity type operations
$50,000 @ 10% = $500,000 gross sales
$50,000 @ 20% = $250,000 gross sales

Organic type operations
$50,000 @ 30% = $166,667 gross sales
$50,000 @ 50% = $100,000 gross sales
Cash Needs/Expectations

Family living $50,000
Taxes $ ???
Business Growth $ ???
Principal Pmts $ ???
TOTAL $ ??????
Resources

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