

Understanding why farmers work in later years to understand the supports they need

Outline

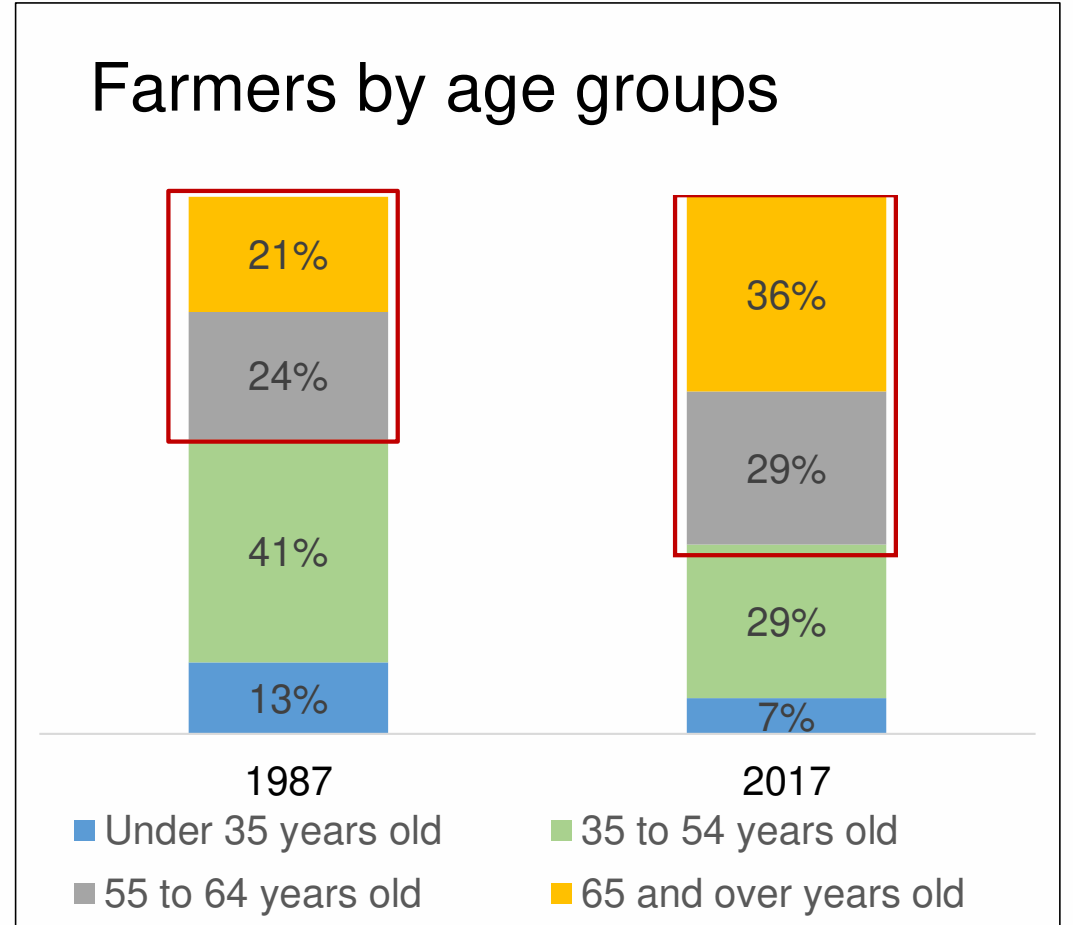
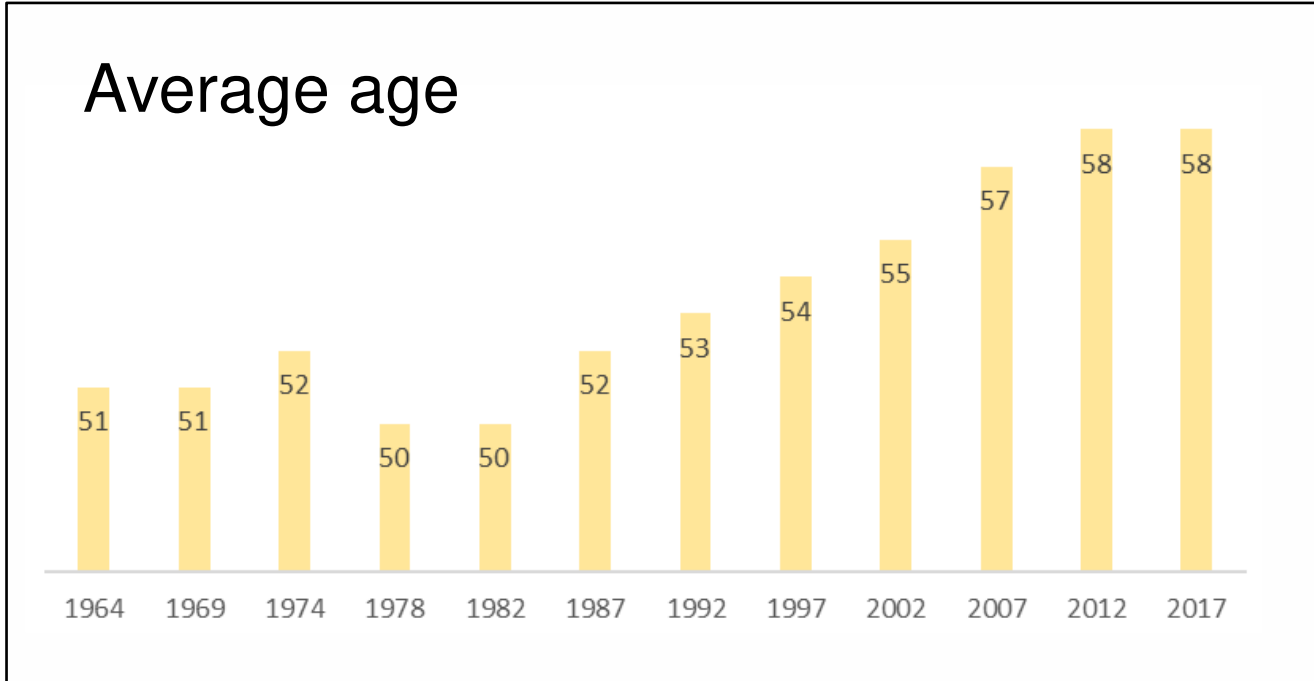
Background

Reasons for farming in later years

Supporting farmers in later years

Background

Aging of the farm population



Farmers are older than labor force as a whole

Average age of farmers: 58 years old

Median age of labor force: 42 years old

Data source: USDA, Bureau of Labor Statistics

Why worry about an aging farm population?

- Farm transition and renewal of the agricultural population
- Health and safety of older farmers
- Access to health care and human services in rural areas

Need to consider differences between farm men and farm women



Sources: Farmers Guardian Source: NebraskaKarl'sBlog

Reasons for farming in later years

Working in older years

- For many, retirement is an an elusive concept
 - In 2006 study, 73% of surveyed Wisconsin farmers planned to semi-retire or never retire (Kirkpatrick, 2013)
- Instead of stopping: withdraw from more strenuous tasks and slow down
- Connected to farm transition and farm exit: a series of transitions over time that requires planning over the life course and across generations



Sources: Farmers Guardian

Family demographics and farm operation characteristics

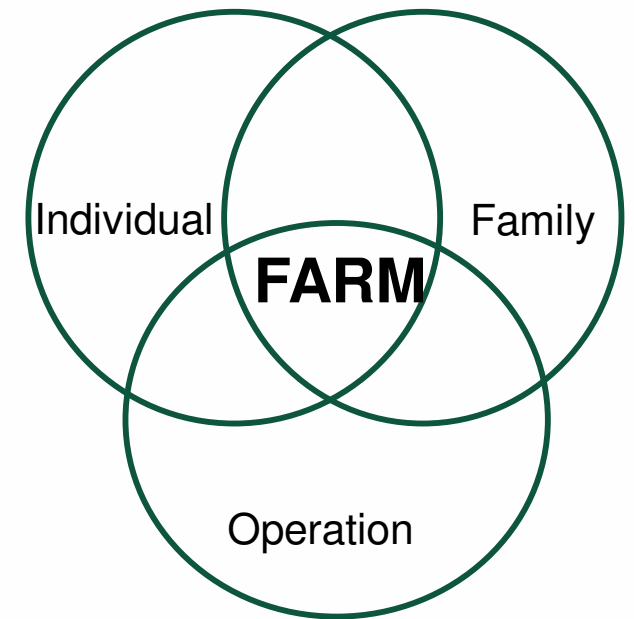
- Reasons to continue working in later years are complex and vary based on:
 - Farm families demographic characteristics (i.e. age, household composition)
 - Farm operation characteristics (i.e. scale, commodity produced)
- Availability, willingness, and ability of next generation to take over the farm: likely biggest determinant of what farmers do in their later years



Picture: Doug Burlock

Cultural and social factors

- Identity of farmers connected to culture of hard work, enjoyment of the work, resilience, and pride
 - Aging and health difficulties threaten that identity
 - Feelings of loss of control over life
 - Fear that will lose the respect of others
- Importance of passing the farm to the next generation
 - Can be seen as failure if 'ends' the family farm
- Home and the workplace are intertwined:
 - Difficulties to disentangle from farm work
 - Difficulties to pass on managerial tasks

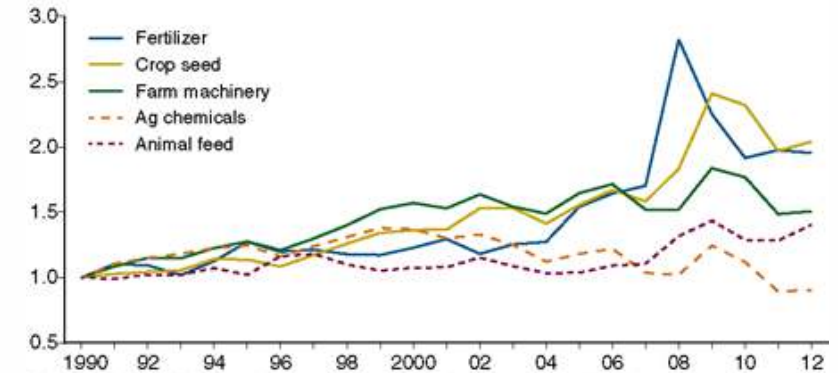


Economic factors

- Cost-price squeeze has impacted profitability, income, and savings for later years
- Illiquidity of farm families' assets:
 - 76% of wealth is in farm assets
 - Difficulties associated with transferring or selling the farm at appraised value
- Challenges associated with forecasting how much to save and in what way(s)
- Retirement investments vulnerable to economic downturns

Agricultural input prices have risen faster than farm commodity prices in the U.S.

Index of agricultural input relative to output prices



Prices paid by U.S. farmers for farm inputs divided by prices received for farm commodities (indexes, 1990=1.00).

Source: USDA, Economic Research Service.

Policy factors

Social Security:

- Drawing retirement benefits doesn't mean that work stops
- Disincentive to retire early
- Level of benefits for farmers are overall lower compared to general population

Tax code:

- Trade-offs between over the life course between tax deductible business expenses and saving for retirement
 - Lower taxes in short-term reduce retirement options in the long-term
- Tax implications of selling farm assets

Supporting farmers in later years

When designing programs, resources, and policies

- Working in later years might be a choice and/or a necessity
- Importance of the resources that farmers have, what farmers need, and what farmers want
- Efforts should not only focus on older farmers
- Addressing larger problems that impact farmers (i.e. lower profitability in agriculture, high health insurance and health care cost, inadequate health care and elder care access, and lack of high-speed internet) will likely be more impactful than individual level solutions

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