How Do Oklahoma Cooperatives Manage Equity?

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How Do We Redeem Equity?

Equity Redemption Systems in Oklahoma

- Pool system with patrons over the trigger age receiving 20% of their balance for 5 years
- All patrons receiving 2% of total equity
- Several cooperatives set their redemption budget equal to their total amount of cash patronage
Corporations and Trusts

- Some cooperatives redeem when the principle owner is eligible
- Some cooperatives only redeem equity when the trust/corporation is dissolved
- Some allow equity to be transferred to children
- Some redeem a portion of equity based on age and the percentage ownership in the corporation
- Many cooperatives do not have a formal policy

Move Aways and Discontinued Farming

- 3 Year Delay: 8%
- Immediately: 29%
- No Preference: 63%
Membership Shares

- Low = $10
- High = $1,000
- Average = $143
- Most allow patrons to earn their membership share

Conclusions

- Age of patron is the most common system followed by age of stock
- Many cooperatives are currently only redeeming estates
- Lots of variation in the details
- Many managers indicated they were interested in looking at alternative systems