In developing a plan to streamline estate proceedings, certain considerations regarding safe deposit boxes should be addressed. Oklahoma Statutes provide guidance in these areas and important information can be found below.

Safe deposit boxes are owned by a depository institution, like a bank, and leased for safekeeping of items. The person leasing the box, and storing items therein, is known as the lessee. A safe deposit box can hold important documents or items concerning an estate. Financial instruments like bonds, deeds, and stock certificates held in the box will need to be identified so the estate can be settled. Frequently, individuals place their will in the box for safekeeping.

The issue arises of who should be able to access a safe deposit box after the lessee’s death. Often bank policy will require that the lessee fill out a statutorily prescribed form specifying who should have access to the safe deposit box. A copy of this form should be delivered to the person(s) named who would have access to the box after the lessee’s death. Frequently, individuals place their will in the box for safekeeping.

The issue arises of who should be able to access a safe deposit box after the lessee’s death. Often bank policy will require that the lessee fill out a statutorily prescribed form specifying who should have access to the safe deposit box. A copy of this form should be delivered to the person(s) named who would have access to the box after the lessee’s death. This person will be able to access the safe deposit box 10 or more days after the lessee’s death, upon presenting an affidavit stating that the last surviving lessee of the safe deposit box has died; the person providing the affidavit, the affiant, is the same person named in the authorization, with a copy of that authorization attached; the authorization has not been revoked; and that the affiant believes that no estate proceeding will be commenced with respect to the estate of the lessee.

Note the italicized portion of the last requirement of the affidavit statement. If the deceased lessee of the safe deposit box has a will, it should be entered into the record of a probate court, resulting in an estate proceeding. This will negate the ability of the authorized person to access the box if they know or suspect the will is held in the box. How should the safe deposit box be accessed when the will is kept within?

Oklahoma laws have provided an alternative for certain individuals to access safe deposit boxes after the lessee’s death, without worry that any item will be improperly removed from the box. A bank will be required to open the decedent’s box for a person named in a court order. However, the spouse, parent, adult descendant, or the executor can access the box without a court order. The box will only be opened in the presence of an officer of the bank and only certain items may be removed. These items include a will, a deed to a burial plot or burial instructions for the decedent, insurance policy documents on the decedent’s life, and trust agreements or Declaration of Trust in which the decedent is the grantor.

The bank is required to retain a copy of all the removed items. This statute allows a search for the will without requiring a court order or probate proceedings prior to procurement of the will. An inventory of a safe deposit box should be submitted to the probate court or be made available for disposition pursuant to terms in a trust document, if any. A bank officer will witness the creation of an inventory of the contents of the box at the time it is opened. It is important to note that some banks' internal policies do not allow for access after death without the lessee’s prior permission in the Access after Death Authorization form even with the alternate access statute. In such instance, a court order is required.

Jointly titling a safe deposit box with another person will allow that person to...
access the box after death as well. However, a joint title does not mean that everything within the box is held jointly with the co-lessee. Even if the box is held as joint tenants with survivorship rights, those rights only extend to the actual use of the box itself and not the contents. Only when an express agreement to joint tenancy of the contents of the safe deposit box exists may joint lessee claim ownership of the contents of the box.

One disadvantage to a joint titling is only the co-lessee of the safe deposit box may access the safe deposit box after the first co-lessee’s death. If that person is not also the executor of the first co-lessee’s estate, accessing the box could be difficult for the executor if the remaining co-lessee is uncooperative. An executor may need a court order to access the box.

Choices exist for the individual planning the disposal of their estate in regards to a safe deposit box. The options discussed above should be considered and the appropriate method selected which best serves the individual’s interest in future estate proceedings.

This publication is intended to provide general information about legal issues. It should not be cited or relied upon as legal authority. State laws vary and no attempt is made to discuss laws of states other than Oklahoma. For advice about how these issues might apply to your individual situation, please consult an attorney.

---

**Long-Term Care Insurance Options**

Jennifer Jensen, OSU Extension Assistant, Risk Management Education

Insurance is a form of risk management, primarily to hedge against a contingent or uncertain loss. Many people manage risk and unforeseen expenditures by carrying health and life insurance. Agricultural producers may also purchase livestock and crop insurance to reduce weather-related risk. Car insurance must be obtained by any person driving and/or owning a vehicle. When anticipating life factors such as becoming ill, having a car accident, or enduring a hailstorm, insurance often makes financial sense and can add financial peace of mind.

Aging happens to everybody. According to the U.S. Department of Health and Human Services, at least 70 percent of people over age 65 will require some long-term care services at some point in their lives and 12 million older Americans will need long-term care by 2020. Long-term care includes different kinds of assistance for performing everyday activities for an extended period of time. This assistance can be provided in a variety of settings such as your own home, an assisted living facility, or a certified nursing home. This care can be very expensive so you may want to consider buying long-term care insurance. Here, we highlight how to obtain long-term care insurance, emphasize important tax deductions, and discuss the Oklahoma Long-Term Care Partnership Program.

**Understanding Long-Term Care Insurance**

Investing in long-term care insurance is a personal choice. While some may choose to purchase this insurance for peace of mind, others may choose to buy it because they cannot possibly save enough money to protect their financial assets. The most expensive form of long-term care is nursing home care, so it is this cost that consumers primarily wish to insurance against. The cost and availability of nursing home care can vary widely depending on where you live. According to the Genworth Financial 2011 Cost of Care Survey, the median annual cost of a semi-private nursing home room in Oklahoma ranged from a high of $49,275 in OKC and Tulsa, $47,103 in Lawton, and a low of $46,767 for the rest of the state. The national median cost was $70,445. The cost of care will depend on three main factors:

1. The general level of charges in your area of the country.
2. The specific expense rate of the services you need based on where care takes place and who provides it.
3. How long you need the care.

A person can obtain long-term care insurance in several ways:

1. You can purchase an individual policy.
2. You can purchase a group policy if your employer offers it as part of its benefit packages. You may be able to get a lower premium and be automatically enrolled without worrying about pre-existing conditions.
3. Many associations let insurance companies and agents offer long-term care insurance to their members. According to the National Association of Insurance Commissioners (NAIC), members usually get to keep their coverage after leaving the association. Be careful about joining an association just to buy insurance. NAIC also provides a manual called The Shoppers Guide to Long-Term Care Insurance, which can be found at [http://www.naic.org/index_ltc_section.htm](http://www.naic.org/index_ltc_section.htm) or by calling NAIC at 816-783-8300.
4. Many states, including Oklahoma, now offer Long-
Long-Term Care Insurance Options (cont.)

Term Care Partnership Plans. Oklahoma requires participating agents and brokers selling long-term care insurance to complete extensive training. Qualified agents will be listed on the agent referral sites at www.ok.gov/oid and www.okltcpartnership.com. More specific details are listed below.

Select an insurance company that is accredited and licensed in Oklahoma. Call the insurance company and ask for a sample policy or “Outline of Coverage” that shows benefits and costs. Compare the costs and benefits of policies from different companies. Be sure to talk with the insurance agent about anything you don’t understand. The NAIC suggests that your insurance premium be no more than 5 percent of your income. For example, if you earn $4,000 per month, then you should not pay more than $200 per month for long-term care insurance. Similar to other types of insurance plans, your premium may be raised if the insurance company finds that rates for your overall risk group need to be raised.

Income Tax Implications

Find out if the policy is tax-qualified. Tax-qualified (TQ) policies offer certain tax benefits. Depending on your age, you can include all of the premiums for a TQ policy as a medical expense deduction on your Federal income tax form if you itemize your deductions. Also, benefit payments you receive from a TQ policy are generally tax free.

2012 Long-Term Care Insurance Federal Tax Deductible Limits – credited by American Association for Long-Term Care Insurance; www.aaltci.org

<table>
<thead>
<tr>
<th>Taxpayer’s Age at End of Tax Year</th>
<th>Annual Deductible Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 or less</td>
<td>$350</td>
</tr>
<tr>
<td>More than 40 but not more than 50</td>
<td>$660</td>
</tr>
<tr>
<td>More than 50 but not more than 60</td>
<td>$1,310</td>
</tr>
<tr>
<td>More than 60 but not more than 70</td>
<td>$3,500</td>
</tr>
<tr>
<td>More than 70</td>
<td>$4,370</td>
</tr>
</tbody>
</table>

Source: IRS Revenue Procedure: 2011-52
Example: A husband and wife ages 55 and 49 purchase policies. The eligible amount that the husband can include toward reaching the 7.5% of the Adjusted Gross Income (AGI) threshold is $1,310 (listed above). The wife (age 49) can apply $660. In two years, when the wife will fall into the 51-to-61 threshold, the higher amounts for both will apply. These amounts are increased annually.

The Oklahoma Long-Term Care Partnership Program (OLTCP)

Long-term care insurance can help you maintain your financial freedom and give you the flexibility to participate in making choices that impact your care. Relying on Medicare and Medicaid to fund long-term care is not necessarily a good option. Long-term care is only covered by Medicare for medically necessary skilled care for a limited time. Medicaid may be available to cover nursing home costs, but you must meet limited income and asset requirements; SoonerCare is Oklahoma’s Medicaid program. Medicaid has also started to cover other long-term care expenses. In Oklahoma, there are two programs to help individuals remain at home and pay for long-term care services: the Medicaid Advantage Program and the State Plan Personal Care program. Like other Medicaid programs, you must meet limited income and asset requirements. The Oklahoma Care Authority (OHCA) is the state agency that administers the program and determines financial eligibility for the program. For general questions regarding Medicaid, contact the Oklahoma Health Care Authority at (405) 522-7300 or 1-800-987-7767 or visit their website at http://www.okhca.org. On the website homepage, locate ‘Individuals’ then select ‘Programs’. Select ‘Opportunities for Living Life (OLL)’ (fourth from top) for a complete list of Long-Term Care initiatives, including additional information for support benefits to members enrolled in SoonerCare plans.

The Long-Term Care Partnership Program is a public-private partnership between states and private insurance companies designed to reduce Medicaid expenditures by delaying or eliminating the need for some people to rely on Medicaid to pay for long-term care services. In other words, it is designed to encourage and reward Oklahomans for planning ahead for future long-term care needs. Oklahoma Long-Term Care (OLTC) Partnership policies are now readily available. The foundation of these policies is a provision called asset protection, which allows you to keep some of your assets, but still qualify for Medicaid to cover your long-term care costs.

For example, if you have $100,000 in assets, and purchase a $100,000 Oklahoma Long-Term Care (OLTC) Partnership policy, you may be eligible for SoonerCare, while exempting $100,000 in assets from the asset limit. The more insurance you purchase, the more assets are disregarded when determining your Medicaid eligibility. SoonerCare would step in after you have used up all of your insurance policy benefits. These are tax-qualified plans. This means that your benefits are not taxed and that your insurance premiums are tax-deductible up to a limit.
Long-Term Care Insurance Options (cont)

Summary

Getting older is inevitable and you may eventually need assistance for at least a period of time with basic living needs such as dressing and bathing. It is important to consider your options and plan for the future. You can make lifestyle changes now to keep healthy and reduce the need for long-term care, but it is also important to have a financial plan in place to pay for long-term care. If you already have a long-term care insurance plan, you may be able to exchange it for an OLTC Partnership policy. Because the foundation of the OLTC Partnership policies is a provision called asset protection, exchanging your current long-term care insurance plan for an OLTC Partnership policy may help protect your assets, even if you qualify for Medicaid. For more information, call 405-522-7904 or visit www.okltcpartnership.org. Also, fact sheets written by Dr. Eileen St. Pierre, Personal Finance Specialist, are available from Oklahoma Cooperative Extension Service at http://osufacts.okstate.edu:

Understanding Long-Term Care (T-4153)  
The Basics of Long-Term Care Insurance (T-4154)

Tracking Pre-Paid Expenses Across Years

Bruce Clevenger, Ohio State University Extension Educator

Farmers and ranchers at times pre-pay expenses in one calendar year for input costs in the following calendar year. This practice is done to manage income tax liability, secure physical guarantee of needed inputs and/or receive discounted prices. This may save farms 5-10% for seed and chemicals. Cost savings on fertilizer are market driven and risks exist that pre-paid prices can be higher than the in-season prices. Year specific Quicken Tags will be used to track pre-paid expenses across calendar years.

Date: 10/20/2011
Check Number: 1015
Payee: Buckeye Ag Service
Payment: 25,000.00
Category and Tags: See Split Transaction Screen Shot
Memo: Screen Shot

Note: Pre-paid expenses are estimates for future input costs. If actual purchases differ from the estimate, the original split transaction details will need to be edited to track production expenses to the proper category and class. Do not edit the gross amount of the original check. Modifying the Amount in a reconciled transaction leads to future problems with reconciliations which you want to avoid.
Farmers and ranchers commonly rent cropland or pasture and may own multiple parcels of land. Tags can be used to track expenses and income by enterprise such as wheat, stockers, corn, cow/calf, alfalfa. Using double tags can add a location such as a farm or landlord. For example, double tags will allow the analysis the cash flow of corn at the Smith farm compared to the cash flow of corn on the Mathews farm.

To view a summary of expenses for the different enterprises and properties, click on Report, Cash Flow by Tag. Make sure report date range includes the necessary enterprise date range.

This report can also be customized to include only the Tag Corn 2012 which will include Tags Corn 2012 and the Double Tags of Mathews and Smith. Click on Customize, Tags, Clear All and choose the appropriate Tags to be included. Click OK.

OSU Farm Management is on FaceBook. Find us and like us! We’ll be posting timely news and information to support farm and ranch decisionmakers.
Social Security Tax Cut Extended Through 2012

Congress passed the extension of the lower social security tax rate for 2012 wages and self-employment income. The 2010 Tax Relief Act reduced the employee’s social security tax rate from 6.2% to 4.2 % for wages paid during 2011 which will now also apply to wages paid during 2012. This also reduces the self-employment tax rate for both 2011 and 2012 from 12.4% to 10.4% for all self-employed individuals. Originally this reduction was to have expired effective March 1, 2012.

Internal Revenue Code Section 179 Expensing Election for 2012

For the 2012 tax year, the amount of a capital purchase that qualifies for the section 179 expensing election is $139,000 with a maximum of a $530,000 investment in capital assets. In other words if a farmer buys a new tractor costing $90,000, the full amount of the purchase can be written off in 2012 versus depreciating it over its normal 5 year life.

50% Bonus Depreciation for 2012

50% Additional First-Year (or Bonus) Depreciation is allowed for qualifying property placed in service from January 1, 2012 through December 31, 2012. Certain rules must be met such as the property must have a depreciable life of 20 years or less. The property must also have been purchased and placed in service before January 1, 2013 and the original or first use must occur with the taxpayer claiming the deduction (new property).

Charitable Giving

Charitable giving knows no age. Young children all the way up to senior citizens can experience the saying “it’s better to give than to receive.” In fact, according to Social Capital Community Benchmark Survey, those who donate to charity are 43% more likely than non-givers to say they are happy about their lives.

It can be difficult to decide to which organizations you should donate your hard-earned money. Here’s a list of questions to answer when choosing a charity:

- What is the charity’s mission?
- What is its past record of performance?
- What % of funds is used towards its mission? How much money goes towards salaries and administrative expenses? What about marketing expenses?
- Do you want your money to stay in your community or help those in distant parts of the world?

There are ways to investigate charities. Some helpful websites are:

- Charity Navigator [http://www.charitynavigator.org] – to find charity’s rating and performance record, compare charities, and use its Top Ten lists to find charities
- Better Business Bureau [http://bbb.org/charity] - to access the BBB reliability report, determine if the charity is BBB accredited, or file a complaint
- OK Secretary of State office [https://www.sos.ok.gov/corp/charityInquiryFind.aspx] - to access the charity’s filing records
- Philanthropedia [http://myphilanthropedia.org] – to search for charities for a certain cause

Keep in mind that your smaller, more local charities may not appear in some of these databases. In these cases, you may want to choose charities closer to home so you can personally investigate them.

Another benefit to charitable giving is that donations may be tax-deductible for those who itemize on Schedule A. For cash contributions, you will need a cancelled check, credit card receipt, bank statement, or a letter from the charity that shows: (1) charity name, (2) date, and (3) the amount. Your own personal record will not suffice.

Many of us donate clothing and personal property. Goodwill has a valuation guide on their website to help you determine the value of those bags of clothes you collected after cleaning out your closets. The guide is available at [http://www.goodwill.org/wp-content/uploads/2010/12/Donation_Valuation_Guide.pdf]

To qualify for the tax-deduction, items must be in good condition. If their value exceeds $500, you must have an appraisal. If you donate a car with a value above $500 which is then sold by the charity, you are allowed to deduct the gross proceeds or fair market value. You will also need to attach Form 1098-C.

Charitable giving also includes volunteering your time. For tax purposes, you are allowed to deduct:

- Travel to volunteer activities @ $0.14/mile (2011)
- Cost of attending conventions
- Uniforms if not suitable for everyday wear
- Other reasonable expenses because of the services you gave

There are lots of ways to give to charity. By taking the time to investigate your chosen charities, that warm glow of giving can last a lot longer.
Loan Calculator

Whether you are estimating financing costs associated with purchasing cows or machinery, Quicken’s Loan Calculator can be handy.

The loan calculator allows you to estimate either a loan amount (given an interest rate, number of years, periods per year, compounding periods, and payments per period) or payment per period (given a loan amount, interest rate, number of years, compounding periods, and periods per year).

Click Planning
Planning Tools
Loan Calculator

Look at the top of the Loan Calculator screen. When Payment per period is selected, Quicken calculates the regular payments for a loan of a given amount based on your entries for the loan amount, annual interest rate, number of years (loan repayment period), interest compounding periods, and the number of payments per year. For instance, let's say that you are considering purchasing a new truck. The truck that you have chosen, a four-wheel drive, has a sticker price of $35,000, but you talk the salesman down to $33,000. You have saved $4,000 to be used for a down payment so you need to borrow $29,000. The loan will be for 5 years at 6.5% interest with monthly payments. Enter the following information:

The anticipated Payment per period is $567.42 monthly. You can see how much of your total payment is principal and how much is interest in a given month by clicking View Schedule to display the payment schedule.

To leave the schedule, click the X.

A different question to answer with Quicken's loan calculator is "How much can you afford to pay for a new truck?" If you know how much you have available for regular payments, the loan calculator can also be used to solve for the amount you could afford. Let's say that you have around $350 per month to apply toward the purchase of a new truck. The expected interest rate is 6.0%. On the Loan Calculator screen, you want to calculate the loan amount instead of the payment, so select Loan amount, and enter the following information:

The maximum principal amount you could borrow with these repayment terms is $18,103.95. You can see the breakdown for principal and interest by clicking on View Schedule, click the X to leave view schedule. To leave the loan calculator, click Done.

AG LEASE 101

The North Central Farm Management Extension Committee recently updated a series of leasing publications and has included them in a new Ag Lease 101 website: www.AgLease101.org. The new website features a document library with free downloadable lease publications and fillable pdf forms for a variety of lease agreement types: fixed and flexible cash rental arrangements, crop share rental arrangements and pasture rental arrangements. Use these to convert your oral leases to written documents that ensure a clear understanding between parties. Short video clips such as ag lawyer, Shannon Ferrell, discussing 5 things every lease should include are posted under the Frequently Asked Questions section.
Save the Dates!! Upcoming Spring and Summer 2012 Events

<table>
<thead>
<tr>
<th>EVENT</th>
<th>DATE</th>
<th>TIME</th>
<th>LOCATION</th>
<th>CONTACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Oklahoma Beef/Cattle Summit</td>
<td>3/21/12</td>
<td>9 am to 4:30 pm</td>
<td>McAlester</td>
<td>David Cantrell, 918-423-4120</td>
</tr>
<tr>
<td>Wagoner County Women in Ag Conference</td>
<td>4/10/12</td>
<td>6 pm - 8 pm</td>
<td>Wagoner</td>
<td>Alan Parnell, 918-485-4747</td>
</tr>
<tr>
<td>Specialty Crop Conference, Part 1</td>
<td>4/12/12</td>
<td></td>
<td>Lane</td>
<td>Jim Shrefler, 580-512-5544</td>
</tr>
<tr>
<td>OSU Cow/Calf Boot Camp</td>
<td>4/23/12 to 4/25/12</td>
<td></td>
<td>Kellyville</td>
<td>Dave Sparks, 918-686-7800</td>
</tr>
<tr>
<td>Specialty Crop Conference, Part 2</td>
<td>5/31/12</td>
<td></td>
<td>Lane</td>
<td>Jim Shrefler, 580-512-5544</td>
</tr>
<tr>
<td>2012 Statewide Women in Ag and Small Business</td>
<td>8/9/12 to 8/10/12</td>
<td></td>
<td>Oklahoma City</td>
<td>Damona Doye, 405-744-9836 or Jennifer Jensen, 605-210-0191</td>
</tr>
</tbody>
</table>

This newsletter provides farm financial management information and Quicken instructions for farmers and ranchers. Quicken instructions are written using Quicken Deluxe 2012. However, most features are available on previous releases of Quicken Deluxe, but may use slightly different steps to achieve the same function.

www.agecon.okstate.edu/quicken

Oklahoma State University, in compliance with Title VI and VII of the Civil Rights Act of 1964, Executive Order 11246 as amended, Title IX of the Education Amendments of 1972, Americans with Disabilities Act of 1990, and other federal laws and regulations, does not discriminate on the basis of race, color, national origin, religion, sex, age, disability, or status as a veteran in any of its policies, practices or procedures. This includes but is not limited to admissions, employment, financial aid, and educational services.