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With Tightening Margins, Keep in Mind Family Living

Bradley L. Zwilling, Brandy M. Krapf, and Dwight D. Raab

Illinois FBFM Association and Department of Agricultural and Consumer Economics
University of Illinois

October 17, 2014

farmdoc daily (4):201

Recommended citation format: Zwilling, B., B. Krapf, and D. Raab. "[With Tightening Margins, Keep in Mind Family Living](#)." *farmdoc daily* (4):201, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, October 17, 2014.

Permalink URL <http://farmdocdaily.illinois.edu/2014/10/tightening-margins-and-family-living.html>

In 2013, the total noncapital living expenses of 1,307 farm families enrolled in the Illinois Farm Business Farm Management Association (FBFM) averaged \$80,716--or \$6,726 a month for each family (Figure 1). This average was 5.3 percent higher than in 2012. Another \$8,414 was used to buy capital items such as the personal share of the family automobile, furniture, and household equipment. Thus, the grand total for living expenses averaged \$89,130 for 2013 compared with \$85,012 for 2012, or a \$4,118 increase per family.

Income and social security tax payments increased about 51 percent in 2013 compared to the year before. The amount of income taxes paid in 2013 averaged \$40,328 compared to \$26,718 in 2012. Net nonfarm income continued to increase, averaging \$38,019 in 2013. Net nonfarm income has increased \$10,739, or 39 percent in the last ten years.

In Figure 2, total family living expenses (expendables plus capital) are divided by tillable operator acres for 2004 to 2013. In 2004, all of the family living costs per acre averaged about \$84 per acre. This increased to \$121 per acres in 2013. The 10-year average is \$98 of total family living expense per acre. If we compare this to the 10-year average of net farm income per acre of \$205, then 48% of the net farm income per acre is family living expense. If we look at the average year over year increase for the last ten years, we will project an annual increase of 3.4% per year. The five-year annual increase would average 2.5%. Therefore, as you work on your crop budgets, keep in mind that a 60 cent price change on 200 bushels per acre corn is about equal to the average total family living expense per acre.

More information about Farm and Family Living Income and Expenditures can be found [here](#).

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Figure 1. Expendables and Capital Purchases for Family Living and Social Security and Income Taxes, 2004-2013

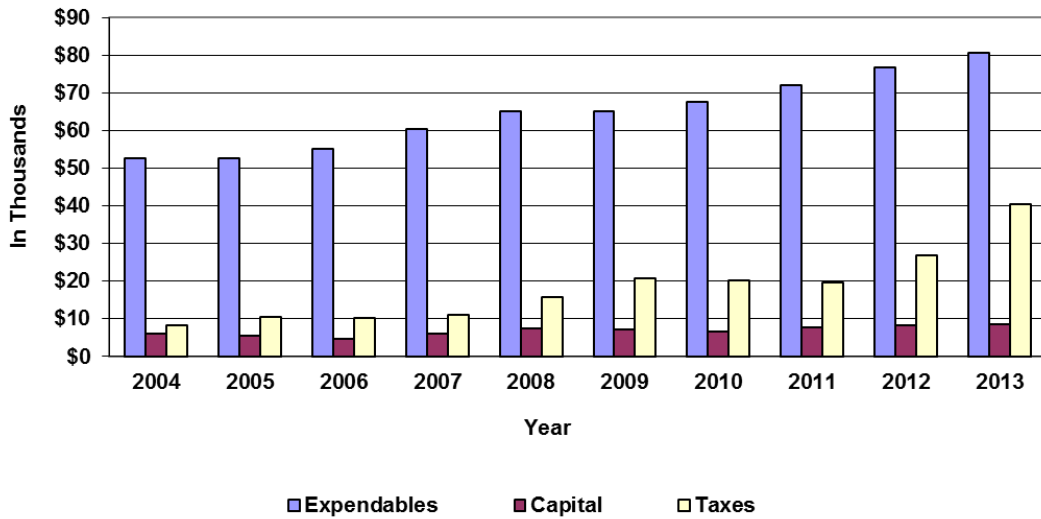
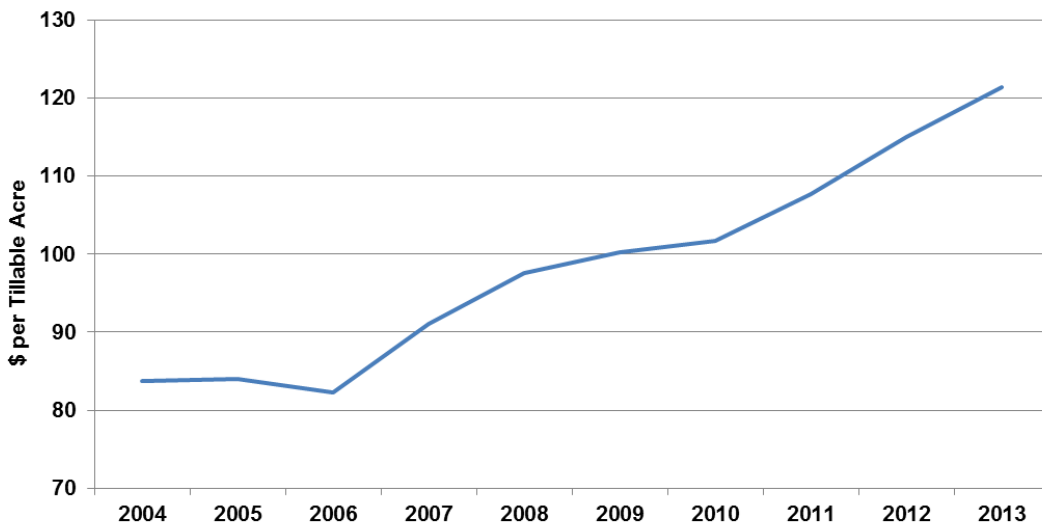


Figure 2. Total Family Living Expenses per Tillable Operator Acre, 2004-2013



The author would like to acknowledge that data used in this study comes from the local Farm Business Farm Management (FBFM) Associations across the State of Illinois. Without their cooperation, information as comprehensive and accurate as this would not be available for educational purposes. FBFM, which consists of 5,700 plus farmers and 60 professional field staff, is a not-for-profit organization available to all farm operators in Illinois. FBFM field staff provide on-farm counsel with computerized recordkeeping, farm financial management, business entity planning and income tax management. For more information, please contact the State FBFM Office located at the University of Illinois Department of Agricultural and Consumer Economics at 217-333-5511 or visit the FBFM website at www.fbfm.org.