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## **FARM AND FAMILY LIVING INCOME AND EXPENSES FOR 2004**

In 2004 the total, noncapital, living expenses of 1,225 farm families enrolled in the Illinois Farm Business Farm Management Association (FBFM) averaged \$52,589--or \$4,382 a month for each family (Table 1). This average was 9.2 percent higher than 2003 and 18.2 percent higher than in 2002. Another \$5,960 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 \$58,549 for 2004 compared with \$52,908 for 2003, or a \$5,641 increase per family. The average amount spent per family for capital items was \$1,211 more, while noncapital expenses increased \$4,430 per family. The sample farms, which were mainly grain farms, were located primarily in central and northern Illinois.

### **INCOME AND SOCIAL SECURITY TAXES PAID**

Income and social security tax payments increased in 2004 compared to the year before. The amount of income taxes paid in 2004 averaged \$8,208 compared to \$7,571 in 2003. The amount of income taxes paid was at its second lowest level since 1989. Medical expenses were higher in 2004 compared to 2003. In 2004, medical expenses averaged \$7,320. This is the first year medical expenses averaged over \$7,000. Medical expenses include out-of-pocket costs for health insurance along with doctor and hospital expenses.

In the table, the averages per farm for total family living expenses are divided into five categories for 2001 through 2004. The "expendables" category includes cash spent for food, operating expenses, clothing, personal items, recreation, entertainment, education, and transportation. This category also includes selected itemized deductions such as the personal share of real estate taxes. Cash spent for capital improvements exceeding \$250 is not included. The use of a rented house on an estimated 40 to 50 percent of the farms in this sample is not included, since these data cover only cash outlays.

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 6,000 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](http://www.fbfm.org).

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Table 1. *Average Sources and Uses of Funds over a Four-Year Period*

	All records, average per farm			
	2004	2003	2002	2001
Number of farms in sample.....	1,225	1,102	1,216	1,175
Age of Operator.....	51	51	51	50
Number in family .....	3.2	3.3	3.2	3.3
Net Farm Income .....	\$ 93,704	\$ 66,290	\$ 32,168	\$ 29,678
<b>Source of dollars</b>				
Net nonfarm income .....	\$ 27,280	\$ 25,919	\$ 24,716	\$ 23,374
Money borrowed.....	246,566	240,363	198,884	194,479
Farm receipts .....	351,327	305,957	257,579	266,422
<b>Uses of dollars</b>				
Interest paid.....	\$ 17,491	\$ 17,713	\$ 17,194	\$ 19,297
Cash operating expenses .....	252,258	218,726	182,720	185,154
Capital farm purchases .....	46,156	35,291	29,699	30,557
Payments on principal .....	229,008	225,968	183,423	179,988
Income and Social Security taxes .....	8,208	7,571	9,867	11,475
Net new savings and investment .....	13,503	14,062	9,421	9,707
<b>Living expenses</b>				
Contributions .....	\$ 1,816	\$ 1,583	\$ 1,454	\$ 1,567
Medical .....	7,320	6,581	6,335	5,710
Insurance, life and disability .....	2,753	2,681	2,590	2,660
Expendables.....	40,700	<u>37,314</u>	<u>34,096</u>	<u>33,275</u>
Total noncapital expense .....	(52,589)	(48,159)	(44,475)	(43,212)
Capital .....	<u>5,960</u>	<u>4,749</u>	<u>4,380</u>	<u>4,885</u>
Total, living expenses .....	\$ 58,549	\$ 52,908	\$ 48,855	\$ 48,097
Percentage change, total noncapital living expenses .....	9.2	8.3	2.9	1.6

Table 1 cont.  
Illinois Farms

*Sources and Uses of Funds Sorted by Noncapital Living Expenses for Selected*

	Family of 3 to 5, 2004 <sup>a</sup>	
	High-Third	Low-Third
Number of farms in sample.....	209	209
Age of Operator.....	47	46
Number in family .....	4.0	3.8
Net Farm Income .....	\$115,826	\$ 92,613
<b>Source of dollars</b>		
Net nonfarm income.....	\$ 33,514	\$ 23,117
Money borrowed.....	366,160	221,601
Farm receipts .....	428,370	348,454
<b>Uses of dollars</b>		
Interest paid.....	\$ 23,486	\$ 16,762
Cash operating expenses .....	296,982	261,954
Capital farm purchases .....	65,825	43,231
Payments on principal.....	333,803	199,887
Income and Social Security taxes.....	10,129	6,282
Net new savings and investment .....	11,143	23,019
<b>Living expenses</b>		
Contributions .....	\$ 2,239	\$ 1,036
Medical .....	8,822	4,824
Insurance, life and disability .....	3,590	2,050
Expendables.....	65,713	28,965
Total noncapital expense.....	(80,364)	(36,875)
Capital .....	<u>6,312</u>	<u>5,162</u>
Total, living expenses .....	\$ 86,676	\$ 42,037

<sup>a</sup> Records were sorted into high- and low-third categories according to total noncapital living expenses.