



# CONTROLLING YOUR OWN DESTINY

WHY ON-FARM GRAIN STORAGE IS AN IDEAL CAPITAL INVESTMENT



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## WHY ON-FARM STORAGE IS AN IDEAL PLACE TO INVEST YOUR CAPITAL

When it's time for farmers to decide the next steps for their money, the high-tech features and the shine of a new tractor, combine or planter can be tough to compete with. Even for the most conservative of farmers, the cost-, time- or comfort-saving features of new equipment can have an almost magnetic draw.

But the reality is for many farmers, the steel and concrete of an on-farm storage system may be some of the best money they could spend. A system's potential to open new marketing opportunities, as well as potential tax benefits, make it worth looking into for farmers, and the intangible safety and personnel benefits make it an excellent consideration for those looking to take the next steps for the future of their operation.



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## THE FINANCIAL PROS OF ON-FARM GRAIN STORAGE SYSTEMS

The biggest value of on-farm storage comes in a farmer's ability to control his or her own destiny through the marketing of a crop. Simply put, farmers who can market grain when buyers want it will have the potential to make more money. Today, there are more feed mills, ethanol plants and crush facilities than ever before, and with the introduction of renewable diesel fuel, we are looking at an even greater number of facilities coming online.

Farmers with on-farm storage have the opportunity to take advantage of a higher basis for their crop, because they can deliver grain at the times of year when these facilities need it most -- not just as it comes off the combine at harvest.



By using on-farm bins to store grain, farmers also have the opportunity to take advantage of premiums for higher volumes of grain being delivered at once. For farmers who may be growing a specialty product -- such as conventional or organic grains -- the ability to separate grain into separate bins allows them to continue through the harvest window without having to stop to deliver. And for those who double crop as part of their rotation, it means a smoother transition between two crops during a season wherein time is of the essence.

There's also the tax mitigation opportunities of on-farm storage. Early on, many farmers focus on how little they can spend, so they can run a profitable operation and make their income statement look the most favorable, in order to secure an operating note for the next year. As farm operations grow and evolve, generating revenue and income for the farm begins to focus on minimizing the tax burden.

With government-backed loans to support the building of on-farm storage and the ability to depreciate those costs over time, bins are an excellent way to enhance your operation and minimize taxes.

## **BANKERS LOVE GRAIN BINS**

**At the end of the day, a good financial lending partner is a critical partner for many farming operations. And on-farm storage is a tool – an investment – that many bankers are willing to support. Why? Because a grain bin can easily show return on investment (ROI).**

**A good equipment salesman can show potential ROI as well – a new tractor might save you time and money by planting faster. Or, a new planter might place seed at a more consistent depth. So, under the right conditions, those factors can improve your overall return.**

**But it is harder to dispute a grain storage system from an ROI standpoint. It provides farmers the opportunity to increase their overall return through more strategic, well-timed marketing. Bankers can easily see what carrying grain looks like on the balance sheet. Instead of grain being sold at what are often the lowest prices, right off the combine, it can be held until a higher price is available, such as June or early July, when supply elsewhere is starting to dwindle. Bankers can see how this profit opportunity will benefit an operation for years to come, while showing the financial savvy and forward-thinking attitude of its owners.**





## UNDERSTANDING THE VALUE OF ON-FARM STORAGE

Adding a grain storage system to your operation not only makes good financial sense for its tax and marketing benefits, but it can also lessen some of the other stressful and costly aspects of the harvest season.

### Less Time in Line

One of the biggest headaches during harvest – especially in areas with narrower harvest windows – is the line at the elevator. Farmers are in a hurry to get the grain out of the field and to the elevator, just like all the other farmers in their area, which means people and trucks are sitting and waiting to unload. Trucks waiting in line means more fuel consumption when trucks are not at the field, and combines cannot unload as quickly and efficiently as they should.

### Fewer Man Hours

When farmers invest in grain storage, they start to minimize these inefficiencies and their associated costs. Today many farmers have the same storage capabilities on their farm that could in the past be found at a small local elevator. If a farmer puts in a grain leg and a receiving pit with his or her grain storage system, less manpower is needed to set up and move augers around.



## UNDERSTANDING THE VALUE OF ON-FARM STORAGE, Cont.

### More Efficient Use of Harvest Equipment

Next, farmers can look at how grain bins impact their harvest equipment. Combines are easily one of the most expensive pieces of equipment that farms use today. For a combine to run at its peak efficiency, someone has to be pushing the hydrostat forward at sun up and holding it there until sundown. However, that can only happen with a guarantee that trucks will be back from their unloads quickly and available to haul grain out of the field. A combine pulling 40,000 bushels a day out of the field is not out of the question anymore – not too many years ago, it took half of a week to get that much done. Farmers have even reported being able to eliminate a whole combine after purchasing a grain dryer, as it widens their harvest window.

### A Safer, Happier Team

It takes a village to get the job done on the farm. In areas with shorter harvest windows, farmers and their crew often feel the need to start early in their morning and wrap up late at night, with little rest in between. A dryer and bin set up will allow for a slightly longer harvest window, meaning safer, rested operators – and happier farm families. And in times when truck drivers and workers are hard to find, it's nice to know that an on-farm grain storage system can take some of the pressure off of the harvest time crunch.



## CALCULATING YOUR REAL RETURN ON INVESTMENT

Grain systems have the potential for long-term payout, and even to pay for themselves over time. In some markets, a grain bin could pay for itself in only a year or two. Crunch the numbers for an on-farm grain storage system with a banker so they can see the opportunity for themselves, instead of asking the bank to understand the agronomic science behind the ROI of new equipment. A grain bin can be attractive on the balance sheet.

**HOW DOES AN EXTRA \$68,250 IN POTENTIAL REVENUE SOUND? LET'S SEE HOW WE GET THERE.**

### STORAGE ROI WORKSHEET

Crop harvested?	Cash price/bushel at harvest
Corn	\$5.40
Number of acres?	Future sell price/bushel
1000	\$5.79
Bushels per acre?	At harvest potential revenue
175	\$945,000

On-farm stored potential revenue  
\$1,013,250

**\$68,250**

extra potential revenue by adding grain storage.



## **MAKING GSI YOUR TRUSTED PARTNER IN ON-FARM GRAIN STORAGE**

**For more than 40 years, GSI has brought grain storage expertise to the marketplace, providing farmers with smarter, more effective ways to protect their grain investment and take their operations to the next level. While we may have become the world's largest manufacturer of steel farm bins, commercial storage grain bins and grain silos, our focus is still the same: to help growth-minded operations earn more with increased efficiency and less labor.**

**Our trusted line of grain storage, conditioning and safety equipment offers solutions for every operation, regardless of size, from the family farm to the commercial elevator. Contact your local GSI dealer to see how adding storage to your farm can change the way you manage your grain.**



**FOR MORE INFORMATION, CONTACT YOUR LOCAL GSI DEALER.**



**Take control.**