



Newsletter

VOLUME 7, No. 4

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“Farm It Forward” Program

Farm It Forward is the title for an outstanding workshop that has been designed to assist farm families that are looking for options and alternatives in keeping the family farm. This workshop will take participants through a process that should help them to develop a basic plan of action for a **farm business transition** to the next generation.

We will address some of the complex people and financial issues that can derail transition planning. Participants will have two lawyers providing presentations and taking questions as part of the workshop presentation team along with several others. This program is scheduled over four days: **December 7 & 8, 2007 and January 11 & 12, 2008** in the Birch Run/ Frankenmuth area.

You can **register** for this workshop by contacting Dennis Stein at the MSU Extension office, 362 Green St, Caro, MI, 48723 or by phone at 989-672-3870 or email steind@msu.edu. You can also download program information from the web at <http://www.msu.edu/user/steind/>
—DS

Year-End Reminders

Wednesday, November 7, 2007: Deadline to have records to the Telfarm Center in order for them to be included in your **Tentative Depreciation Schedule and Tax Package**. Remember, LEVEL I clients do NOT send or email transmits to Telfarm (*only Form 3 information*).

Friday, December 14, 2007: Date to have your annual **Telfarm Enrollment Contract** to the Telfarm Center in order to receive **supplies** and/or computer **program updates** in time to begin your record keeping in January (you must also be paid in full for 2007). Telfarm Enrollments will be mailed to you in late November. Supplies and updates will be sent upon receipt of a 2008 Enrollment *after* December 14. Clients currently using **PENSOFT PAYROLL PLUS®** should renew for 2008 directly through PenSoft.

FORM 3 RECONCILIATIONS: Remember to match all Form 3 entries with a corresponding entry in Accounting for MACHPURCH, DAIRY-PURCH, etc. in order for your records to be complete and accurate at year-end.

179 DIRECT EXPENSING: \$125,000 in 2007. Be sure to let us know *after* your Check-In Meeting if you wish to take this additional deduction. We will make those changes after we receive the correction from you or your local Extension Agent.
—KW

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Current Software Versions

<i>TfW Accountant/Checkwriter®</i>	1.5.5
<i>Telfarm PAL®</i>	2.2.5
PENSOFT PAYROLL PLUS®	3.07.0307
<i>(includes new MI income tax withholding rate)</i>	

Update Online: www.canr.msu.edu/telfarm
and/or www.pensoft.com

Telfarm Labor Summary Report

Telfarm provides several methods for reporting employees' labor, tax withholdings and deposits: Form 2, Form 2L, *Telfarm for Windows Accountant or Checkwriter*, and PENSOFT PAYROLL PLUS®.

When you send your transaction records to Telfarm, we produce and return Monthly Statements to you. One of the reports included with your report is the **Labor Summary**. *This report includes a current and cumulative total for each employee's hours, check amount, individual taxes withheld, other withholdings and the gross pay**. Regardless of the reporting method you use, the Labor Summary also monitors the Total Federal and State Liability (withheld and employer's share) for each month as well as the amount you have shown as deposited. If you are making regular tax withholding deposits, the **Federal Tax Balance** and **State Tax Balance** should be \$0 (zero) or no more than the total liability for the previous month(s).

To check your own report, look at the JAN column and compare the **Total Fed Liability** line to the **Total Fed. Tax Paid** line. Typically, the January liability would be paid in February, February in March, and so on. However, a tax deposit for the previous year could have been made in January. If this is your circumstance, be sure to identify the deposit as belonging to the previous year by using the account name with the year added (SS06, TAXINCF06, TAXINCS06) so they appear on your cash flow as *previous year tax deposit* and are then *not* included in the current year deposits in the Labor Summary Report.

***PenSoft clients:** Totals for Worker #100 in this report are for all employees because the individual totals are available within the PenSoft program. *Previous year tax deposits* are recorded manually through Accountant in the year the expense occurs, but can be entered to the appropriate payroll year for inclusion in the 943. After exporting Payroll to Accountant, go to Accountant and choose **Reports > Payroll Reconciliation** to see that all of the pay-check, withholding, and deposit totals linked accurately. —NH

Year-End Telfarm Tips

Accountant: Minimize unreconciled cash by having a January 1 beginning checkbook balance (CASHBEG) and a December 31 ending checkbook balance (CASHEND). Best to report these balances each month.

CheckWriter: DO NOT RUN FILE MAINTENANCE until you have installed the patch Version 1.5.5 or higher.

PenSoft: Check the accuracy of your employees' W2s any time by going to REPORTS | TAX REPORTS | W2s. Before printing and distributing W2s to employees, compare the totals that are reported on the W3. The W3 totals in lines 1, 3, 5, and 16 are automatically generated from the employees' combined W2 totals.

Ag Employer's Checklist: This list has been updated and can be found on the Telfarm web site at www.canr.msu.edu/telfarm. Go to RESOURCES and view or print. —NH

Welcome New Staff Members to Telfarm!

Lisa Jansen and **Aluel Go** joined the Telfarm staff in August, 2007. Lisa graduated from MSU last May with a BS in Ag Communications and has worked as a student employee at Telfarm for the past four years. Al returns to the Ag Econ Department since being a PhD student and has worked with Ag Engineering as well as Crop and Soil Sciences Departments. Welcome, Lisa and Al! —KW



Telfarm Clients are Winners!

Congratulations to Brad and Monica Crandall, Telfarm clients from Calhoun County, who were selected as the runners-up in the **Outstanding Young Dairy Couple** contest. This is a tribute to their outstanding job as young dairy producers in our state. For those of you who receive the *Milk Messenger*, check out the October 2007 edition for the full story on their achievement. —KW

2007 Income Tax Planning

Many options exist for farmers; some are only for cash method taxpayers rather than accrual method. Over time, be sure to use all of your lower brackets by postponing income or accelerating expenses. This includes waiting to sell products until next year or having contracts that require receiving payments for this year's crops sometime next year. You may also use depreciation and prepaid expenses to increase expenses this year.

If you are in a higher tax bracket this year and have some lower brackets left from the three previous years, farm income averaging may lower your tax bill. Beware of the alternative minimum tax (AMT) this year, especially if Congress fails to increase the AMT exemption.

You may also elect to postpone for one year crop insurance or disaster payments received this year for weather-related problems if the crop revenue is normally received next year. Livestock sold early due to weather may also be eligible for postponing the gain if more than the normal number are sold.

—LB

Win 95, 98, Me, NT, and 2000 Support Discontinued in 2008

As of January 2008, support for these legacy versions of Microsoft® Windows® will be discontinued because of incompatibility with system files. Only XP and Vista will be supported going forward.

However, *before you panic*, please note:

- If you are currently running Telfarm software on any of these legacy versions, the software should continue to operate successfully. Updates and patches should continue to be available. However, nothing is guaranteed.
- The main change is that the software can no longer be clean installed on these versions. That means that if you were to attempt to install a new, clean copy of the software on a computer running a version of Windows less than XP, it would refuse. Operating system routines are installed that would cause failure of versions less than XP. —BN

Microsoft® and Windows® are either trademarks or registered trademarks of Microsoft Corporation.



Due to new mailing regulations, Telfarm will no longer return 3.5" floppy transmit disks OR disk mailers to clients.

You may continue to mail us transmits on floppy disks; however, we highly encourage you to **consider emailing** your transmits using instructions found on the Telfarm web site at www.msu.edu/telfarm (Processing | Transmit Instructions) or in the HELP files of your *Telfarm for Windows Accountant*® program.

You may also wish to use the electronic (Excel) version of the Form 3 for capital transactions and email it along with your transmits; this file is also on our web site (Processing | Form 3 Template). This is a quick way to get your transmit and Form 3 information to us for faster processing. We will continue to use US Mail to return your monthly reports to you as always. —KW

Supplies Reminder:

We no longer supply envelopes for mailing Forms 2 and 3 or transmits to Telfarm; we will, however, send you Telfarm-addressed labels if you mark the appropriate box on your 2008 Enrollment Form or call to request them.



Telfarm Center Staff

Director
Larry Borton

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Kathy Waltz

Training Coordinator
Nancy Harms

Systems Analyst
Robert Nevius

Specialist
Lisa Jansen

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East Lansing, MI 48824-1039

NEWS

Telfarm Calendar

Wednesday, November 7

- Date for records to be at Telfarm to be included in Tentative Reports

Thursday—Friday, November 22-23

- Telfarm Center closed for Thanksgiving Holiday

Friday, December 14

- Date for 2008 Enrollments to be at Telfarm to receive programs/supplies by January (*PenSoft will mail updates after December 17*)

Monday—Tuesday, December 24-25

- Telfarm Center closed for Christmas Holiday

Monday—Tuesday, Dec. 31– Jan. 1, 2008

- Telfarm Center closed for New Year Holiday

Telfarm Center

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414 Agriculture Hall
East Lansing, MI 48824-1039
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- Or contact your local MSU Extension Agent -



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