



Farm and Family Living Income and Expenses for 2012

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In 2012, the total noncapital living expenses of 1,300 farm families enrolled in the Illinois Farm Business Farm Management Association (FBFM) averaged \$76,668 – or \$6,389 a month for each family (Table 1). This average was 6.6 percent higher than in 2011. Another \$8,344 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 \$85,012 for 2012 compared with \$79,658 for 2011, or a \$5,354 increase per family. The average amount spent per family for capital items was \$615 more while noncapital expenses increased \$4,739 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 about 35 percent in 2012 compared to the year before. The amount of income taxes paid in 2012 averaged \$26,718 compared to \$19,726 in 2011. Medical expenses were higher in 2012 compared to 2011. In 2012, medical expenses averaged \$10,100. Medical expenses include out-of-pocket costs for health insurance along with doctor and hospital expenses. Net nonfarm income continues to increase, averaging \$36,778 in 2012. Net nonfarm income has increased \$10,859, or 42 percent in the last ten years.

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

	All records, average per farm			
	2012	2011	2010	2009
Number of farms in sample.....	1300	1273	1200	1164
Age of Operator.....	56	55	55	54
Number in family.....	2.8	2.9	2.9	3.0
Net Farm Income.....	\$262,917	\$242,735	\$176,886	\$76,697
Source of dollars				
Net nonfarm income.....	\$36,778	\$35,454	\$35,976	\$34,567
Money borrowed.....	429,234	398,860	361,671	340,794
Farm receipts.....	777,953	669,116	563,312	568,554
Uses of dollars				
Interest paid.....	\$22,425	\$22,749	\$22,388	\$22,664
Cash operating expenses.....	491,725	451,756	388,256	389,334
Capital farm purchases.....	119,816	104,621	84,055	85,120
Payments on principal.....	396,479	370,759	327,000	319,492
Income and Social Security taxes.....	26,718	19,726	20,064	20,671
Net new savings and investment.....	\$100,790	\$54,161	\$44,987	\$34,200
Living expenses				
Contributions.....	\$3,823	\$3,066	\$2,935	\$2,788
Medical.....	10,100	9,322	8,928	8,579
Insurance, life and disability.....	4,036	3,702	3,442	3,431
Expendables.....	<u>58,709</u>	<u>55,839</u>	<u>52,300</u>	<u>50,369</u>
Total noncapital expense.....	\$76,668	\$71,929	\$67,605	\$65,167
Capital.....	<u>8,344</u>	<u>7,729</u>	<u>6,604</u>	<u>7,267</u>
Total, living expenses.....	\$85,012	\$79,658	\$74,209	\$72,434
Percentage change, total noncapital living expenses.....	6.6	6.4	3.7	0.0

In Table 1, the averages per farm for total family living expenses are divided into five categories for 2009 through 2012. The “expendables” category includes cash spent or 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. Table 1 also contains averages for the high third and low third sorted by noncapital living expenses for families of three to five. The high third averaged \$124,569 of noncapital family living expense while the low third averaged \$50,906.

Table 1.cont. Sources and Uses of Funds Sorted by Noncapital Living Expenses for Selected Illinois Farms

	Family of 3 to 5, 2012 ^a	
	High-Third	Low-Third
Number of farms in sample.....	160	160
Age of Operator.....	50	48
Number in family.....	4.0	3.8
Net Farm Income.....	\$379,027	\$233,524
Source of dollars		
Net nonfarm income.....	\$45,272	\$28,827
Money borrowed.....	650,954	310,619
Farm receipts.....	1,128,314	636,656
Uses of dollars		
Interest paid.....	\$30,207	\$16,949
Cash operating expenses.....	734,018	418,376
Capital farm purchases.....	145,962	99,379
Payments on principal.....	571,463	282,385
Income and Social Security taxes.....	35,803	20,040
Net new savings and investment.....	\$171,815	\$81,153
Living expenses		
Contributions.....	\$5,944	\$2,053
Medical.....	14,306	6,219
Insurance, life and disability.....	5,053	2,657
Expendables.....	<u>99,266</u>	<u>39,977</u>
Total noncapital expense.....	\$124,569	\$50,906
Capital.....	<u>10,703</u>	<u>6,914</u>
Total, living expenses.....	\$135,272	\$57,820

^a Records were sorted into high-third and low-third categories according to noncapital living expenses.

The authors 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.

More Information

A complete report "Farm and Family Living Income and Expenditures, 2009 through 2012" is available on the farmdoc website [here](#).