

# Leader

A Colonial Farm Credit Member Publication

2011 - Issue 1

## Two Farm Credit Employees win Agricultural Honors

By Diane Wheeler

Colonial Farm Credit employees, Chris Simms and Bill Henley, recently won honors competing in Farm Bureau events at the state and national level.



Chris Simms and his wife, Jennie, won the Excellence in Agriculture Award during the American Farm Bureau Federation's annual meeting in Atlanta earlier this year.

The Excellence in Agriculture Award recognizes members who are actively involved in Farm Bureau and agriculture. The young adults who receive this Farm Bureau award do not derive the majority of their income from an agricultural operation but actively contribute and grow through their involvement in agriculture, their leadership abilities, and participation in Farm Bureau and other organizations.

Chris has been employed by Farm Credit for eleven years and is a relationship manager in our Commercial Loan Department. He previously served as the young farmer liaison and is pursuing a master's degree in agribusiness at Kansas State University. Jennie has held administrative positions for Smithfield Foods and is a licensed realtor.

Chris and Jennie are active Virginia Farm Bureau program participants and Chris is the immediate past vice chairman of the Young Farmers committee. They continue to reach out to the public through social media and other tools. They maintain

an agricultural blog, [Agually.com](http://Agually.com), and have developed a series of geocaches called AgCache for the purpose of promoting Virginia agriculture.

Jennie is from Winston-Salem, NC, and has transitioned well from the city girl to living on the farm where Chris grew up in Sedley, Virginia. You will now see Jennie sporting around in her 2011 Dodge Ram 1500 pickup the couple received as part of the national award while Chris can be found on the Kubota RTV. When the couple won the state award they received \$500 courtesy of Dodge, a new chain saw courtesy of Stihl, up to 200 hours' use of a Kubota utility vehicle, up to \$5,000 toward the purchase of a vehicle courtesy of the Virginia Farm Bureau Mutual Insurance Co.; and \$1,000 toward the purchase of the vehicle courtesy of the VFB Health Insurance Companies. In addition they won travel packages to the 2011 Annual Convention and the 2011 VFBF Young Farmers Winter Expo in Blacksburg.

As a result of winning the national award, Chris and Jennie will be receiving formal praise

from the General Assembly. Delegate William Barlow, D-Smithfield, offered a resolution recognizing them for their achievements in agriculture and representing "a young and vibrant part of the agricultural community in the Commonwealth."

Bill Henley competed in American Farm Bureau Federation's Discussion Meet in Atlanta. A Discussion Meet simulates a committee meeting in which active discussion and participation are expected. Participants are evaluated on their ability to exchange ideas and information on a predetermined topic. Bill made it through the first rounds of the Discussion Meet and competed in the Sweet 16. Previously he took top honors in Virginia Farm Bureau Federation's Young Farmers Discussion Meet in Hot Springs.

Bill began his Farm Credit career in 2002 and is currently a loan officer in the Windsor branch. He grew up on a farm in King and Queen County where his family raises grain, timber and beef cattle. ■



Bill Henley and Jennie & Chris Simms

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Address changes, questions, comments or requests for copies of our financial reports should be directed to Colonial Farm Credit by writing 7104 Mechanicsville Tnpk, Mechanicsville, VA 23111, or calling 1-800-777-8908. Contact us by email: [dwheeler@colonialfarmcredit.com](mailto:dwheeler@colonialfarmcredit.com). Our quarterly financial report can also be obtained on our Web site [www.colonialfarmcredit.com](http://www.colonialfarmcredit.com).

## Is Your Money Fungible?



Phillip Kersey

One of the most commonly overlooked features of money is its fungibility. It's an odd word, and a seemingly strange concept, but one that is actually very straightforward and has the ability to save you money if you understand it. Merriam-Webster defines fungible as

"being of such a nature that one part or quantity may be replaced by another equal part or quantity ...". To expand on this, something is fungible if it is interchangeable or capable of mutual substitution. Now think about it in terms of money. At the most simplistic level, it's easy to see why cash is fungible—one \$20.00 bill is interchangeable with another. Yet many assets and liabilities also possess this quality. However, it is commonly ignored and often results in unnecessary expense.

For example, take the simultaneous use of a credit card and a savings account. Many people try to prudently save a portion of their monthly income with the sensible goal of building up savings, but

also carry credit card balances at the same time. This oversight of the fungible nature of these accounts can result in borrowing money at an interest rate of 12% or more, while attempting to accumulate funds in savings account that pays 2% or less in today's environment. Similarly, many people make a noteworthy effort to pay additional principal toward their mortgage, but at the same time don't contribute the maximum to their 401(k) and IRA accounts. Since home mortgage interest is deductible when computing taxable income, a 6% home mortgage has an after-tax cost of approximately 4.5% (depending on the applicable tax bracket), while a well diversified investment portfolio can usually earn around 7% on average, even before accounting for the tax advantages offered by several types of accounts. The difference between the effective, after-tax cost of the mortgage and that which could be earned alternatively, as in a 401(k) for example, is the cost of ignoring the fungibility of money. The examples aren't limited to those of personal finances. Many business managers maintain a higher balance in their checking account than

required by their financial institution, which earns no interest, while also carrying payables or credit line balances that accrue interest, or just don't invest the excess funds which can be done with something as simple as a sweep account. Even the Federal Government ignores the fungibility of money. The Internal Revenue Service (IRS) applies different tax rates to ordinary income than to long-term capital gains and dividend income, but one \$20.00 bill is still interchangeable for another regardless of its source.

If you've already thought of instances where you have made financial decisions that weren't consistent with the fungible characteristics of money, you aren't alone. There is a mounting body of academic research in the field of behavioral economics that suggests recognizing fungibility is not a natural psychological response when evaluating financial decisions. There are even strong arguments that many of the alternative decision processes that people tend to use may aid their well-being in the long run, even if they lack fungibility. Nonetheless, fungibility is an important concept to understand given the implicit costs associated with it. Use it to help you keep a broad perspective on your finances and employ all of the tools that you have available. ■



*Phillip is a 2004 graduate of Virginia Tech with degrees in Finance and Agricultural and Applied Economics, and is currently working toward a Master's degree in Finance at Virginia Commonwealth University. He was a former Colonial Agricultural Education Foundation Scholarship recipient and presently serves as a Loan Officer in the Tappahannock office of Colonial Farm Credit. Phillip and his wife, Diane, reside in King William County.*

## Director Honored



J. Allen Swann

Colonial Farm Credit board member J. Allen Swann was recognized for his contributions to Maryland Farm Bureau. He was presented with the organization's Distinguished Service award at their recent convention in Ocean City, Maryland. Swann and his family operate a fruit and vegetable farm in Calvert County, Maryland.

## Scholarship Program

During March and April, selection committees of the Colonial Agricultural Educational Foundation will meet to select the 2011 scholarship recipients. Recipients will be invited to attend Colonial Farm Credit's customer appreciation dinners in May. Notification letters will be sent to all applicants in late April or early May.

Tax-deductible donations are greatly appreciated to assist the Foundation in fulfilling its mission. Donations may be sent to Colonial Agricultural Educational Foundation, 7104 Mechanicsville Turnpike, Mechanicsville VA 23111. Donations may be made in memory or in honor of someone and will be acknowledged in the Foundation's annual report. Visit our website (<http://www.colonialfarmcredit.com/scholarships.html>) for a donation information form (use of the form is optional).

Support of the Foundation's fundraising efforts can also be accomplished by dropping off newspapers, phone books, magazines, catalogs, cell phones, and/or toner cartridges for recycling at any Colonial Farm Credit office.

Thank you for supporting the Foundation and the environment! ■

Colonial Agricultural Educational Foundation 



## President's Message



Greg Farmer

A wise old fellow once told me, "It doesn't cost a bit more to be optimistic!" With the prospect of an early spring (based on that Pennsylvania rodent not seeing its shadow), an uptick in commodity prices and some favorable economic news, optimism comes a

little easier these days.

While it's still easy to find much "doom and gloom" in the news, you'll see in our 2010 annual stockholders report that your cooperative had another successful year. Record earnings of \$16.1 million combined with a very strong permanent capital level allowed your board of directors to approve a \$6 million cash patronage refund—the equivalent of 18% of the interest you paid on your loans last year. This is a great position to be in, especially considering the number of other financial institutions in our region that are losing money, eliminating their dividends and being placed under regulatory enforcement actions. I encourage you to read our 2010 annual report and contact me if you have any questions.

Please mark your calendar for our May customer appreciation dinners, at which we will distribute the above-mentioned patronage refund checks. Details on dates and locations are noted elsewhere in this publication.

Please join me in congratulating two of our board members who were recently elected to leadership positions in the Farm Credit System.

Robert and Paul are examples of the quality of the entire Colonial board:

- \* Robert H. Spiers, Jr. was elected as Vice Chairman of the AgFirst Farm Credit Bank board of directors. This is the governing body for the \$30 billion cooperative bank headquartered in Colombia, SC, which provides credit and related services to twenty Farm Credit Associations (including Colonial) in 15 states and Puerto Rico.
- \* Paul W. Rogers, Jr. was re-elected to another term as Chairman of the AgFirst District Advisory Committee. This committee provides guidance to the AgFirst Farm Credit Bank board on legislative and governance matters.

At the end of January, we said "good bye" to Danny Knighton, South Hill office manager. Danny retires after a successful 37-year Farm Credit career. I've had the privilege of working with Danny for more than 33 years, and he's an excellent employee, a fine person and a good friend. We wish Danny and his wife, Tucker, a long, happy, healthy retirement together.

Also recently retiring from the Farmville office are Susan Wade and Nancy Long, loan processors. We thank them for their dedicated service and wish them well in retirement!

Finally, please be sure to read the articles in this edition of the Leader about our efforts to support young farmers and the achievements of two of our employees.

Thank you for your continuing support and best wishes for a successful 2011! ■

## Longest Inducted into SENACD Hall of Fame

H. Earl Longest, former president of Colonial Farm Credit, was inducted into the Southeast National Association of Conservation Districts Hall of Fame in recognition of "having given endlessly to the field while making a lasting impression on others." The award was presented at the Tennessee meeting of the organization.

Longest is a resident of St. Stephen's Church, Virginia. He had a long career with Farm Credit including rising to the position of president from 1983 to 1992. He also served in various levels in Soil and Water Conservation Districts over a 37 year span including Director and Chairman of the Tidewater SWCD, president of the Virginia Association of Soil and Water Districts, and on the board of directors for the National Association of Conservation Districts. Contributions to the Soil and Water Conservation Districts included establishing a special Soil and Water Educational Foundation and helping the NACD establish human resource and investment committees. ■

### HOLIDAYS

*Farm Credit Offices are Closed*

**Memorial Day**

Monday, May 30

## Employee News—Retirements



Nancy Long

Nancy Long retired from her loan processor position in our Farmville office on July 31, 2010 following almost 17 years of service. We wish Nancy and her husband, Jerry, many happy years of retirement!



Susan Wade

On December 31, 2010, Susan Wade retired with 30 years of service. Susan was a loan processor in our Farmville office and we wish her and her husband, Ben, a wonderful retirement!



Danny Knighton

On January 31, Danny Knighton retired with over 37 years of service to our customers. Danny served as branch manager of the South Hill office and we wish him and his wife, Tucker, a long, enjoyable retirement! ■

# What's Cookin' in Colonial?

By Diane Wheeler

*Try a casserole for breakfast—this one tastes just like French toast—it's easy to make too!*

## FRENCH TOAST CASSEROLE

### Ingredients

5 cups bread cubes	1/4 teaspoon salt
4 eggs	1 teaspoon vanilla extract
1 1/2 cups milk	1 tablespoon margarine, softened
1/4 cup white sugar, divided	1 teaspoon ground cinnamon

### Directions

Preheat oven to 350 degrees. Lightly butter an 8x8 inch baking pan. Line bottom of pan with bread cubes. In a large bowl, beat together eggs, milk, 2 tablespoons sugar, salt and vanilla. Pour egg mixture over bread. Dot with margarine; let stand for 10 minutes.

Combine remaining 2 tablespoons sugar with 1 teaspoon cinnamon and sprinkle over the top. Bake in preheated oven about 45 to 50 minutes, until top is golden.

Serve warm with maple syrup on top if desired. ■



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# 2011 Customer Appreciation Dinners

## Mark Your Calendar



### Thursday, May 12

The Meadow Event Park  
Doswell, VA

### Monday, May 16

Longwood University  
Farmville, VA

### Tuesday, May 17

Airfield 4-H Center  
Wakefield, VA

### Wednesday, May 18

Mechanicsville Volunteer Fire Dept.  
Mechanicsville, MD

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