

## Georgia Beef Challenge Risk Management Form

In accordance to rules set forth at the annual meeting of Georgia Beef Challenge consignors, the Risk Management Committee will implement price risk management strategies relative to the following:

- (1) Use the best tools available to insure the best protection for the cattle in a pen. Do not work towards a specific profit figure; use futures, options, or LRP insurance to protect as much of the value of the calves as possible. The Risk Management Committee has the flexibility to use the best tools in each situation.
- (2) If an option is used, the Risk Management Committee has permission to spend up to \$50 on an option rather than buying an option for the breakeven value of the feeders.
- (3) Corn situation:
  - (3A) Cattle that are shipped on or before September 30 will receive old crop corn. That corn will be purchased on an as-needed basis.
  - (3B) Cattle that are shipped on or after October 1 will be fed new crop corn. Plans are to purchase one-half of the corn needs at the time of delivery and the remainder on an as-needed basis.
  - (3C) When the 2016 corn crop is in and information is available about corn prices, then the Risk Management Committee will revisit the corn situation and make the best decision pertaining to pre-purchasing corn and/or other feeds.
- (4) If a producer has a contract worth of cattle in a pen, then he/she can opt to do his/her own risk management. The Risk Management Form must be completed and signed by producers before the cattle leave Georgia. A producer can use his/her own broker, or he/she can consult with John McKissick and/or Jim Collins. In addition, a group of producers with enough cattle in the same pen may work through John McKissick to do their own risk management.

<sup>(5)</sup> The implementation of these strategies will depend on market conditions between the time when the cattle are placed and when they are harvested. The Risk Management Committee has the flexibility to use the best tools in each situation.

Producers who have at least one live cattle futures contract equivalent of cattle (40,000 pounds of finished weight) can choose to develop and implement their own risk management program. Producers choosing to do their own risk management can use the brokerage services utilized by the Tri-County Steer Carcass Futurity (TCSCF). They are also encouraged to consult with one of the members of the Risk Management Committee regarding their risk management plan.

### Please check one of the blanks below:

I want the Risk Management Committee to manage the price risk on my cattle. \_\_\_\_\_

I wish to develop and implement my own risk management program. I understand that I can utilize the brokerage services offered by the TCSCF and am welcome to consult with members of the Risk Management Committee regarding strategies. \_\_\_\_\_

Consignor Name: \_\_\_\_\_

Consignor Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Number of Cattle \_\_\_\_\_ Expected Harvest Weight \_\_\_\_\_ Total pounds of production (number of cattle times expected harvest weight) \_\_\_\_\_

### Members of the Risk Management Committee

Dr. John McKissick

Dr. Levi Russell

Extension Economist-Livestock

The University of Georgia

jmckiss@uga.edu

lrussell@uga.edu

Jim Collins

478/475-7999

jcollinsv@hotmail.com

Bill Nutt

678/901-5739

janbil@BELLSOUTH.NET