



Knowledge • Commitment • Success

Bonus Premium

Raise Today's Cash Price

How it Works

In exchange for receiving a premium on old crop bushels you sell today, you agree to a firm offer on new crop bushels sold in the future. You can choose the contract month and the firm offer FUTURES price that you want. If the futures price is at, or above, the firm offer price on the strike date of the contract, you agree to deliver the firm offer bushels and receive the firm offer price, plus-or-minus basis. The premium received is determined by contract month and level of the firm offer. This contract can only be applied in 5,000 bushels increments.

Corn Example

Today

Sell 5,000 Bushels Corn	\$3.30	cash
Firm Offer \$4.10 Dec 16 Corn Futures	<u>\$0.15</u>	premium
Net Cash Price	\$3.45	

11/20/16 (Strike Date)

Scenario 1: Dec 16 Corn Futures \geq \$4.10

Obligated to Sell 5,000 More Bushels at \$4.10 \pm Basis

Scenario 2: Dec 16 Corn Futures $<$ \$4.10

No Further Obligations

The Benefits

Bonus Premium allows you to receive a premium on old crop in exchange for a firm offer on new crop bushels. The premium could mean the difference between being below or above your break-even price.

The Risk

You may or may not have your firm offer bushels contracted and will not know for certain until the strike date of the contract. You will need to treat the firm offer bushels as if they are already marketed and this could impact your marketing strategy. We recommend contracting no more than 20% of NEXT YEAR'S crop.

The Cost

There is no cost to enter into a Bonus Premium contract.

To enroll in a Bonus Premium contract or if you have any questions contact the following.

Grain Office: 308-487-3325

Tucker Hamilton: 308-360-0830