

# LRP Overview:

## Examples on Using LRP on Retained Heifers and Breds



**OKLAHOMA COOPERATIVE  
EXTENSION SERVICE**

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# AG ECON: AFTER HOURS

September 21 - **Open Cows: What to do with them this fall?** [https://youtu.be/5a9Au\\_lao1M](https://youtu.be/5a9Au_lao1M)

September 28 - **Sell Calves Now or Keep Them Around?** <https://youtu.be/wPCgNeNyo7o>

October 5 - **Virtual Fencing, Is It a Good Fit?** <https://youtu.be/IH40q2kU5s>

October 12 - **Using LRP on Retained Heifers and Breds**

[https://youtu.be/FGvAhiLdbnM?si=WXqONoyN\\_BHi7PlQ](https://youtu.be/FGvAhiLdbnM?si=WXqONoyN_BHi7PlQ)

October 19 - **Taxes: Buy Something or Pay the Bill? Plus, Depreciation Impacts**

<https://youtu.be/LkXuUfgr6eo?si=kOOC0DJ3WAAR7jzd>

October 26 - **Cost of Production: What records do I need to have?**



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*E-mail me to sign up!*  
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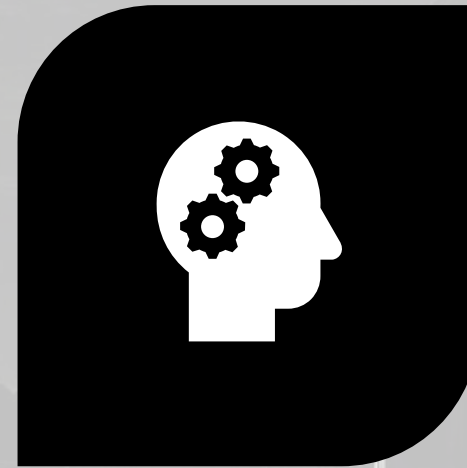
# To do list...



EXTENSION



COVER THE BASICS OF  
LRP



APPLY LRP TO RETAINED  
HEIFERS AND BREDS



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# Brief LRP Overview

## 1. What is it?

- LRP stands for Livestock Risk Protection (LRP).

## 2. What does it do?

- It protects against falling cattle prices, specifically on the CME Feeder Cattle Index (more on this below)
- Think of it as a per head, price floor
- Enjoy price runs with a backstop

## No. of head

- Min 1-12,000 per SCE
- 25,000 head annually

## Basics

- Cattle sex
- Breed specifics

## Types

- Feeder Cattle #1/ #2 (600-1000lb)
- Unborn Bull and Heifers

## Coverage Level

- 75-100 % of Expected End Value

## Time Intervals

- 13-52 weeks
- Roughly 4-week intervals



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# Common Questions

1. When can I sell my cattle?
  - *Within 60 days of your coverage end date...*
2. Where can I sell my cattle?
  - *Wherever you want...*
3. Do I have to sell my cattle?
  - *Nope, you can keep them and even buy another coverage contract on them...*
4. When is the premium paid?
  - *At the END of the policy*

# How can that work?



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- You are not insuring your cattle... *(although you must own the cattle)*
- **You are insuring price movements in the market on cattle *like* yours**
- The CME Feeder Cattle Index is your proxy for your cattle...

## Historical PAFs

\*Brahman and dairy cross also available

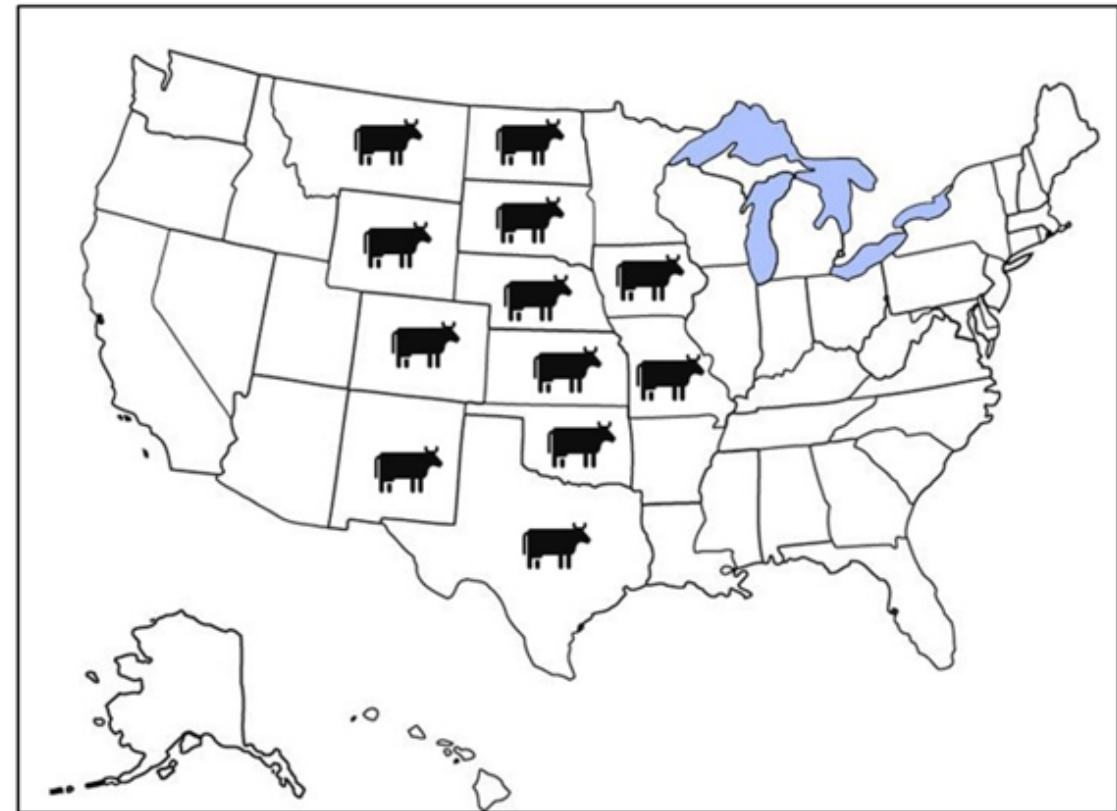


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| Weight         | Steers | Heifers | Unborn |
|----------------|--------|---------|--------|
| Under 600 lbs. | 110%   | 100%    | 105%   |
| 600-1,000 lbs. | 100%   | 90%     | ? 95%  |

“The Index is a seven-day weighted average and is defined as the total dollars sold during the seven-day period divided by the total pounds of feeder steers sold during the same seven-day period.”

- Steers only
- No dairy, brahman, exotic characteristics
- 12 states
- Medium& Large frame score
- #1 and #1-2 muscle score
- 700-900 pounds

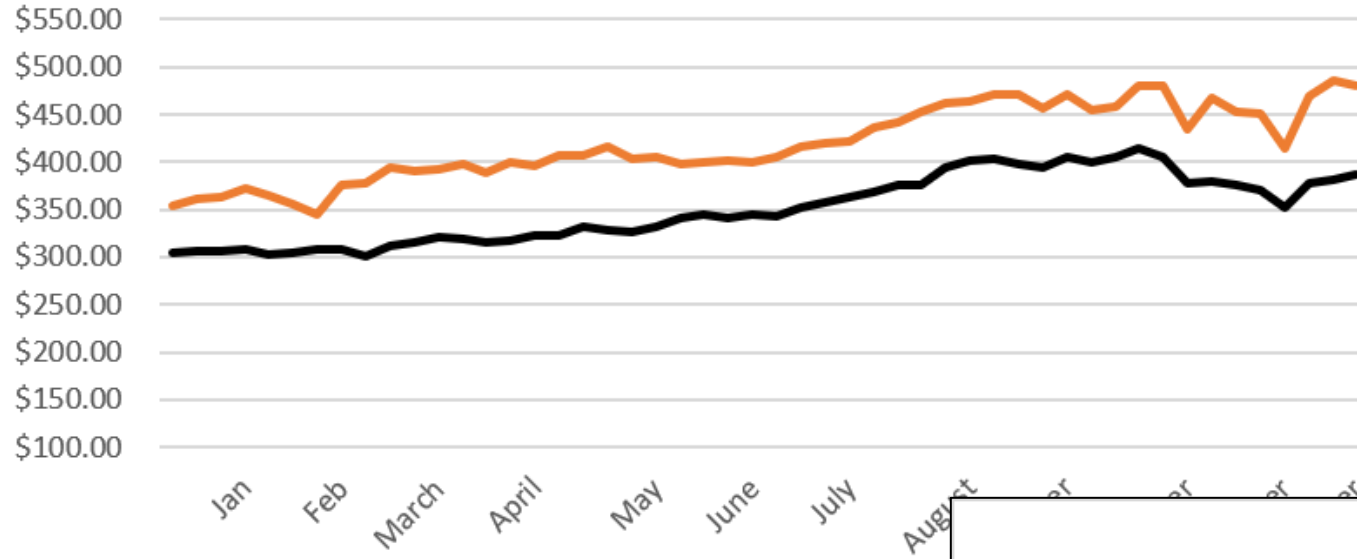


<https://www.cmegroup.com/trading/agricultural/files/understanding-cme-feeder-cattle-index.pdf>

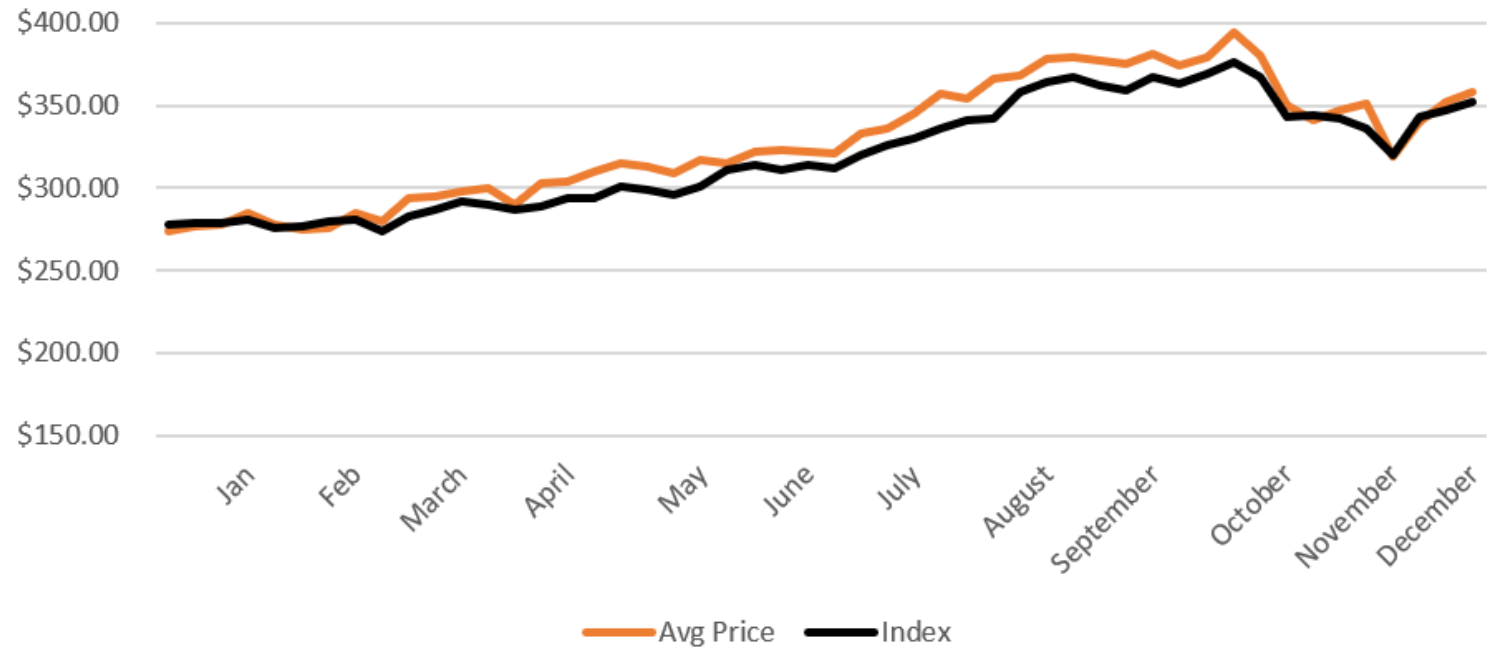


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2025 - 5 Weight Steers - OKC



2025 - 8 Weight Steers - OKC



- It's 10/9/26, and you are worried where this market is headed...
- You are going to wean 50 head of heifers soon.
- Your plan is to keep them until about April 1, 2027.
- You think they will weigh 800 lbs.



## EXTENSION

26 Week Endorsement  
Ends - **4/9/27**  
Price Floor - **\$2.8658/lb.**  
Premium - **\$60/hd**

Fast forward to 4/9/27  
CME FCI closes at \$3.30  
\*90% PAF = **\$2.97**

Do you receive a bill or a check?

| Coverage Level | Coverage Price |        | \$ /cwt. |       | \$ /hd   |
|----------------|----------------|--------|----------|-------|----------|
| 100%           | \$             | 298.52 | \$       | 11.35 | \$ 90.80 |
| 99%            | \$             | 295.53 | \$       | 10.24 | \$ 81.92 |
| 98%            | \$             | 292.55 | \$       | 9.26  | \$ 74.08 |
| 97%            | \$             | 289.56 | \$       | 8.38  | \$ 67.04 |
| 96%            | \$             | 286.58 | \$       | 7.50  | \$ 60.00 |
| 95%            | \$             | 283.59 | \$       | 6.74  | \$ 53.92 |
| 93%            | \$             | 276.13 | \$       | 4.66  | \$ 37.28 |
|                |                |        |          |       | \$ 27.20 |
|                |                |        |          |       | \$ 17.68 |
| 85%            | \$             | 253.74 | \$       | 1.57  | \$ 12.56 |
| 80%            | \$             | 238.82 | \$       | 0.70  | \$ 5.60  |
| 75%            | \$             | 223.89 | \$       | 0.30  | \$ 2.40  |

**Bill (\$2.97 > \$2.8658)**

- It's 10/9/26, and you are worried where this market is headed...
- You just preg checked cows and have 50 bred.
- You normally sell calves in early October.
- They average 500lb at weaning.



## EXTENSION

52 Week Endorsement  
Ends - **10/8/27**  
Price Floor - **\$2.9999/lb.**  
Premium - **\$31.65/hd**

Fast forward to 10/8/27  
CME FCI closes at \$2.70  
\*105% PAF = **\$2.8335**

Do you receive a bill or a check?

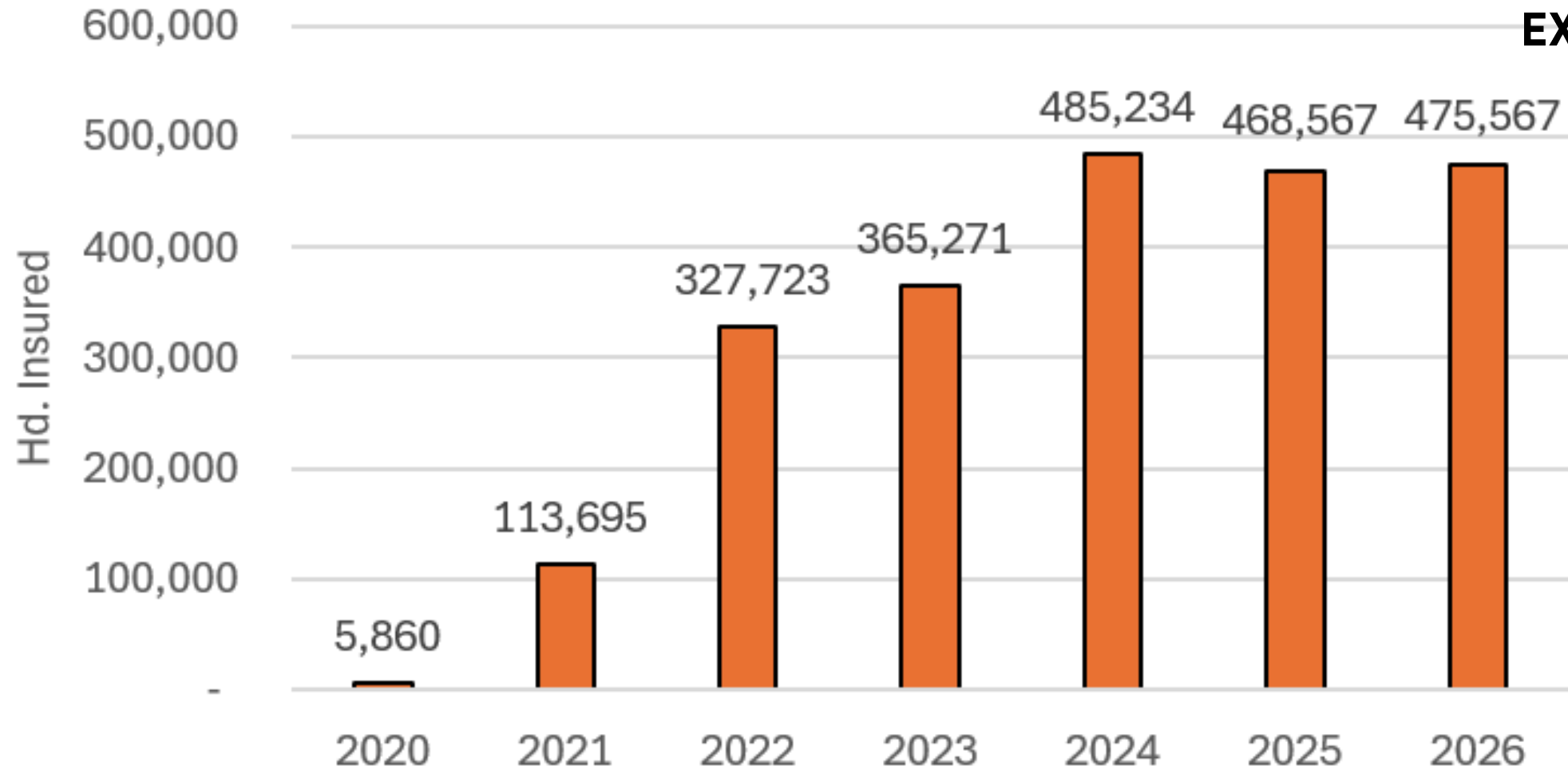
Check ( $\$2.999 > \$2.8335$ )  
*Maybe, (Indemnity-Payment)*

| Coverage Level | Coverage Price | \$/cwt.  | \$/hd    |
|----------------|----------------|----------|----------|
| 100%           | \$ 342.85      | \$ 19.41 | \$ 97.05 |
| 95%            | \$ 325.71      | \$ 13.70 | \$ 68.50 |
| 93%            | \$ 317.14      | \$ 10.46 | \$ 52.30 |
| 90%            | \$ 308.57      | \$ 8.55  | \$ 42.75 |
| 87.5%          | \$ 299.99      | \$ 6.33  | \$ 31.65 |
| 85%            | \$ 291.42      | \$ 5.04  | \$ 25.20 |
| 80%            | \$ 274.28      | \$ 2.84  | \$ 14.20 |
| 75%            | \$ 257.14      | \$ 1.54  | \$ 7.70  |

## LRP: OK Annual Usage

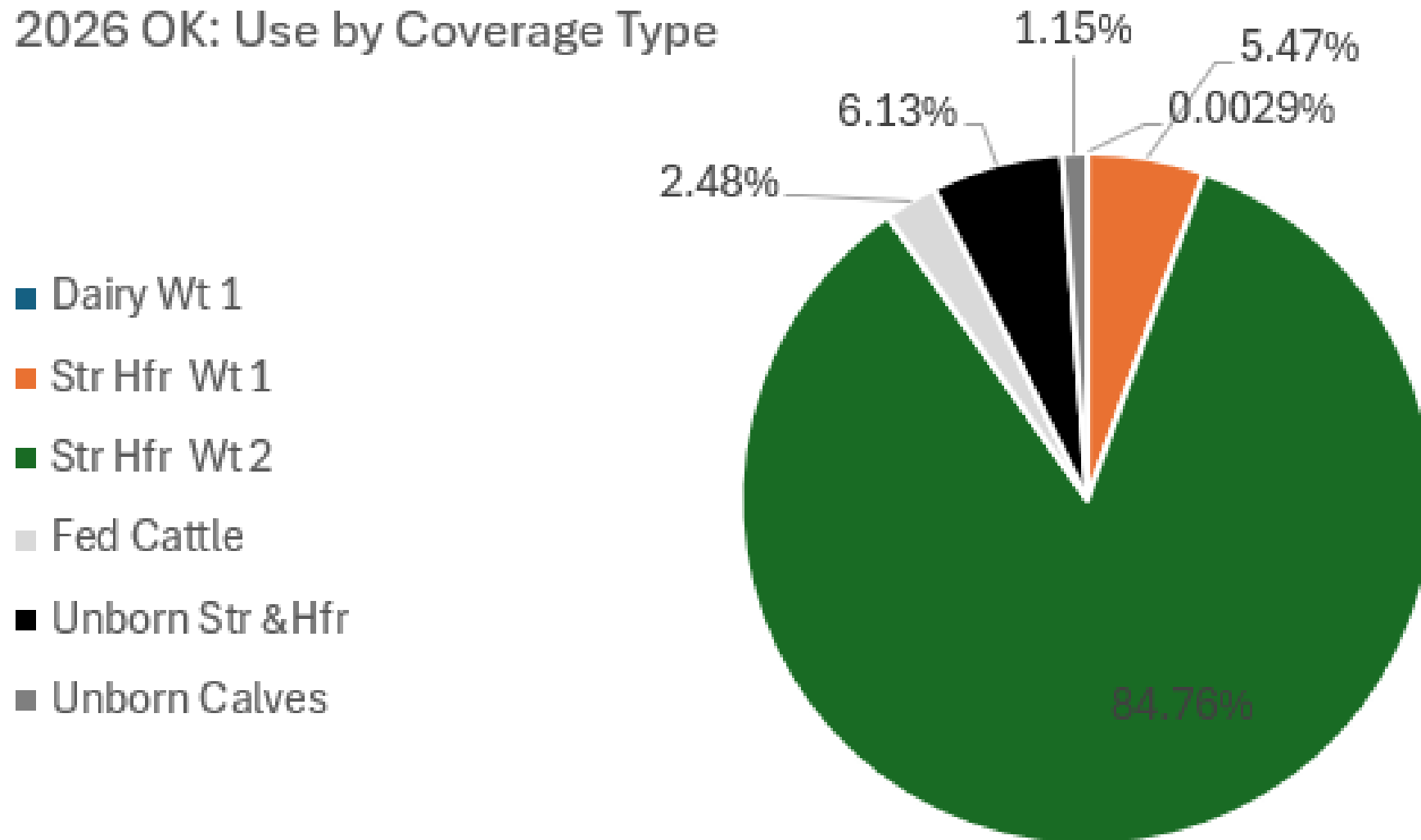


**EXTENSION**



Source: USDA-RMA Summary of Business, sorted and analyzed by author

## 2026 OK: Use by Coverage Type



Source: USDA-RMA Summary of Business, sorted and analyzed by author



## EXTENSION

### 2026 OK: Coverage Level Preferences

| <i>Coverage Level</i> | <i>Hd</i>      | <i>%</i>       |
|-----------------------|----------------|----------------|
| $\geq 97\%$           | 399,468        | 84.00%         |
| 90-96%                | 58,707         | 12.34%         |
| $< 90\%$              | 17,392         | 3.66%          |
| <i>Total</i>          | <i>475,567</i> | <i>100.00%</i> |

Source: USDA-RMA Summary of Business, sorted  
and analyzed by author



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## 2026 OK: Coverage Length Preference

| <i>Weeks</i> | <i>Hd</i>      | <i>%</i>       |
|--------------|----------------|----------------|
| 13           | 76,054         | 15.99%         |
| 17           | 81,688         | 17.18%         |
| 21           | 76,019         | 15.98%         |
| 26           | 74,831         | 15.74%         |
| 30           | 52,683         | 11.08%         |
| 34           | 44,981         | 9.46%          |
| 39           | 23,404         | 4.92%          |
| 43           | 12,379         | 2.60%          |
| 47           | 10,455         | 2.20%          |
| 52           | 23,073         | 4.85%          |
| <i>Total</i> | <i>475,567</i> | <i>100.00%</i> |

Source: USDA-RMA Summary of Business,  
sorted and analyzed by author

# Summary



**EXTENSION**

- LRP protects against PRICE DECLINES only!
- If you are interested, talk to a provider.
- Two step process
  - Get in the system
  - Decide and implement
- Market is good, but volatile...
- Outside of futures, we have not had a strong price risk management tool. This is help!