



COWS + PIGS + CHICKENS, OH MY!

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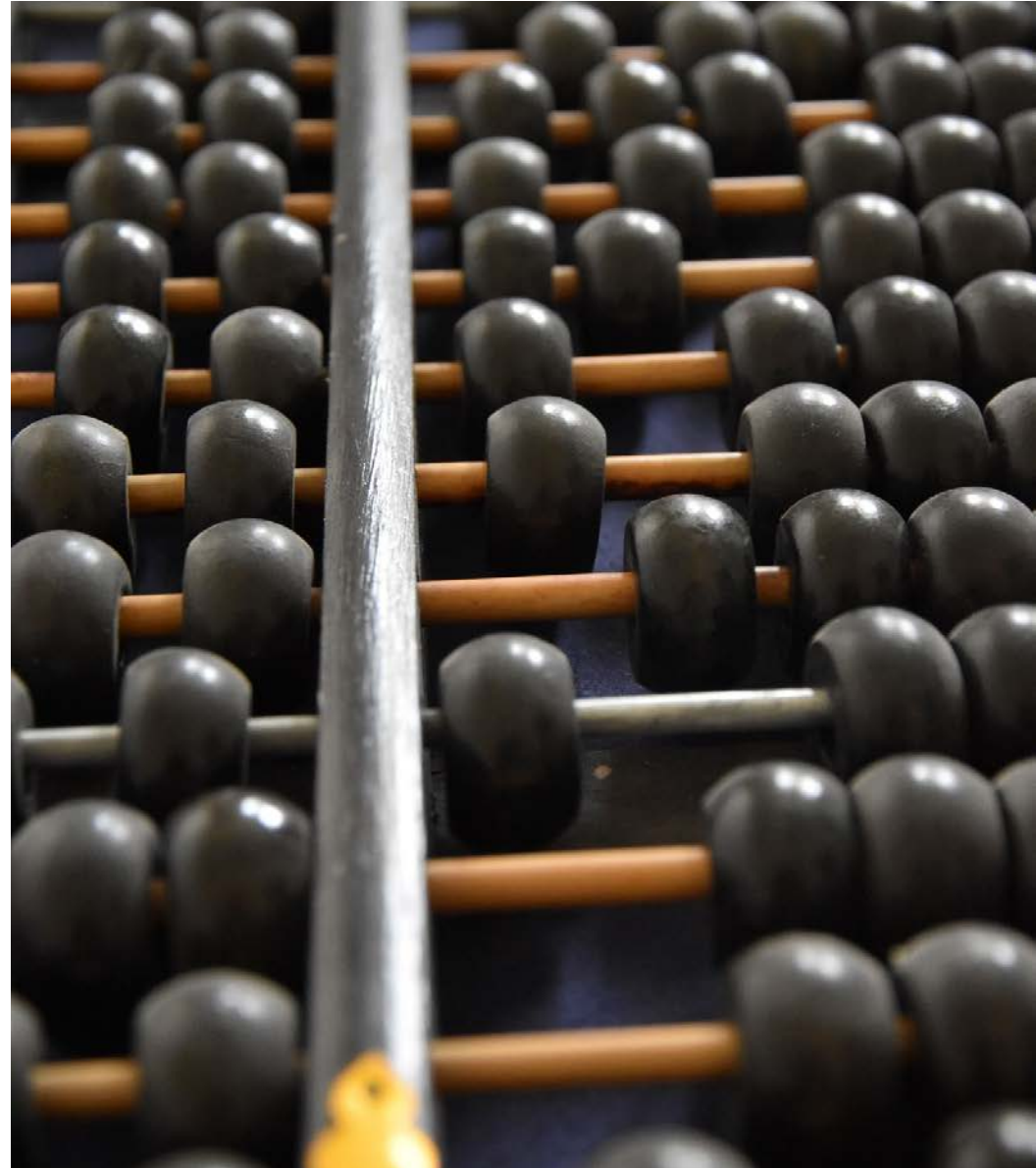


AGRICULTURAL ASSETS: **AGENDA**

- Types
- Tax Treatment
- Best Practices
- Concerns
- Opportunities

AG. ASSETS: **BY THE NUMBERS**

- 2.1 million farms (2012)
- 914 million acres (2012)
- \$136.4 billion crop production (2014)



TYPES

- Land
- *Animals*
- *Crops*
- *Equipment*
- Timber





CONCERNS

- Housing/Storage
- Feeding/Care
- Insurance
- Transport
- Liability



COWS AND PIGS AND CHICKENS, OH MY!



ANIMALS: TAX TREATMENT

- Capital Gain
 - Draft
 - Dairy Breeding
 - Sport

- Ordinary
 - All Others



ANIMALS: **ASSET CONCERNS**

- Feeding
- Housing
- Care
- Insurance
- Timing of Sale



CARLOS
"RAWHIDE TRUST"



CARLOS: GOALS

- Cut back on farming
- Plan for retirement
- Giving plan for:
 - humane farming
 - ag. scholarships

CARLOS: **TOOLS**

- Grazing land
- 2,000 head of cattle
- Home
- Machinery
- SEP IRA





CARLOS: **TECHNIQUE**

- *"Rawhide Trust"*
- Donate 1/2 cattle to FCRUT
- Deduction: cost basis
- Cattle sold tax-free
- Payments to Carlos for life
 - *taxable when received*
- Remainder to charities



CROPS



CROPS: TAX TREATMENT

- Harvested: Ordinary Income
- Un-harvested: Capital Gain
- "*Partial Interest Rule*"

- Charity Harvest: UBTI
- Crop Shares:
 - "*Assignment of Income*"

CROPS: **ASSET CONCERNS**

- Housing/Transport
- Insurance
- Transfer timing
- Method of Transfer
 - *"Deed of Gift"*
- Timing of sale





CHARLIE
"GREEN UNITRUST"



CHARLIE: GOALS

- Defer/minimize taxes
- Plan for retirement
- Plan for legacy:
 - Non-GMO crops
 - Small farms
 - International relief

CHARLIE: **TOOLS**

- Harvested grain
- Farmland
- Home
- IRA
- Annuity
- CDs
- Life Insurance





CHARLIE: **TECHNIQUE**

- *"Green Unitrust"*
- Donate harvested grain to FCRUT
- Deduction: cost basis
- Grain sold tax-free
 - SE Taxes
- Payments to Charlie for life
 - taxable when received
- Remainder to charities

MACHINERY





MACHINERY: TAX TREATMENT

- *"Tangible Personal Property"*

- Ordinary Income Property
- Deduction: lesser of
 - Basis
 - FMV

- Depreciation
- *"Related Use Rule"*

MACHINERY: **CONCERNS**

- Insurance
- Storage
- Method of sale:
 - auction
 - possible buyers





JEPSSON FARM



JEPSSONS: GOALS

- Exit farming
- Plan for legacy
 - 3 daughters
 - charity
- Plan for retirement
- Plan for health

JEPSSONS: **TOOLS**

- Farmland: 300 acres
- Cattle
- Machinery
- Life Insurance
- Home
- SEP IRAs



JEPSSONS: **TECHNIQUE**

- Donate to FCRUT:
 - 150 acres
 - all cattle
 - all machinery
- Deduction:
 - acreage: FMV
 - cattle/machinery: Basis
- Sale of all
 - Kept 150 acres to sell





JEPSSONS: **TECHNIQUE**

- FCRUT payments for 2 lives
 - LI for daughters
 - LTC insurance
 - Income
- Deduction:
 - ROTH conversions
- Remainder:
 - DAF for daughters

A pug dog is sitting in a forest, wrapped in a plaid blanket. The blanket has a pattern of green, red, and grey stripes on a light background. The dog's head is visible, looking directly at the camera. The background is a dense forest with green foliage and a path. The text "WRAPPING UP" is overlaid in the center of the image.

WRAPPING UP



AG. ASSETS: **TAKE AWAYS**

- Deferral of Taxation
- Charitable Intent
- Tax Savings

- Valuable + Complex
- Takes a team!



WANT MORE?

1. "GIFT TIPS"

2. FREE STRATEGY SESSION



THANK YOU!

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