TPV FOR AG IMPACT

DAY 2 · FARMERS & PRODUCERS

Session 5: Securing Your Future

Retirement Planning for Farmers

Thursday, October 22 · 11:50 AM – 1:20 PM ET · Moderated by Sharlene Brown

TPV FOR AG IMPACT

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Session 5: Securing Your Future

This session was sponsored by:

Rural Beacon INITIATIVE

Rural Beacon Initiative seeks to advance community ownership in a new clean energy economy through strategic leveraging of relationship expertise and innovative technology.

For the better part of a decade, we have cultivated community relationships through grassroots organizing. RBI has cultivated relationships in frontline communities and recently provided consulting services with top green energy finance leaders around operationalizing equity and climate environmental justice. RBI will develop and model connecting communities in a way that is scalable and equitable across the Southeast.

Meet Your Panel

MODERATOR

Sharlene Brown

TPV for Ag Impact

Guides the conversation and opens with retirement savings basics.

LAND & PROPERTY

Matt Blackburn

Amber Farmland Investments PBC

Smart options when you sell or trade farm property.

FAMILY & LAND

Zack Metzger

NY State Agricultural Mediation Program

Talking as a family and keeping land in farming.

LEGAL PAPERS

De’Erricka Green

Wake Forest University School of Law

The papers that pass your farm on smoothly.

Four Questions We'll Answer Today

How will I pay my bills when I stop farming?

Retirement savings
with Sharlene

What are my choices if I sell or trade land?

Selling or trading property
with Matt

How do we keep the land in farming?

Family and land
with Zack

Which papers protect my family?

Passing the farm on
with De'Erricka

Please note: This is general education, not legal, tax, or investment advice for your situation. Talk with a qualified professional before you act.

“The Land Is My Retirement”

WHAT MANY FARMERS TELL US

“The land is my retirement.”

The land matters. But it works best as one part of the plan, not the whole plan.

Land doesn’t pay monthly bills

To turn land into cash, you have to sell it or rent it out.

Prices go up and down

You can’t pick the market in the year you need to sell.

A sale can bring a big tax bill

And once land is sold, it may leave farming for good.

Three Places Retirement Money Can Come From



Social Security

Monthly checks from the government, based on the Social Security taxes you paid while working.

Tip: see your estimate at ssa.gov



Retirement accounts

Savings accounts with tax breaks, made for retirement.
Self-employed farmers can open their own.

Examples: IRA, SEP IRA, Solo 401(k)



The farm itself

Land and equipment you can sell, rent out, or pass on. Valuable, but slow to turn into cash.

Best as one part of the plan

The safest plan uses more than one. *If one source falls short, the others help carry you.*

Three Farmers Getting Ready to Retire

Every farm is different. How much land you own and where your income comes from shape your retirement choices.



UNDER 100 ACRES

Part-Time Family Farm

Income: Off-farm jobs pay most of the bills. The farm adds some income.

Savings: May have a 401(k) or pension through an off-farm job.

Big question: The home and the farm are often the same land. Stay, downsize or pass it on?



A FEW HUNDRED ACRES

Full-Time Family Farm

Income: Farming is the main source of income.

Savings: Most wealth is tied up in land and equipment, with little saved off the farm.

Big question: How do I get steady income from the land once I stop farming?



OVER 1,000 ACRES

Large Operation

Income: A bigger business, often with employees or several family members involved.

Savings: Land value can be high, so taxes and estate costs can be large.

Big question: Who runs it next, and how do we pass it on without a big tax bill?

Where Retirement Savings Can Live

Retirement accounts fall into three groups, depending on who offers them.

THROUGH AN EMPLOYER

If you or a spouse work off the farm

- 401(k) and 403(b), traditional and Roth
- 457(b), traditional and Roth
- Thrift Savings Plan (TSP)
- Pension
- Health Savings Account (HSA)

ON YOUR OWN

Anyone with earned income

- Traditional IRA
- Roth IRA
- Rollover IRA (from an old employer plan)
- Health Savings Account (HSA)
- Individual brokerage account

YOUR FARM BUSINESS

For self-employed farmers

- SEP IRA
- SIMPLE IRA
- Solo 401(k), for owners with no employees other than a spouse

Quick question: Which of these is a defined benefit plan, and which are defined contribution plans? What's the difference?

Three Tax Buckets

Every account fits a tax bucket. The difference is when you pay the tax: later, now or as you go.

TAX-DEFERRED

Pay tax later

Contributions may lower your taxes now. You pay income tax when you withdraw.

- Traditional 401(k), 403(b), 457(b) and TSP
- Traditional, SEP and SIMPLE IRAs
- Rollover IRA (from a traditional plan)
- Pension

TAX-FREE (ROTH)

Pay tax now

You save money you've already paid tax on. Qualified withdrawals are tax-free.

- Roth 401(k), 403(b), 457(b) and TSP
- Roth IRA
- Roth SEP and SIMPLE IRAs (allowed since 2023; not every provider offers them)

TAXABLE

Pay tax as you go

No special tax break, but no contribution limits or withdrawal rules.

- Individual brokerage account
- Tax is due on interest, dividends and gains in the year you receive them

HSA: the triple tax advantage. Money goes in, grows and comes out for qualified medical costs tax-free.

Roth tip: Roth accounts tend to pay off most when your tax bracket is low, like in a lean farm year.

Where to Put Your Next Dollar

A simple order to follow when you're ready to save for retirement.

1

Always take the match

Save at least enough to get the full employer match, if you or a spouse have one. It's free money.

2

Fund an IRA

Contribute to a Roth or traditional IRA, up to the yearly limit, if you're eligible.

3

Catch up after 50

Age 50 or older? Use catch-up contributions in workplace plans and IRAs to save more.

4

Use an HSA

With a qualifying high-deductible health plan, an HSA's triple tax advantage is hard to beat.

No employer plan? Your farm business can offer one, such as a SEP IRA, SIMPLE IRA or Solo 401(k).

What to Do With Your Farmland in Retirement

Most plans start with one big choice: sell the land, or keep it. Each path has a few common options.

PATH 1

Sell

Direct sale

Sell the land to a buyer for cash.

Exchange options

Trade into other property or a fund (1031 or 721) to put off taxes.

PATH 2

Keep

Rent or lease

Keep ownership and earn rent while another farmer works the land.

Family takes over

Pass the land and the farming on to the next generation.

KEEP IN MIND

It's about more than money

The decisions you make affect you financially and shape the stewardship of the land.

What Is a 721 Exchange?

Also called an "UPREIT." Instead of selling your farmland for cash, you trade it into a larger farmland fund.

STEP 1

You own farmland

Land that has grown in value over the years you've owned it.

STEP 2

You contribute it to a fund

The land joins a diversified portfolio of farmland.

STEP 3

You receive OP units

Operating partnership units. Their value should track the portfolio's performance.

IF YOU SELL FOR CASH

Tax due now

You typically owe capital gains tax on the land's growth right away.

vs

WITH A 721 EXCHANGE

Tax put off

The tax on the gain is deferred until the OP units or the land are sold.

FOR YOUR HEIRS

A possible step-up in basis

If the OP units aren't sold before the owner's death, they typically get a step-up in basis before passing to heirs. That can lower the tax heirs owe if they later sell.

Source: Amber Farmland, "721 Farmland Investment Exchange" (amberfarmland.com). General education only, not tax advice.