



Trust Matters

2016

*Conservation Easement Tax Incentive
It's Permanent!!
A Great Opportunity to Preserve Your Farmland*

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We can help if you . . .

- are concerned about the future of your land.
- wish to preserve the family farm as farmland.
- would like to promote controlled development, thereby reducing threats to prime farmland and natural areas.
- want to reduce estate, capital gains, property and income taxes through a conservation easement.

The conservation easement tax incentive has been made permanent by Congress. This provides an extraordinary opportunity for landowners to preserve farmland so their heirs will always have the opportunity to farm the land that's to be passed down to the next generation. These easements can be made during your lifetime, by will, or donated by the heirs. If the easement donation is made by will or after death, the family forgoes the federal income tax deductions available to them.

By preserving farmland through a voluntary conservation easement donation to a qualifying land trust like The Sangamon Conservancy Trust (SCT), there can also be substantial federal income tax and potential estate tax savings to the donor. A conservation easement must meet the Internal Revenue Code (IRC) 170(h) rules which protects the conservation value of the donated parcel. The land trust who accepts a land donation is responsible for making sure that the landowner adheres to the conservation terms of the easement.

A "qualifying farmer" (50% of gross income from the trade or business of farming), can deduct 100% of their federal income return's adjusted gross income (AGI) in the first year of the donation and for each of an additional 15 years,—a total of 16 years of tax deductions. However, the deductions cannot exceed the total fair market value of the easement. There must also be a restriction requiring that the land remain "available for agriculture", when an easement is donated by a qualifying farmer. It also applies to farmers who are organized as C corporations.

For a landowner who does not meet the "qualifying farmer" designation, the federal income tax deduction for a donated conservation easement is 50% of their AGI, and is available for the same number of years (16) as that of a qualifying farmer. (continued on page 2... conservation easements can reduce estate taxes.)

"We look forward to working with you to see that your land preservation goals are fulfilled. When a conservation easement is donated to this Trust, we take our responsibility very seriously to ensure that your land remains preserved and conserved for family members who will follow in your footsteps."

Barb Mendenhall, SCT Chair

A 501(c)(3) Qualified
Conservation Land Trust

Our Mission:
"Foster exceptional conservation
activities for the benefit of all persons"

Member of
Land Trust Alliance
www.lta.org



Welcome, Keith Waterman!
**Joining the SCT for Farmland
Conservation and Preservation**

Keith Waterman is the newest member of The Sangamon Conservancy Trust, bringing great credentials and skills with him. He is currently the Springfield Regional Office Manager for Soy Capital Ag Services. Prior to joining this organization, Keith was a regional agronomist for Herrin, Ltd.

In addition to his in depth knowledge and expertise in agronomy and crop production, Keith is a licensed Illinois managing real estate broker and an active member of the Illinois Society of Farm Managers and Rural Appraisers. He has been managing farmland in central Illinois since the

1980s and his farm management skills will be a perfect fit with the SCT.

“I have always had a sincere interest in improving and preserving Midwest farmland. Being a SCT trustee provides me with a more active role in pursuing that interest. I also enjoy the networking opportunity of working with other individuals with similar interests.”, Keith noted.

Keith’s commitment to serve with the SCT will only make us stronger as a qualified conservation land trust dedicated to land conservation and preservation.



*The Sangamon
Conservancy Trust*

*Join The Sangamon Conservancy Trust
Become a Partner in Conservation and Farmland Preservation
Your Land . . . Conservation Now, Preservation Forever*

We encourage you to become a partner in our efforts to preserve farmland and conserve the natural resources of Illinois. The enclosed membership information is an opportunity for you.

The Sangamon Conservancy Trust is a charitable trust established under Section 501(c)(3) of the Internal Revenue Code. Membership dues to this organization are tax deductible to the extent allowed by law.

(Conservation Tax Incentive continued)

Farm and ranch estates are four times more likely to trigger federal estate taxes, putting the families who own some of the most productive lands at risk of keeping their farms intact for future generations. Estate tax incentives for land conservation offer two options for reducing their estate taxes:

- 1) A donated conservation easement lowers the property value, and accordingly, may reduce the value of the estate to be taxed. In some cases, a conservation easement may drop the value of the estate below the threshold for federal estate taxes. As of 2015, estates of \$5.1 million or more are subject to federal estate tax rate of 40 percent.
- 2) Heirs can exclude 40 percent of the value of the land under a conservation easement from estate taxes. Section 2031(c) of the Internal Revenue Code provides an estate tax exclusion of up to 40 percent of the encumbered value of land (but not improvements) protected by a “qualified conservation easement”. That exclusion is capped at \$500,000.

To qualify for IRS tax benefits, these easements must be donated to a qualifying conservation organization, serve a valid conservation purpose and be permanent. The SCT currently holds nine conservation easements in central Illinois permanently preserving 3,208 acres forever. If we can assist you with your estate planning needs, please contact the SCT at (217) 241-6635 ext. 3. or email Shelly Seman at michelle.seman@il.nacdnet.net. For more in depth information about conservation easements check out the The Land Trust Alliance website www.lta.org.