

Financial Strategies for Effective Ag Land Leasing and Management

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Program Overview

- **Part I**
 - Current Trends in Nebraska Land Values
 - Cash Rents
 - Agricultural Flex Leases & Trends
- **Part II**
 - Agricultural Leases & Provisions
 - Succession & Transition
- **Part III**
 - Critical Financial Considerations



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Current Trends in Nebraska Land Values, Cash Rents & Lease Trends in 2026

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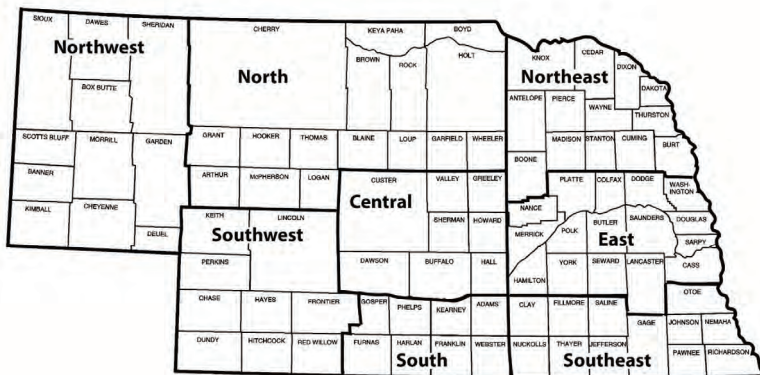
DISCLAIMER

- Land values and rental rates shown and discussed in this presentation are from the UNL Nebraska Farm Real Estate Market Survey.
- Information provided in this presentation are averages from these surveys. Actual land values and rental rates may vary depending upon the quality of the parcel and local market forces for an area.

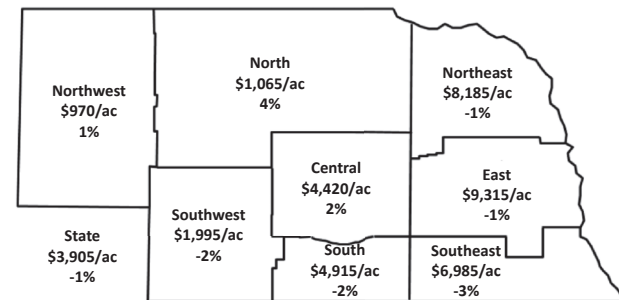
Nebraska Farm Real Estate Survey

- Annual survey conducted since 1978 of Nebraska agricultural appraisers, professional farm managers, and bankers engaged in the land industry.
- Preliminary results for land values and rental rates published in mid-March.
- Full report published in June.
- Nebraska Farm Real Estate website full access to these resources: <http://cap.unl.edu/realestate>

Nebraska Agricultural Statistics Districts

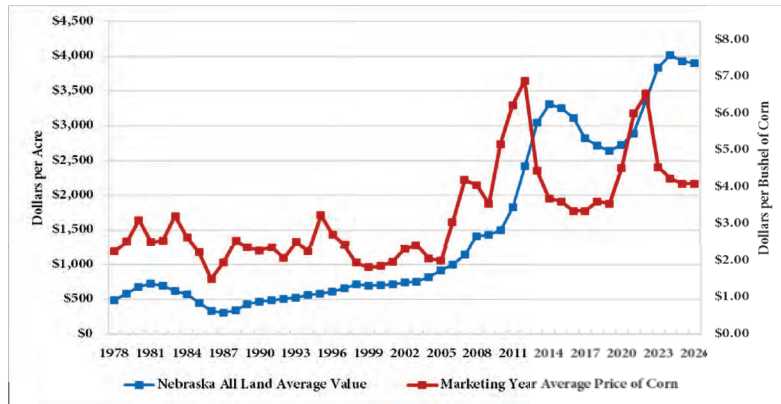


Nebraska Agricultural Average All Land Value – Feb. 1, 2026

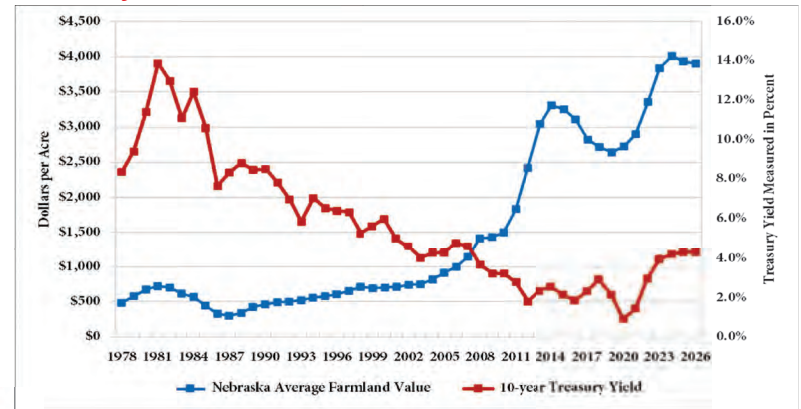


Source: UNL Nebraska Farm Real Estate Market Surveys, 2025 and 2026.

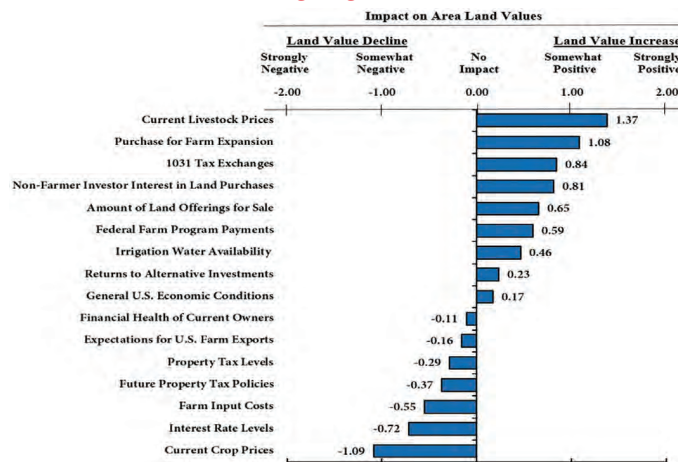
Nebraska Average Land Value and Corn Price, 1978-2026



Nebraska Avg. Land Value & 10-year Treasury Bond Rate, 1978-2026



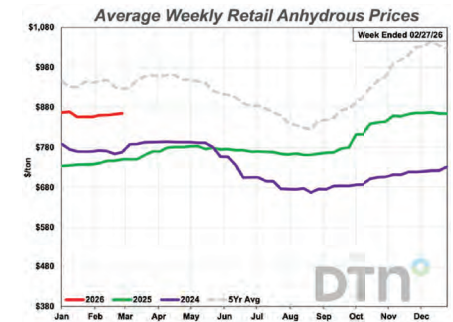
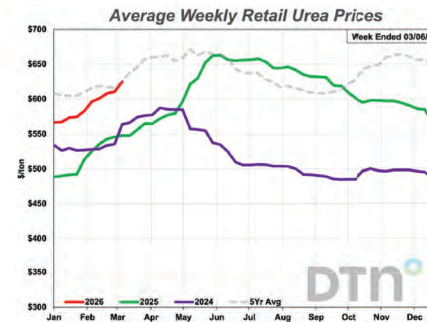
Rating of Factors Influencing Agricultural Land Values in 2025



Source: Nebraska Farm Real Estate Market Development Survey, 2025.

DTN Retail Fertilizer Trends

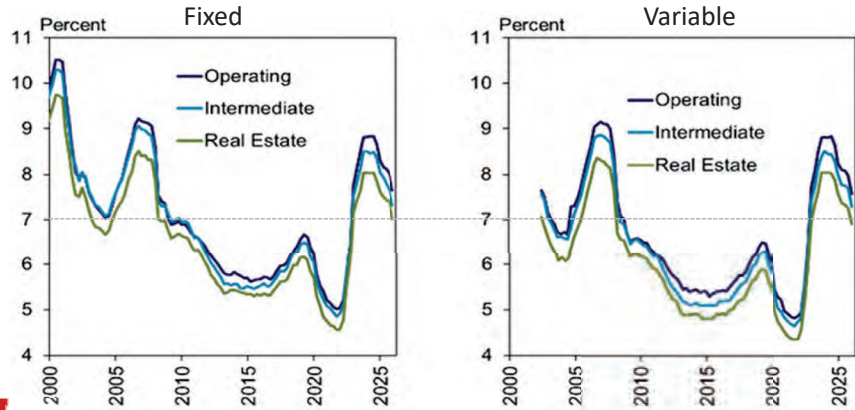
Source: DTN: <https://www.dtnpf.com/agriculture/web/ag/crops/article/2026/03/11/despise-us-israel-iran-conflict>
DTN: <https://www.dtnpf.com/agriculture/web/ag/crops/article/2026/03/04/seven-eight-major-fertilizers-higher>



Source: Russ Quinn-DTN, March 11, 2026 & Russ Quinn-DTN, March 4, 2026.

Tenth District Average Interest Rates

Article: KC FED: <https://www.kansascityfed.org/agriculture/ag-credit-survey/farmland-values-remain-firm-despite-deterioration-in-farm-finances/>



Source: Kansas City Federal Reserve, Feb. 11, 2026.

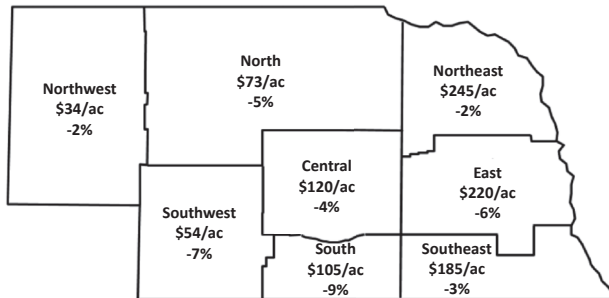


Nebraska Cash Rental Rates

Dryland Cropland
Rental Rates



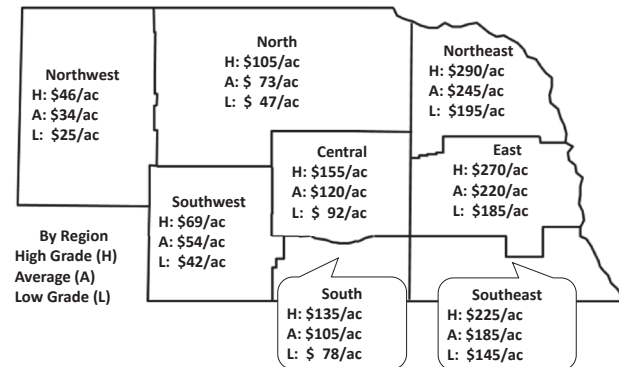
Dryland Cropland Average Rental Rates – 2026 Season



Source: Nebraska Farm Real Estate Market Development Survey, 2026.



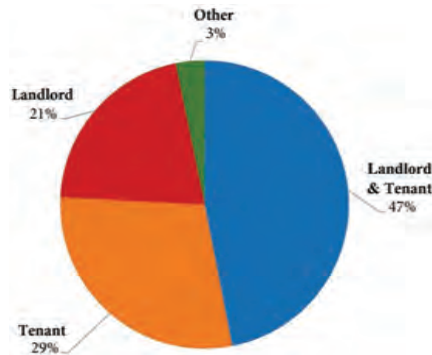
Dryland Cropland Rental Rate Ranges – 2026 Season



Source: Nebraska Farm Real Estate Market Development Survey, 2026.

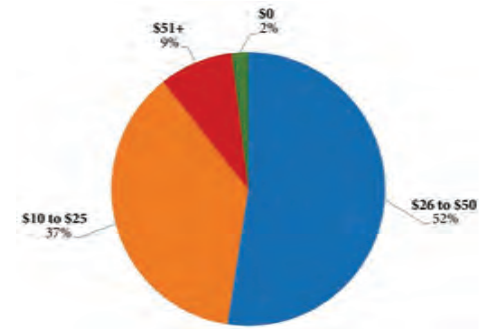


Entity Responsible for Maintaining Irrigation System as Part of Cash Lease in Nebraska



Source: Nebraska Farm Real Estate Market Development Survey, 2023.

Discount on Cash Rent per Acre When Tenant Owns Pivot for Irrigation System in Nebraska



Source: Nebraska Farm Real Estate Market Development Survey, 2023.

Discount on Cash Rent per Acre When Tenant Owns Power Unit for Irrigation System in Nebraska

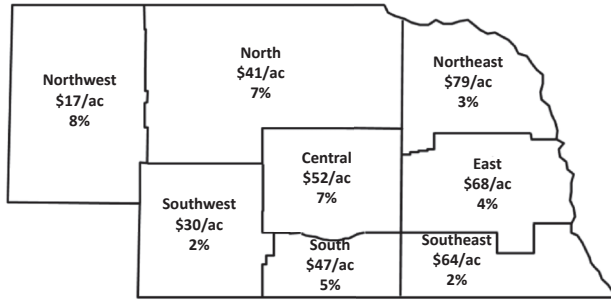
Power Unit	Discount per Acre			
	\$0	\$1 to \$9	\$10 to \$20	\$20+
----- Percent of Respondents -----				
System Type				
Diesel Engine	15	28	45	12
Propane or Natural Gas Engine	21	37	33	9
Electrical Motor	18	31	35	16

Source: Nebraska Farm Real Estate Market Development Survey, 2023.

Nebraska Cash Rental Rates

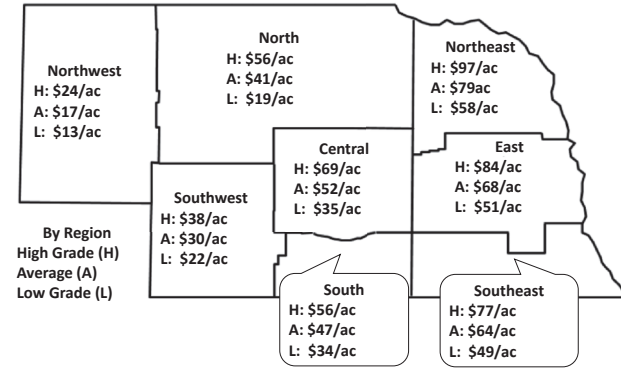
Pasture and Cow-Calf Pairs
Rental Rates

Pasture per Acre Average Rental Rates – 2026 Season



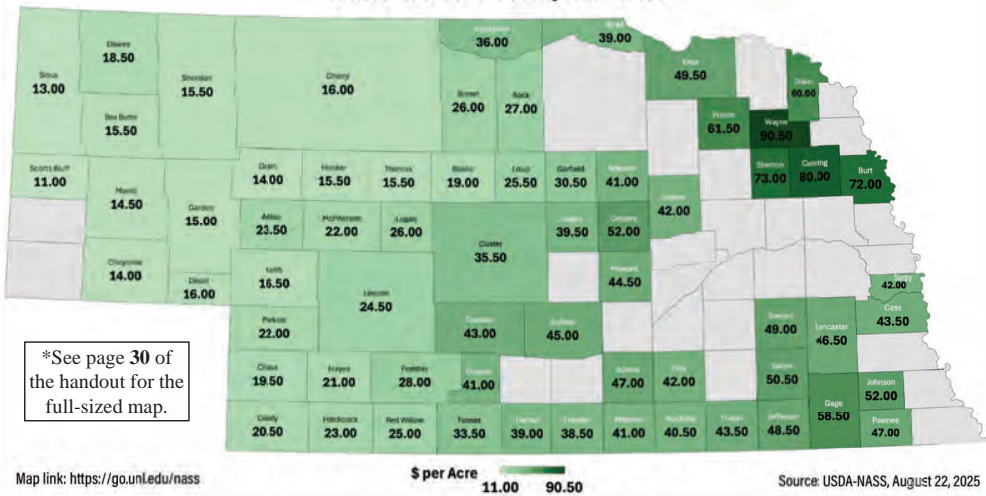
Source: Nebraska Farm Real Estate Market Development Survey, 2026.

Pasture per Acre Rental Rate Ranges – 2026 Season



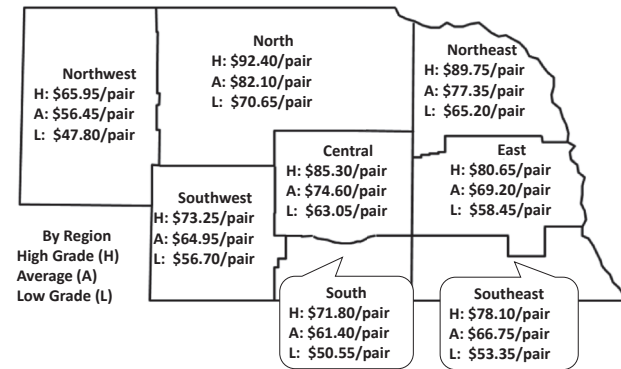
Source: Nebraska Farm Real Estate Market Development Survey, 2026.

2025 Pasture Cash Rent Paid Per Acre USDA Nebraska County Estimates



*See page 30 of the handout for the full-sized map.

Cow-Calf Pairs Rental Rate Ranges – 2026 Monthly



Source: Nebraska Farm Real Estate Market Development Survey, 2026.

Methods for Setting Cash Rental Rates

- Methods for estimating a cash rental rate in 2026:
 - Adjusting survey data
 - Cash equivalent from crop share

Estimating Cash Rental Rates by Adjusting Survey Data

- Land rental rate survey data:
 - Evaluate available cash rental survey data to establish a baseline in the landlord and tenant negotiation process.
- Average yields:

County	Value	Farm	Value
County Rental Rate	\$190/ac.	County Rent/Bushel	\$1.31/bu.
Corn Yield	145 bu./ac.	APH Yield	x 130 bu./ac.
County Rent/Bushel	\$1.31/bu.	Farm Level Rent	\$170.34/ac.

USDA RMA County Yield Reports

- USDA Risk Management Agency County Yields Report:
 - <https://webapp.rma.usda.gov/apps/RIRS/RMACountyYieldsReport.aspx>
- USDA RMA typically releases final county yields for a crop year by May 14 of the following year. For instance, the yields for 2024 became available on May 14, 2025.

Cash Equivalent From Crop Share

- Rent paid to landlord by tenant based off owner's share of net returns per acre.
 - Example 50/50 split:

Value	Corn - March 2026	Corn - July 2026	Corn - Nov. 2026
Yield (50% share)	80 bu./ac.	80 bu./ac.	80 bu./ac.
Price/bushel	x \$4.66/bu.	x \$4.12/bu.	x \$4.47/bu.
Income	\$372.80/ac.	\$329.60/ac.	\$357.60/ac.
Owner Expenses*	-\$182.00/ac.	-\$182.00/ac.	-\$182.00/ac.
Net Return to Owner (Effective Rent)	\$190.80/ac.	\$147.60/ac.	\$175.60/ac.

Cash Equivalent From Hay Share

- Rent paid to landlord by tenant based off owner's share of net returns per acre.
- Example 33/67 & 50/50 split:

Value	33:67 Hayland Share	50:50 Hayland Share
Yield (share)	0.5 ton/ac.	0.75 tons/ac.
Price/ton	$\times \$120/\text{ton}$	$\times \$120/\text{ton}$
Income	\$59.40/ac.	\$90.00/ac.
Owner Expenses*	-\$0.00/ac.	-\$25.00/ac.
Net Return to Owner (Effective Rent)	\$59.40/ac.	\$65.00/ac.

*In this example, the owner does not pay any expenses for the 33/67 hay share. Also, the owner pays \$25 per acre in fertilizer expense for the 50/50 hay share.

Nebraska Agriculture Land Studies Fund

- Interested in helping support the Nebraska Farm Real Estate Survey & Report?**
- Please consider donating to help cover future expenses.

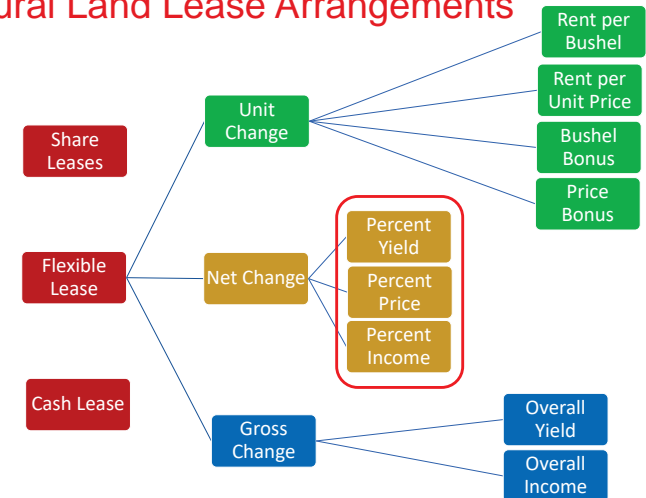
Donate Directly
<https://go.unl.edu/landfund>

University of NE Foundation
 Ph: 800-432-3216
 Email: info@nufoundation.org

Agricultural Flex Leases Arrangements

Alternative Farmland Leases for 2026

Agricultural Land Lease Arrangements



Establishing the Base Rental Rate

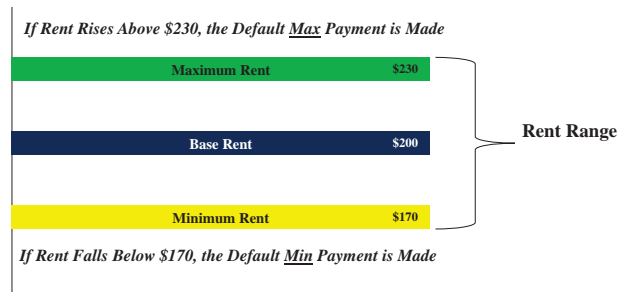
- Methods for estimating the base rental rate:
 - Adjusting survey data
 - Cash equivalent from crop share
 - Return on investment
- *What I am willing and able to accept and tenant is willing and able to pay?*
 - Tenant: What is the maximum I can pay?
 - Landlord: What is the minimum I am willing to accept?

How Will the Flex Lease be Adjusted?

- Compare expected farm performance against actual crop yield, price, or revenue
 - If performance is better than expected, more rent is paid
 - If performance is less than expected, less rent is paid



Establishing the Ceiling and Floor



USDA Farm Bill Requirements

- USDA-Farm Service Agency regulations on farm program payments mandates that a cash lease include:
 - Any specific guarantee of price or division of crop within reason for the region
 - If an alternative lease guarantees a minimum payment of \$200 per acre, is this requirement met?
 - What about if the guarantee is only \$50 per acre?

When is the Payment Made?

- As the tenant and landowner, you need to decide on when payment is made
- Final yield unknown until after harvest
- Decide on when a minimum is due

Minimum Payment Due – one time or split it up over the season?



Adjusting the Base Cash Rent Flexible Cash Lease Arrangements

Variable Rent by Yield Adjustment

Farm Base Rent	
Rental Rate	\$200/ac.
5-yr Farm APH	150 bu.
Percent Change in Yield	
Actual Production	135 bu.
Difference (135 bu. - 150 bu.)	-15 bu.
Percent Change $\frac{[135 \text{ bu.} - 150 \text{ bu.}]}{[150 \text{ bu.}]} \times 100$	-10.0 %
Final Rent	
Rental Rate	\$200/ac.
Percent Decrease in Rent (\$200 x -10.0%)	-\$20/ac.
Final Rent	\$180/ac.
In this example a farmer produced 90% of the APH, meaning the landowner will receive 90% of the negotiated base rental rate.	

Variable Rent by Yield Adjustment

Farm Base Rent	
Rental Rate	\$200/ac.
5-yr Farm APH	150 bu.
Percent Change in Yield	
Actual Production	165 bu.
Difference (165 bu. - 150 bu.)	15 bu.
Percent Change $\frac{[165 \text{ bu.} - 150 \text{ bu.}]}{[150 \text{ bu.}]} \times 100$	10.0 %
Final Rent	
Rental Rate	\$200/ac.
Percent Increase in Rent (\$200 x 10.0%)	\$20/ac.
Final Rent	\$220/ac.
In this example a farmer produced 110% of the APH, meaning the landowner will receive 110% of the negotiated base rental rate.	

Variable Rent by Crop Price

Farm Base Rent		Farm Base Rent	
Rental Rate	\$200/ac.	Rental Rate	\$200/ac.
5-yr Farm APH	150 bu.	5-yr Farm APH	150 bu.
Expected Farm Price	\$4.20/bu.	Expected Farm Price	\$4.20/bu.
Harvesting-Time Price Increase		Harvesting-Time Price Decrease	
Actual Harvest Time Price Guarantee	\$4.65/bu.	Actual Harvest Time Price Guarantee	\$3.75/bu.
Difference (\$4.65/bu. - \$4.20/bu.)	\$0.45/bu.	Difference (\$3.75/bu. - \$4.20/bu.)	-\$0.45/bu.
Percent $\frac{[\$4.65/\text{bu.} - \$4.20/\text{bu.}]}{[\$4.20/\text{bu.}]} \times 100$	10.7 %	Percent $\frac{[\$3.75/\text{bu.} - \$4.20/\text{bu.}]}{[\$4.20/\text{bu.}]} \times 100$	-10.7 %
Change		Change	
Final Rent		Final Rent	
Rental Rate	\$200/ac.	Rental Rate	\$200/ac.
Percent Increase in Rent (\$200 x 10.7%)	\$21/ac.	Percent Decrease in Rent (\$200 x -10.7%)	-\$21/ac.
Final Rent	\$221/ac.	Final Rent	\$179/ac.

Variable Rent by Crop Revenue

Farm Base Rent		Farm Base Rent	
Rental Rate	\$200/ac.	Rental Rate	\$200/ac.
Expected Yield	150 bu.	Expected Yield	150 bu.
Expected Farm Price	\$4.66/bu.	Expected Farm Price	\$4.66/bu.
Expected Farm Income*	\$699/ac.	Expected Farm Income*	\$699/ac.
Harvesting-Time Price Increase		Harvesting-Time Price Decrease	
Actual Yield	140 bu.	Actual Yield	165 bu.
Actual On-Farm Price	\$5.41/bu.	Actual On-Farm Price	\$4.11/bu.
Actual Farm Income*	\$757/ac.	Actual Farm Income*	\$678/ac.
Difference (\$757/ac. - \$699/ac.)	\$58/ac.	Difference (\$678/ac. - \$699/ac.)	-\$21/ac.
Percent $\frac{[\$757/\text{ac.} - \$699/\text{ac.}]}{[\$699/\text{ac.}]} \times 100$	8.4 %	Percent $\frac{[\$678/\text{ac.} - \$699/\text{ac.}]}{[\$699/\text{ac.}]} \times 100$	-3.0 %
Change		Change	
Final Rent		Final Rent	
Rental Rate	\$200/ac.	Rental Rate	\$200/ac.
Percent Increase in Rent (\$200 x 8.4%)	\$17/ac.	Percent Decrease in Rent (\$200 x -3.0%)	-\$6/ac.
Final Rent	\$217/ac.	Final Rent	\$194/ac.

Agricultural Farmland Leases

Crop Share Arrangements

Crop Share Lease Agreements

- Landlords engaged in crop share lease arrangements typically receive a percentage of the actual crop yield as payment for leasing the property to the tenant
- Landowner usually shares input and production costs of raising the crop.

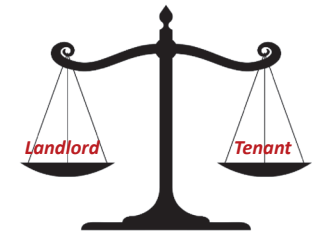
Crop Shares = Fair (Equitable?)

- A fair way to rent, if the expenses are split properly
- Usually requires both parties to market grain
- Share in the risk and the reward



Share of Crop Income

- Both parties receive their share of:
 - Revenue from crop sales
 - Crop Insurance payments – if purchased by either party
 - Government disaster payments (when paid)
 - Are you eligible?
 - Generally, need to contribute inputs as well as share price and yield risk.



What are Typical Shares?

- Most common 40:60, 50:50, 33:67
 - Smaller amount going to the landowner
 - Irrigated crop/Eastern and Central Nebraska – 50:50
 - Non irrigated in SE, SC, SW – 40:60
 - Panhandle – 33:67
- Depends on the crop, neighborhood and expenses

Early input from survey – need more data!

50/50 Irrigated State wide (n=17)				
Input	% Shared	% Tenant	% Landowner	% N/A
Seed	71%	29%	0%	0%
Pre- Herb	100%	0%	0%	0%
Fert	100%	0%	0%	0%
In Season Herb	100%	0%	0%	0%
In season Insecticide	100%	0%	0%	0%
In Season Fungicide	100%	0%	0%	0%
App by Tenant	12%	76%	0%	12%
App by Coop	47%	47%	0%	6%
Energy for Irrigation	100%	0%	0%	0%
Planting	6%	94%	0%	0%
Harvesting	6%	94%	0%	0%
Trucking	6%	94%	0%	0%
Cover Crops	35%	24%	0%	41%

Share of Crop Expenses

Landlord (Landowner)

- **ALL Expenses**
 - Land taxes
 - Irrigation operation and maintenance fees
 - Irrigation ownership costs – depreciation, insurance, major repairs, taxes, interest
- **Their share of:**
 - Crop Insurance
 - Fertilizer, insecticide, fungicide, and herbicide
 - Energy for irrigation
 - Seed
- **Markets their share of the crop**

Tenant

- **ALL Expenses**
 - Labor
 - Minor irrigation equipment repairs & maintenance
 - All field operations
 - Cost of transporting landlord's share of crop to designated location (negotiable)
- **Their share of:**
 - Crop Insurance
 - Fertilizer, insecticide, fungicide, and herbicide
 - Energy for irrigation
 - Seed
- **Markets their share of the crop**

Proper Lease Provisions

Lease Provision - General

- Have all leases in writing
 - If verbal – end that – get it in writing!
 - In Nebraska – verbal leases for farmland end BY September 1
 - Not the same for pasture
- Start and ending date of lease (length of lease)
- Timing of lease termination – how much notice?
- Holdover clauses?
- When will lease be negotiated? (for the next term)
- When is payment due?

Cropland Lease Termination

- Handshake lease agreements (verbal) follow the following guidelines
- Termination notice must be given by September 1 (previous year)
- Handshake leases for farmland start on March 1
- Fill-in-the blank written leases may be found at:
www.aglease101.org

Cash Farm Lease NCSM 93-94
This document represents an NCSM 93-94 93rd and 94th Annual Land Rental Agreement for the State of Nebraska. This form is provided for the landlord and tenant to use as a guide for developing an agreement to their individual situation. This form is not intended to be the place of legal advice, nor is it intended to create a legal relationship between the two parties. Because of the possibility that an agreement may be legally required to be in writing, it is recommended that proper legal advice be sought before developing such an agreement.

The lease is made for the _____ of _____, Nebraska
between _____ of _____
and _____ of _____
hereinafter referred to as "the parties".

A. Property Description:
The landlord hereby leases to the tenant, to occupy and use the above-mentioned and otherwise described the following described property:
_____ consisting of approximately _____ acres situated in _____ County (State), _____ (State)

B. General Terms of Lease
1. **Term of lease:** The provisions of this agreement shall be in effect for _____ years, commencing on the _____ day of _____, 20____. This lease shall continue in effect from year to year thereafter until a written notice of termination is given by either party to the other on or before _____ day prior to expiration of this lease at the end of any year of continuation.

2. **Notice of lease:** A written notice is required for the period prior to the lease or the modification of the lease to be given to the other party, at least _____ days prior to the date for giving notice to terminate the lease as specified in B.C.

C. Amendments and alterations: Amendments and alterations to this lease shall be in writing and shall be signed by both the owner and operator.

D. No partnership intended: It is particularly understood and agreed that this lease shall not be deemed to be, nor intended to give rise to, a partnership relation.

Pasture and Grazing Land Leases

- Pasture or grazing land typically have a 5-month lease
 - Typically, May to October or June to November
 - Notice of termination is not specifically required for a handshake agreement
- Lease ends each year, so the termination notice is not necessary (still good to communicate with other party)

Lease Provision - Fertility

- **Phosphorus**
 - Minimum to be left in soil at end of lease
 - Maximum that can be in soil (manure application)
 - Protect tenant with clause if large amount applied
- **Mining of soil**
 - Consider soil test at end of lease
 - Minimum nutrients left must be followed
- **Lime**
 - Typically a Landlord Expense
 - If tenant is applying – then protect with clause in lease



Lease Provision – Soil Health & Environmental Concerns

- Fixing excessive erosion
 - Typically, a landlord's expense
- Non-crop acres
 - Who controls cedar trees and noxious weeds?
- Tillage vs. No-till considerations
- Organic vs. Non-organic production



Lease Provision - Pastures

- If there is a pasture, who is taking care of the fencing?
- For pasture – know what happens for the Big 3 Disasters!
 - Fire, Hail, or Drought
- Hunting rights
 - Crop ground vs. pasture
- Nebraska Recreational Use Law



Lease Provision – Other Items

- Corn stalks use
 - Grazing vs. harvesting as bedding
 - Removing all material (not preferable)
- Manure application
 - How often
 - Limits on P application



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Lease Provision – Other Items

- **Irrigation Equipment**
 - General assumption is that all ownership costs belong to landlord
 - Common for tenant to provide some of the upkeep cost (repairs)
 - Especially labor
 - Deductible on parts
 - If entire systems are being purchased by tenant – then rent adjustment is recommended



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For the Tenant - What to Communicate

- Force yourself to share information with the landlord
- Yes – even for cash leases!
- Timely crop updates
 - Include moisture conditions
 - Weed, disease, or insect pressures
- Consider sending as text or emails with pictures



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For the Landlord - What to Communicate

- Overall management of the farm (do you have vision or goals?)
- Specifically:
 - Weed control
 - Erosion control
 - Non-crop acre management expectations
- If using farmstead, what is the expectation for managing that asset?



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Leasing Considerations

- How is the tenant helping you?
 - Maintaining terraces and waterways
 - Controlling noxious weeds
 - Maintaining fences
 - Maintaining the irrigation system
- If the tenant is helping with these landlord expenses – the rent (especially cash rent) should be adjusted

Fillable PDF Leases – AgLease101.org

The screenshot shows the AgLease101.org website interface. At the top, there is a navigation bar with 'Home', 'Document Library', and 'About Ag Lease 101'. The main heading is 'Ag Lease 101'. Below this, there are two columns of links. The left column is titled 'Lease Publications' and includes links for 'Fixed and Flexible Cash Rental Arrangements For Your Farm', 'Crop Share Rental Arrangements For Your Farm', 'Pasture Rental Arrangements For Your Farm', 'Rental Agreements For Farm Buildings and Livestock Facilities', 'Purchasing and Leasing Farm Equipment', 'Beef Cow Rental Arrangements For Your Farm', and 'Farm Building Rental Rate Survey'. The right column is titled 'Lease Forms' and includes links for 'Cash Farm Lease', 'Crop Share Farm Lease Cash Farm Lease', 'Pasture Lease', 'Farm Building or Livestock Facility Lease', 'Farm Machinery Lease for Non-commercial Transactions', and 'Livestock Rental Lease'. A callout box on the left points to the 'Lease Publications' column, and a callout box on the right points to the 'Lease Forms' column, both labeled 'Fillable PDF Forms'. A 'Click Document Library' button is also visible in the top right corner.

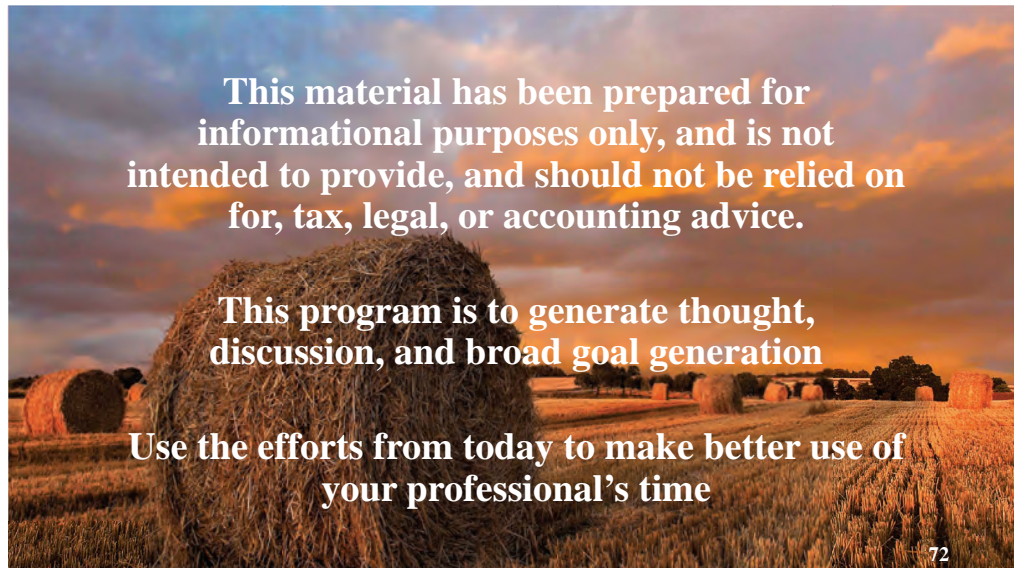
Farmland Succession and Transition

Decision Making and Planning

This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal, or accounting advice.

This program is to generate thought, discussion, and broad goal generation

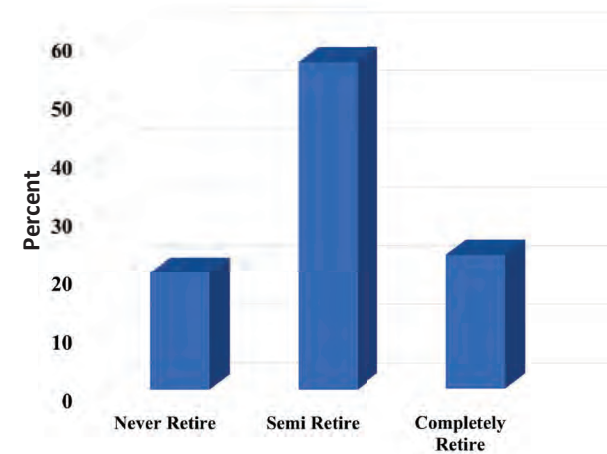
Use the efforts from today to make better use of your professional's time



Why to Start Thinking About Succession

- 98% of farms are family owned and operated.
- Active operators or retired farmers own 75% of U.S. farmland
- About 50% of operations do not have succession plans, or they are out of date!
- Farms and other assets will transfer, with or without a plan
 - What happens to your assets when you are gone?

Retirement Plans for Iowa Farmers (2019)



Why Are Farmers Retiring at a Later Age or Only Semi-Retiring?

- Percent of those responding either important or very important
 - 75% Have a difficult time giving up control of farm
 - 69% Modern equipment – allows them to farm longer
 - 66% Relate retirement to their own mortality
 - 55% Do not have a successor
 - 54% Do not know what else they would do

Estate Planning

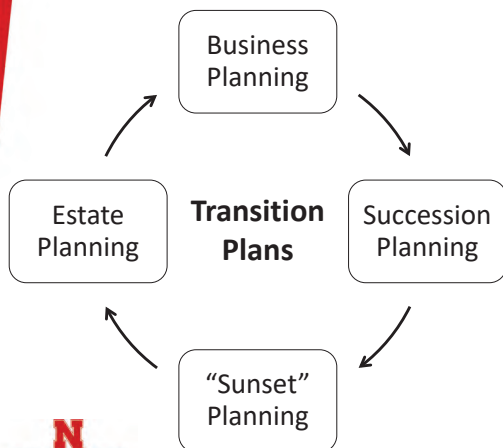
Kaine, et al, *Succession and Inheritance on Australian Family Farms*, TRDC Pub. #198, The Rural Development Centre, U. of New England, Armidale, NSW



Why Do We Not Plan for Transition?

- Too complicated (we assume)
- Do not like to plan
 - It is mental ‘work’
- Facing our own mortality
 - Some just don’t want to think about death
- **We are afraid that if we do something, it will be wrong (in the future)**

What Is Transition Planning?



- Minimum of 3-5 years
 - Long-term care (5-year lookback)
 - Federal estate/gift tax (3-year lookback)
- Extended planning horizons allow for strategies with lower cash flow demands, due to the time value of money.
- **“Never Ending” Process** – should be reviewed during major life events (birth, death, divorce), or every 3-5 years.

Business Planning

- Is this business financially viable? Can the business support another “family unit”?
- What are the expectations for income/compensation for each family unit?
 - Have an employee benefit agreement
 - Salary for on-farm/ranch heir
- What is the future of this operation?
 - Expansion or additional enterprises?
 - Debt?
- **CAP Webinar: Farm Transition: Beginning Conversations About Finances (April 13, 2023)**

Business Planning

- **How are you teaching the next generation to manage this business?**
 - Bring them along to meetings with advisors and service providers, early in life
 - Requirement to work for someone else...
 - Consider handing over certain aspects of business management or giving them decision-making power over a small percentage of the operation.
- **What are the triggering events within your plan?**
 - Death, disability, divorce, disagreement, bankruptcy, felony, or retirement.
- **What structures or agreements do you have in place to help transition the operation to the next generation?**
 - Position descriptions
 - Operating Agreements
 - Entity
 - Lease Agreements
 - Buy-Sell Agreements

Retirement/Sunset Years

1. How much \$ do you currently draw from the farm or ranch?
2. What are your honest plans for your sunset years? Is your spouse on the same page?
3. Are you ready/willing/able to communicate your financial needs during the transition and into your sunset years?
4. When do you plan to retire/slow down?
5. How long do you expect to live?
6. How much \$ per year do you need to live?
7. How much do you have saved/what are the sources of income for your sunset years?
8. What is your funding withdrawal strategy?
9. What are your plans for long-term care?
10. Do you plan to rent your land for retirement income?
 - May impact your Social Security benefits and/or income taxes

Questions 4-10,
work with a
financial advisor,
preferably a
Certified Financial
Planner (CFP)®

Estate Planning: Anyone over 18 years old

You absolutely need....

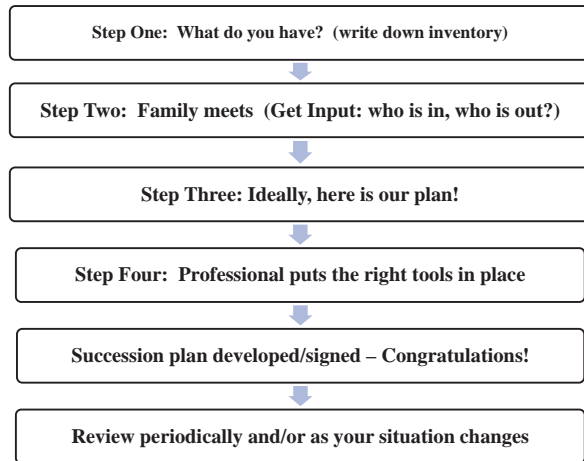
1. **A Will**
 - Assign a guardian for minor children
 - Assign a Personal Representative (aka Executor)
 - Assets subject to probate
 - “Intestate” - If you die without a Will, the state will determine how your assets will be distributed.
2. **Power of Attorney** – management of assets in the event of disability or incapacity
3. **Power of Attorney for Healthcare** – allow for someone to make healthcare decisions on your behalf
4. **Living Will or Healthcare Directive** – Outlines your wishes for healthcare
 - Documents 2-4: expire at death
 - All of these documents (1-4) can be edited or replaced anytime, given that you are competent.

Estate Planning: Anyone over 18 years old

You may need/want....

5. **Trust**
 - Might not be necessary
 - Avoids probate
 - Make sure assets are transferred to the trust before death, or there is a mechanism for transfer at death
 - “Pour Over” or “Residuary” clause in the will
6. **Funeral Instructions**
7. **Bequests of Personal Property**
 - Grandma’s yellow pie plate?
 - Signed and dated

Steps for Ideal Planning/Succession/Transition



Communication and Empathy

- LISTEN
- Show empathy, show concern
- Focus on the intent
- Signals – Listen more when:
 - Emotion is high
 - You must get to the heart of the issue
 - When you don't feel you understand
 - When the other person doesn't feel understood

Communication Mistakes

- Asking a question - not to find out what they will say, but to say what you wanted to say
- Making any assumption of what someone else will say
- Thinking about how we will respond while the other person is talking
- Trying to fix an issue, without being asked (see next video)

Stress in Succession Planning

- 54% of participants felt stress over how assets were divided.
 - Business risk
 - Sibling harmony
 - Emotions
 - Personal risk
 - Treating assets strictly as inheritance and not as business assets
- In some cases, the tension can be so great that the owner generation avoids making a decision until it is too late

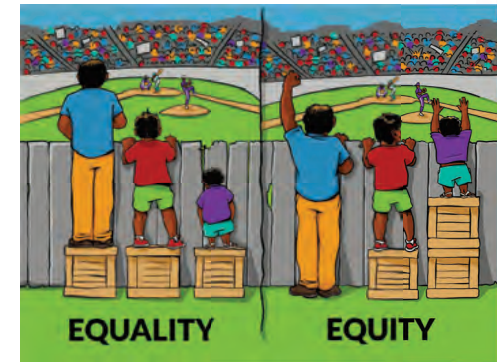


Assumptions...

- The kids all get along great now – I know that will continue.....
- I know that my children will want to keep this asset in the family – even when we are gone
- The kids will just have to figure out how to divide – I’ll be gone I don’t care what happens
- Since I have four children – my assets have to be divided 25% to each – equally – that will be the fair way to do it
- “Some day this will all be yours!”
- In some cases – these assumptions are great – however.....

Fair vs. Equal

- Most common succession strategy
- Lowest success rate
- Farms employing this strategy normally do not continue to the next generation



Farmland Succession and Transition

Critical Financial Considerations

There are many ways to bring about reduced taxes upon one's death.

You should consult your own tax, legal, and accounting advisors.

Estate Tax TCJA - Federal

- Estate Tax Exemption
- Many made permanent in One Big Beautiful Bill Act
- Adjusted annually for inflation

	Single 2017	Single 2018	Single 2024	Married 2024	Single 2026
Threshold	\$5.49 Million	\$11.18 Million	\$13.61 Million	\$27.22 Million	\$15 Million

- Annual Exemption
- The federal gift tax exemption is \$19,000 per person in 2025.
- Link: <https://www.irs.gov/businesses/small-businesses-self-employed/whats-new-estate-and-gift-tax>

Capital Gain Tax - Federal



- Stepped-up basis is a tax provision that allows the value of an inherited asset to be adjusted to its fair market value at the time of the original owner's death.
- Tax Rate Dependent on Income and Length of Ownership
 - Short term vs long term

Stepped-Up Basis

- At someone's death, it may be important to begin collecting price data on these items.
- It can be difficult to find this information months (or years) after the fact.
- How are assets owned?
 - *Assets may not qualify for the stepped up in basis. Must be included in the estate to qualify*
 - Spouses are eligible for stepped-up basis

Capital Gain Tax - Federal

- Grain, livestock, machinery and land, but also for prepaid assets on hand all qualify for stepped up basis



Mom bought farmland in 1970 for \$500/ac	Mom passed away. Current Value \$7,000/ac	Heirs receive a stepped-up basis	Heirs sold the land	Capital Gains: Price - \$7,000
Mom bought farmland in 1970 for \$500/ac	Mom needs money		Mom sold land	Capital Gains: Price - \$500

Nebraska Inheritance Tax - Local



- Nebraska is one of the five states that does have an inheritance tax
- Paid to the county where the property is located if physical asset.
 - *Cash is generally split, if residence is elsewhere*
- Exception: if the property is transferred to a surviving spouse or anyone under the age of 22.
- <https://go.unl.edu/neinheritancetax>

Nebraska Inheritance Tax

	Close Relatives	Distant Relatives	Non-Related Individuals
Who?	Children, Siblings, Parents, Grandparents	Aunt, Uncles, Nieces, Nephews, and their descendants	Friends
Exempt	Up to \$100,000	Up to \$40,000	Up to \$25,000
Tax rate	1%	11%	15%

1031 Tax Exchange

- 1031 provides an exception and allows you to postpone paying tax on the gain if you reinvest the proceeds in similar property as part of a qualifying like-kind exchange.
- Gain is tax-deferred, but it is not tax-free.
- Both properties must be similar enough to qualify as "like-kind."
 - Simplest - simultaneous swap of one property for another

1031 Tax Exchange



- **45 days** - from the date you sell a property to identify potential replacement properties.
 - Purchase agreement in writing between you and seller
- **180 Days** – Replacement property must be received and completed after the sale of original property
- Link: <https://www.irs.gov/pub/irs-news/fs-08-18.pdf>

NEBRASKA LAND LINK

Connecting
Landowners with
Land Seekers

cap.unl.edu/landlink



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United States Department of Agriculture
National Institute of Food and Agriculture

Refundable Nebraska Income Tax Credit for Property Taxes Paid to Community Colleges

Source: NE Department of Revenue - <https://revenue.nebraska.gov/>

- LB 34 enacted in the 2024 special session removed the school district property tax credit from the income tax returns effective January 1, 2024, and placed the credit directly on the property tax statements.
- Only community college property taxes paid in calendar year 2025 can be claimed on the 2025 income tax returns.
- For information on how to claim the refundable income tax credit, go to <https://revenue.nebraska.gov/about/frequently-asked-questions/nebraska-property-tax-credit-faqs>

For information purposes only. Seek guidance from a tax professional or the Department of Revenue for specific questions on the tax credit.



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Next Gen – Tax Credit



- Nebraska Department of Ag
- Beginning Farmer Tax Credit Program
 - Offers a refundable tax credit to existing farmer/livestock producers who agree to rent to beginning farmers/ranchers
 - Must be a three-year lease
 - Credit is equal to 10% of the cash rent or 15% of share rent (to include livestock)
- Personal Property Tax Exemption
 - Up to \$100K of personal property used in production may be exempt from personal property tax
 - Must apply by **Nov. 1** of the year prior to credit sought

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Next Gen – Tax Credit (Nebraska)



- Offers a refundable tax credit to landowners who agree to rent to beginning farmers/ranchers (must be a three-year lease)
- Credit is equal to 10% of the cash rent or 15% of share rent
 - **Cash rent:** 100 acres x \$300 cash rent per acre = \$30,000 total cash rent x 10% = \$3,000 each year for three years for a total of \$9,000;
 - **Share crop rent:** 100 acres x 200 bushels per acre x 50% (owner's share) = 10,000 bushels x \$3.90 = \$39,000 for owner's share x 15% = \$5,850 each year for three years for a total of \$17,550; or
 - **Cow/calf share rent:** 100 calves x 50% (owner's share) = 50 calves x \$800 (value of animal at time of division of calves) = \$40,000 x 15% = \$6,000 each year for three years for a total of \$18,000.

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Next Gen – Tax Credit



- Beginning Farmer Tax Credit Program - **tenant**
 - Must be a resident of Nebraska
 - Must have farmed for less than 10 of the last 15 years
 - Net worth less than \$750K
 - Must participate in an approved financial management program
- Beginning Farmer Tax Credit Program – **owner**
 - Must have ownership
 - If a close relative, must attend an approved succession workshop and the asset included in the resultant plan



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Upcoming Webinar: *Ag Land Mgt. Quarterly* Mon. May 18, 2026 at 12:00 PM CT

Topics

- Trends in Nebraska cash rental rates
 - Trends in Nebraska cash rental rates for 2026
 - Financial implications for changing commodity prices and adjusting cash rents
- Proper communication and decision-making for agricultural land
 - Improving communication between landlords, tenants, and family members
 - Short- and long-term decision-making for agricultural land
- Ask an expert
 - Review of submitted questions
 - Upcoming land management workshops and publications



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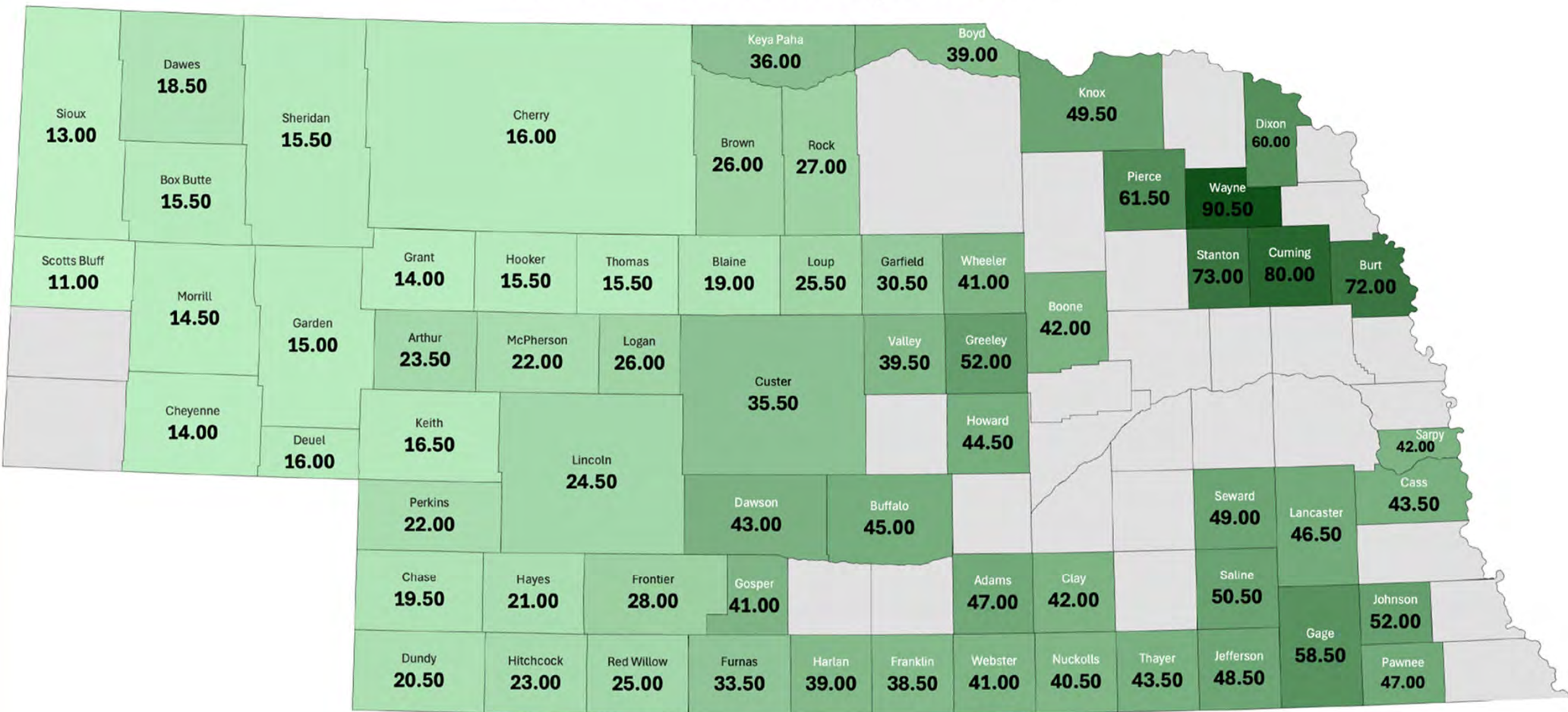
Financial Strategies for Effective Ag Land Leasing and Management

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2025 Pasture Cash Rent Paid Per Acre USDA Nebraska County Estimates



Map link: <https://go.unl.edu/nass>



Source: USDA-NASS, August 22, 2025