Foundation helps families use land for charitable purposes

BY MARK YONTZ

With more than 92,000 farms and nearly 91 percent of its acreage devoted to agriculture, Iowa is one of the nation’s leading ag production states. Given this, professionals that frequently work with landowners (like accountants, lawyers and financial planners) suggest wise planning is needed for all owners of farmland.

This is especially the case when the time comes for land holdings to pass from one generation to another, or when a current owner of farmland doesn’t have a family member or heir interested in continuing with the present use of the land. Owners of farmland who find themselves in one of these scenarios can get assistance from the Community Foundation of Greater Des Moines, which has developed a new program designed specifically for people who want the option of using their land for philanthropic purposes.

Being the largest community foundation in a leading ag state, and already the manager of more than 1,400 charitable funds and roughly $385 million in assets, the Community Foundation of Greater Des Moines was looking for innovative options for individuals who wanted to use the value of their land holdings for charitable purposes. “Keep Iowa Growing,” which was first introduced last fall, is the new program that is a result of this effort. “Farmland is Iowa’s most valuable asset and we wanted to provide an opportunity for landowners to use this asset to create a legacy benefiting their communities and the causes they care about, all while keeping the land in production,” says Kristi Knox, president of the Community Foundation of Greater Des Moines.

Straightforward program

How the program works is pretty straightforward, though there’s a great deal of flexibility built into the process depending on the wishes of the donor.

In one option, farmland can be donated outright to the Community Foundation, whereby the foundation becomes the owner and the annual farm income is used to fulfill the donor’s charitable wishes through a fund established at the Community Foundation.

The other option entails the Community Foundation and the donor entering into a “Retained Life Interest” arrangement, where the donor maintains income from the farmland for life, but upon their death the annual farm income is used to fulfill the donor’s charitable wishes, also through a fund at the Community Foundation.

In both of the above cases, the land stays in production and provides a vehicle to create a charitable legacy benefiting the landowner’s charities of choice. Besides the positives of keeping the land in production and having a say in what tenant farmers continue to work the land, donors also benefit from the fact that capital gains taxes can be avoided or reduced, farmland assets are removed from the pos-

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The ability of estate taxes and gifts of land may be eligible for Iowa Tax Credit, which provides a 10 percent tax credit.

"The retained life is very attractive to current farmers," as they know it's going to be business as usual during their lifetime because they continue to make income from their current farming operation," offers Knows, who says the only other organization offering this type of program is a small community foundation in southwest Minnesota.

The first landowner to take advantage of the Keep Iowa Growing program's benefits is Bob Vaughn of Urbandale. He, along with his wife, Joanne, enrolled 80 acres of land near Audubon in Woodbury County, which has been in Bob's family for more than 100 years. And, as the owners of additional holdings in northwest Iowa and Boone and Crawford counties, they are also considering other gifts of land in the future.

"We wanted to give back and give to those in need," explains Bob Vaughn, who grew up on a farm in northwest Iowa, but retired five years ago after working more than 50 years in the Des Moines area as a pharmacist. "The beauty of this new concept is that even if you don't own the land you still have an identity with the land and have had a say in how it's used."

The Vaughns had actually been searching for quite awhile for a way to use some of their land assets to benefit the various missions they support, but they hadn't had any luck finding anything suitable until the Keep Iowa Growing program was shared with them by the Foster Group, West Des Moines-based financial services firm.

"It's difficult to find a knowledgeable person to set-up a specialized foundation to handle land donations, so this is the Community Foundation of Des Moines has the staff to work through these issues is important," says Vaughn, who likes the fact they can choose different beneficiaries from year to year. "I just want people know about this and use it to get more involved with charitable giving."

All of this is good news to Knows, who believes the only limits to the program's growth are how many people know about it. "We really wanted to develop another innovative tool that wasn't available," offers Knows, who says land holdings need to have minimum value of $250,000 to be considered.

For more information on the Keep Iowa Growing, program, contact the Community Foundation of Greater Des Moines at (515) 883-2626, or visit www.keepiowagrowing.org.

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