



# PIF news

*The news letter that will keep you up to date on forestry related concerns and activities!*

PIF newsletter

late summer issue

**Estate planning, your living legacy**

*Report from Trees For Tomorrow on the estate planning workshop.*

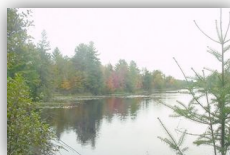
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**Would You Purchase another wooded property?**

by Darrel Ruechel

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Joe's comments p5

**October 10 annual meeting**

*The annual meeting will be held on Oct. 10th at Big Bear Hideaway in Boulder Junction*

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**Addition to the NHAL STATE FOREST**

Over 1100 acres of land was added to the state forest

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## Directors Message



**The Family Forest Lands: Legacy or Memory**

Over seventy people demonstrated their commitment to the future of sustainable forestry by participating in the Partners in Forestry (PIF) workshop "Your Living Legacy-Estate Planning for Forest Landowners" on August 1 at Trees for Tomorrow in Eagle River. Many folks entered at registration with subtle thoughts about the future of their own woodlands. In essence, whether these lands are destined to become a family legacy, or a distant memory is indeed the



**Trees for Tomorrow in Eagle River was the site of the very successful estate planning workshop.**

thought behind this event. Handouts were more than adequate to challenge the minds of any one in attendance who cares about the fate of their lands, and included a Forest Service publication of more than one hundred and fifty pages, on estate planning for

the family forest owner. The group was weighed heavily toward older middle age, medium to large family forest owners, but diversity was apparent with foresters, tax accountants and conservation minded attorneys as well as representatives from units of government and land trusts.

After a brief introduction to Partners in Forestry by a couple of board members, Carol Neilsen from the Wisconsin Department of Natural Resources brought to light the demographics of the aging ownership of forested family lands in the region. She was well versed on the Wisconsin Private Forestland Owner Offspring Study, which has been a topic of wide conversation in recent months.

## Report From Eagle River on the Estate Planning Workshop!



### **lunch time**

In conducting this study the Pinchot Institute surveyed not only the current ownership demographics, but also their children, potentially the eventual owners of their lands, to vividly display the dynamics and concerns many of us share in the fate of private forest lands. In this study the interests and opinions of the inheritors of the family lands became the core of the findings. Probably most disturbing to me were the statistics of liquidated lands as a result of medical costs.

At a time when many criticize public forest acquisitions, funding is inadequate for government agencies to seriously mitigate the piecemeal liquidation of the remaining industrial ownership. The same holds true with some of the Timber Investment Management Organizations (TIMO's)

and Real Estate Investment Trust's (REIT's). Thus the family lands are destined to be an increasingly vital component of the timber industry's future land base. That indeed was the basic premise recognized behind the conception of this workshop. Following Ms. Nielsen, Mark Bradley dove right to the point of estate protection. From Power of Attorney to Valuation Discount Planning most folks seemed eager to learn, but perhaps a little overwhelmed by the volumes of information presented. Mr. Bradley comes from Rudar-Ware, "business attorneys for business success" in Wausau, with a very impressive resume indeed. An Antigo native, who has retained his northern wit, Mark was capable of relating to a very diverse audience. Within his topics were the benefits and concerns

associated with Revocable Trusts, Irrevocable Trusts, Family LLC ownership, Gifting, Wills and Marital Property, all of course in relevance to the infamous and despised death tax. A one hour and forty five minute power point hardly served as a primer to these diverse topics, perhaps better suited to attorneys and professionals than to the mind above my calloused hands. Each situation is unique, and since we are in this system of laws, lawyers, taxes and tax avoidance planning, the presentation was indeed very valuable to send one to their own counsel with more knowledge on this complex matter. Mr Bradley finished with a quote "Go first class, your heirs will!"

Rodney Walter, a director from The Nature Conservancy (TNC), followed Mark Bradley, as he presented the

# Estate Planning Workshop



All Big Bear Photos are from the Big Bear Hideaway web site. All other photos unless identified are by Steve and Cathy Hovel and Mark Hovel, newsletter compiled on a 24" I mac using pages and comic life software.



Al Gellings photo



“conservation options for working forest lands” available. Tilted toward the viability of “conservation easements”, Rod’s talk covered a broad base and perspective of working land conservation. He even touched briefly on the transformation of philosophy within TNC as to timber management, rekindling old but unforgotten memories.

TNC once embraced a “no cut” attitude. In 1990, I personally asked TNC to play a role in conserving a larger tract of forested land in northern Vilas County which had recently come on the market, but soon learned that my passion for sustainable management was in conflict with their goals, and I redirected my route to



conserving this tract without them. These days things are vastly different, as TNC has established itself as a valuable partner to the industry by playing a critical role in protecting



large tracts of productive forest land. Any one not satisfied with TNC’s role in Wisconsin or Upper Peninsula Forest Legacy projects is certain to have their fears laid to rest if they study the conservancy’s impressive tract record in the North East Kingdom of Vermont with the Atlas deal of the late nineties, and especially

their recent purchase of the Finch Pruyn lands in the Adirondacks in New York. These projects cumulatively retain hundreds of thousands of acres of working lands through the easement approach, in cooperation with or resale to TIMO’s or REIT’s. Although guarded, in this writer’s view TNC has demonstrated great responsibility toward the future of sustainable forestry.



This Workshop was about responsibility. Responsibility for a forest landowners family, for habitat and for the future of the industry.



A hearty noon meal in the Tree's cafeteria included drawing for a door prize, a heavy wavy edge plank bench of local white pine, sustainably harvested according to the PIF label displayed on the bench top.



The group then reconvened in the meeting room to ask questions of the panel assembled, including the three speakers and land trust representatives. Many detailed questions continued for an hour and a half, revealing the complex paradigm of the ongoing discussion this day. A genuine dialogue was found between participants, and I personally was gratified when a landowner with a small sawmill operation expressed his appreciation for the work I had done on behalf of Partners in Forestry to instigate, inspire and lobby for the Local Lumber Use bill signed into law by Gov. Doyle last year.

Partners in Forestry Cooperative (PIF) is a holistic grass roots organization with a board of directors including landowners, foresters and

loggers. A fledging group financially, the position of director remains volunteer as no paid staff exists. As an agent for the little guy, a grassroots energy garnered from this group is strictly generated out of passion for the resource, and the board members are justly proud of their contribution to sustainable forestry. Networking with members, advocating for issues on their behalf and playing a role in retaining and promoting local economies through dialogue and conservation of important forested parcels is the crux of their philosophy.

In 2002 when the Department of Commerce ordered all of Wisconsin's building inspectors to authorize only



officially grade stamped structural lumber in residential construction, it seemed no one would protest. No other group except PIF had the energy to explain to the legislature the negative impacts of a move "to not allow local lumber, from local resources, to be used in local construction. Prohibiting the small

scale use of local lumber could only act to sever a sustainable relationship between landowners and their well managed woodlands, as this was the concerned stressed to the legislature. PIF demanded a legislative review as early as 2003, and had the staying power to support a bill drafted by the Sen. Breske in 2005 until it was signed into law as 2007 Wisconsin Act 208. Local economies, local use of resources and local decision making may well be at the root of retaining the family forest lands.

For more information on Partners in Forestry Cooperative, their mission or this workshop contact Joe Hovel at [partnersinforesry@gmail.com](mailto:partnersinforesry@gmail.com) or call 715-479-8528.



- New Members:
- Rose & Richard Anderson
  - Richard Beier
  - Tom Hanson
  - Mike Hubbard
  - James Joyce
  - John & Pamela Kopp
  - Rich Miller
  - Dick & Inge Owen
  - Allan Payleitner
  - Joan Woida

We welcome all of you!



Al Gellings Photo

**Joe's Comments:**

It has been a busy time for me with forestry issues.

I need to get directly to the point here.....if YOU are passionate about forestry, about forestland conservation, have some skills to share or just plain give a damn enough, we need you on the PIF board. We have a lot to accomplish, I have been at the helm for too long and could use a break, so get involved. WE NEED YOU!

Please come to the annual meeting. Just seeing the place will be well worth it. There is to be nothing formal about this one...just good old fellowship, social, fun and games, food and drink, and of course a short business meeting. Mark October 10 on your calendar! Jeff Niese wrote a Post Script for this on page 7.

Thanks to Darrell for his great story, Al Gellings for supplying 4 photos and Don Peterson for the biomass articles (which went out electronically). If we do not have your email please provide it.

In lieu of our usual feature on forest health I am enclosing a Emerald Ash Borer handout.

We are almost ready to offer a DVD of the August 1 estate planning workshop, with or without the same handouts we had at the event, for a nominal fee to cover expenses. Let me know if you would like the package, I do have a list started.

See ya October 10<sup>th</sup> in Boulder Junction!

Joe

W O U L D Y O U S E L L Y O U R P R O P E R T Y ?



Photo by Darrell Ruechel



Reason to attend on October 10th

**WOULD YOU PURCHASE ANOTHER WOODED PROPERTY?**

**By Darrell Ruechel**

Each individual looks at a property from a different perspective. If you sold your wooded property and considered purchasing another, what would your preferences be? Many times people own property and have the opportunity to purchase a neighboring or nearby property. I didn't have that clear a situation.

At the end of August of last year I sold my 100 acres in Oneida County along the Wisconsin River to the City of Rhinelander for their new

wastewater treatment plant. My preference was not to sell as the property is where my wife grew up, so I had certain sentimental attachments to that property. It was even a property where my wife and I were going to retire. We didn't make it that far as she died seven years ago from cancer. With an offer to purchase from the city that was hard to refuse, I sold.

I then needed to decide whether I would purchase another wooded property. Being 63 years old, I had to think twice. If you were in my situation, would you consider wooded property a good investment? That's what I had to consider. I had numerous conversations with my

accountant and with my attorney. My attorney even told me, "What are you going to do with the property - walk on it?" Perhaps your perspective is different from that of my attorney. I decided, before the sale of the property, to pursue a Section 1031 (a) Internal Revenue Code like-kind

**More work shop thumbnails.**



(courtesy of Al Gellings)

exchange, also known as a Starker exchange. At the closing, I did not receive the sale proceeds of the property as the funds were turned over to a title company, playing the role of Qualified Intermediary (QI). Under IRS rules, I could not handle the money. The funds were held by the QI until I purchased another like-kind property or at the expiration of 180 days, whichever occurs first. In other words, I had 180 days to close on another like property in order to receive a deferment from Capital Gain tax. Within 45 days of my closing I needed to identify my potential replacement properties.

The law is strict, but not unreasonable as to like kind. Business property or investment property qualifies, but NOT residential property.

Within those 45 days, I identified six properties and had an IRS form entitled "Exchange Property Identification Form" filled out. The form simply asks for a physical or legal description of the property identified, the address of the property, and the name and address of the broker or person selling the property. Just because I ask to have the form completed by the seller doesn't mean I have a strong interest in purchasing the property. Of the six identified properties, one property owner ultimately decided not to sell, I made an offer on another property but my offer was rejected, and another property was sold before I could make an offer. The other identified properties I decided to reject for one reason or another. I was out of luck as to a Starker exchange.

My 180 days passed without the purchase of a like kind property. I received the proceeds from the title company from the sale of the property at the end of the 180 days. There was no interest paid on the money during that

six months as it was held in escrow. With no purchase of a like-kind property, that meant I had to pay full capital gains to both the state and federal government. Even if I had purchased a property in the 180 days through the Starker exchange, the tax savings are not a dollar-for-dollar situation. In other words, if you sell a property for \$400,000 and buy a like-kind property for \$300,000, it doesn't necessarily mean you owe taxes on \$100,000. My accountant even prepared a spread sheet showing how much I needed to spend on a like property before I could save a meaningful amount of taxes. I knew, going in, that my best tax savings were to spend at least a certain amount but not more than a higher amount. So I knew what my price range was. Even with the Starker exchange, I would be paying state and federal taxes. It was just a matter of how much. My accountant also told me that if I purchased another property, I would be able to take a tax deduction for my property-locating expenses. If I ultimately did not purchase a property, those expenses could not be deducted and would be out of pocket. I traveled approximately 1,800 miles looking for a property to purchase.

With my 180 days now past, I then had another dilemma. Do I invest the money solely in a stock market that was down considerably or do I invest some of the money in the stock market and continue looking for wooded property in hopes that wooded property would be a good investment. I decided to keep looking. In June I purchased 80 acres in Lincoln County, 10 months after I sold my Rhinelander property. That purchase included my offer, a counter offer, and my ultimate acceptance of the counter offer. I feel the property is a wonderful property and purchased at a reasonable price.

Since beginning my search for another wooded property last August, I have personally walked on 13 properties in 7 neighboring counties. I even attended and put in a bid at one auction. I have talked on the phone to many realtors about many other properties and have checked online to find other properties I may be interested in, but those I rejected for one reason or another before looking at them. I appreciated the assistance of fellow woodland owners who told me of various properties for sale.

I ask you, if you had the opportunity to sell your wooded property at a price that is hard to refuse, would you sell it? If you decided to sell and to consider purchasing another wooded property, it is extremely important to use the knowledge you have gained through organizations like PIF. Attending seminars and going on field days and rubbing shoulders with fellow woodland owners are important as it's that knowledge that helps you to determine what the potential is of the wooded property that's being considered for purchase. Through organizations like PIF and WWOA, I can go into a woods and somewhat know what I'm looking for. So just in case you are in my situation and are considering purchasing another wooded property, learn as much as you can in the meantime so you too know what you are doing.



LOOK KIDS YOU CAN GO TO THE PIF MEETING WITH US IF YOU PROMISE TO BEHAVE!



# OCTOBER 10th ANNUAL MEETING

*Enjoy the beautiful fall colors of the North Woods at this years annual meeting.*

*This is your group and we need your input. Please plan to attend!*



On October 10th all roads lead to Boulder Junction



PIF Annual Meeting  
Oct. 10<sup>th</sup> in Boulder  
Junction!

Come meet your fellow PIF members and board of directors. Plan to attend a fun filled evening, starting at 4 PM, at the Big Bear Hideaway in Boulder Junction.



Cost is \$20 per person, kids under 12 free. Plenty of food, games, campfire, door prizes and anything else that can be dreamed up.

The Big Bear ([www.bigbearhideaway.com](http://www.bigbearhideaway.com)) is a little log village built on 5 acres, and is located at 10490 West Main St. in Boulder



Junction, WI. 54512.  
1-715-385-3333

Built of native logs, lumber and stone, just touring the grounds will be well worth the effort to attend. This is the private place

that has inspired folks like Johnny Depp and Barry McGuire to stay at when in the area.

We need your participation this year, so please attend. See you there.

post script by Jeff Niese

PS: PIF attendees will get a tour of this unique facility. The facility was built between 1994-1998, using native materials, visionary craftsmanship, incredible dedication, and love.

Adding to the special features of the location is a secret that can now be revealed to the public. Big Bear Hideaway was chosen by Johnny Depp and his film crew for his very own “hideaway” while filming the blockbuster movie “Public Enemies”. There are many people in the Northwoods who looked in vain for Mr. Depp while he was here—and now you can see why he was able to “hide away” from the public!

# Open-Explore The News From PIF!

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## STATE FOREST ADDITION

On Sunday August 23rd Governor Doyle dedicated over 1100 acres of land to the NHAL State Forest. Doyle has extensive background with public lands and their benefits. Pictured to the right are:

Tourism Secretary Kelly Trumble, State Senator Jim Holperin, Joe and Mary Hovel, and Governor Doyle



## Partners In Forestry

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