AG EXPERTS LAND AND AUCTION

The Harvest After the Harvest

What the money is for, and how to decide before somebody decides for you

A field guide for North Dakota and Minnesota families who have already sold the ground.

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Before You Read This

The check cleared.

Maybe it was the largest number you have ever seen with your name on it. Maybe it landed on a Tuesday, and you did not tell anybody for a week. Maybe you drove past the place a few days later and did not slow down.

I have sat with a lot of families on the other side of a land sale. The part nobody warns you about is not the money. It is the quiet. For thirty years or sixty years there was always a next thing. Get the crop in. Get it out. Get the taxes filed. Watch the basis. Then one afternoon there is a wire in an account and no next thing, and the phone starts ringing with people who want to help you.

This report is not going to tell you what to buy. I do not know your family, your health, your tax situation, or what you have promised your kids. Anybody who tells you what to do with this money before they know those things is selling something.

What this report will do is give you the questions in the order they should be asked, show you where families get hurt, and tell you honestly what is still fixable and what closed the day you signed.

Read it with a pencil. Argue with parts of it. Then decide what you want to do next.

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CHAPTER ONE

Why This Money Is Different

There is a habit in the financial business of treating every large deposit the same way. Money is money, the thinking goes. Run the numbers, build the allocation, rebalance in the spring.

That works fine when the money came from a 401k or a business you built to sell. It does not work here, and here is why.

This money used to be dirt. Specific dirt. Dirt somebody in your family broke, or borrowed against in 1982 and nearly lost, or refused to sell in 2013 when the price was crazy. You did not build this asset. In most cases you were handed it, and you kept it going, and then it stopped with you.

That does two things to a person.

The first is guilt, and it is usually unspoken. Even when the sale was obviously right. Even when there was nobody to take it over, or the health went, or the siblings could not agree, or the numbers simply stopped working. I have watched people who made an unquestionably good decision carry it like a failure for two years.

The second is a kind of paralysis. Land was a decision you did not have to make every day. It sat there. It did not require an opinion. Cash requires an opinion constantly, and a lot of people who were completely confident about a two-hundred-thousand-dollar equipment note find themselves frozen by a brokerage statement.

Neither of those are a financial problem. But they will drive financial decisions if you leave them alone, and they usually drive them badly. Guilt makes people either hoard the money and never touch it or unload it fast so they do not have to look at it. Paralysis makes people say yes to whoever is most confident in the room.

One more thing about the timing.

The decisions made in the first twelve months after a sale tend to set the shape of everything after. Not because year one is magic, but because that is when the money is loudest, when most people are calling, when the tax bill is looming, and when you are the least sure of yourself. Commitments made in that window are hard to walk back. Money that goes into an illiquid partnership, a loan to a family member, or a building project does not come back out on your schedule.

So, the goal of the first year is not to be brilliant. It is to avoid the irreversible.

CHAPTER TWO

The First Ninety Days

If you do nothing else with this report, do this part.

There is enormous pressure after a sale to look decisive. Resist it. Almost nothing about this money needs to be settled in ninety days, and the few things that do are administrative rather than strategic.

Here is a reasonable sequence.

- Park it somewhere boring and insured. A money market fund, treasuries, or spread across banks so you stay inside FDIC limits. You are not trying to earn anything yet. You are trying to not lose anything while you think. Ask what the coverage limit is per depositor per bank and whether your balance exceeds it, because a lot of sale proceeds do.
- Find out what you owe and when. Call your CPA the week the sale closes, not in March. There are often estimated payments due in the same year as the sale, and penalties for missing them. Get the number, set that cash aside in its own account, and stop counting it as yours.
- Say no to everything for ninety days. Aloud, to everyone. Family, advisors, the fellow at church with the opportunity. A sentence that works: I am not making any decisions about this until fall. Repeat it exactly. It is not rude and it costs you nothing, because no genuinely good opportunity disappears because you took a season to think.
- Write down what you actually own now. Everything. Remaining land, buildings, machinery, contracts, retirement accounts, insurance, the note if you carried paper. Most families have never seen it all on one page, and the sale is the moment it finally matters.
- Talk to your spouse before you talk to a professional. Separately, then together. You would be surprised how often two people who have been married forty years have never actually said aloud what they want the last stretch to look like.

Notice what is not on that list. No investment decisions. No gifting. No buying anything. No hiring anybody permanently.

Ninety days of deliberate boredom is the highest return move available to you, and it is free.

CHAPTER THREE

Seven Ways This Goes Sideways

These are not hypotheticals. Every one of them is something I have watched happen to somebody in this part of the country, usually to a careful person who had never made an unwise decision with money in their life.

1. Moving before deciding what the money is for. This is the root of the other six. A plan built before you know the purpose is just a pile of products. If you cannot finish the sentence this money is supposed to let us, you are not ready to invest it, and the fact that it is sitting in cash earning very little is a smaller problem than committing it to the wrong thing.
2. Defaulting to what feels familiar. CDs because Dad used CDs. A loan to a nephew because that is what family does. Buying more ground you do not intend to farm because ground is the only asset you have ever fully trusted. Familiar is not the same as suitable, and the loan to family is the one that shows up in my conversations most often, usually years later and always with the relationship damaged.
3. Putting money into a business you do not understand. Restaurants, storage units, a friend's expansion, a franchise. The pitch is almost always that it is simple and cash flows. What gets missed is that you spent decades building judgment in one industry and you have none in this one. The people who lose the largest share of their proceeds lose it here, and they lose it fast.
4. Spending on things that will not survive five years of hindsight. There is nothing wrong with buying something you have wanted your whole life, and I would rather you enjoy this money than die with it untouched. But there is a real difference between a purchase you have wanted for twenty years and a purchase you made in month four because the money felt strange. One you will be glad about. The other you will be selling at a loss in 2031.
5. Assuming the tax work is finished. It is not, and the year of the sale is not the only year that matters. There is planning available in the years after a sale that a lot of people never hear about because nobody was looking. Chapter Four covers this.
6. Building the financial plan before answering the life question. This is backwards and it is the industry standard. Somebody runs a Monte Carlo simulation, tells you that you have a ninety-two percent probability of success, and you walk out with a number and no idea what the number is for. Success at what?
7. Never asking what this money could make possible. This is the quietest failure and the most common. The money sits, professionally managed and perfectly

safe, funding nothing, until it passes on to children who have their own money and their own lives. That is not a catastrophe. But it is a waste, and it was avoidable.

CHAPTER FOUR

The Tax Conversation You Probably Had Too Late

I want to be careful here. I am not your accountant, and this is not tax advice. Tax law moves, and the numbers change. Every item below needs to go to your CPA before you act on it.

But you should understand the shape of the thing, because if you do not, you will not know what to ask.

Here is the hard part first.

Most of the big tax levers on a land sale close at the closing table. Not after. Before you signed, there were structures available that could have spread the gain over years, or deferred it, or converted part of it to income while supporting a charity you care about. Those generally require setting up before the sale becomes binding. Once the deed transfers and the money is in your hand, most of that door is shut.

If you are reading this and you have not closed yet, stop and call a CPA who has done farmland sales specifically. That call is worth more than anything else in this report.

If you already closed, here is what remains, in general terms.

- The bill itself. Gain on land held long term is generally taxed at long-term capital gain rates, but the sale may include components taxed differently, such as recapture on buildings, tile, or other improvements you depreciated. There may also be an additional tax on investment income depending on your income level and your history of participation in the operation. Your CPA can tell you which pieces apply. Do not assume one flat rate covers it.
- Estimated payments and penalties. A large gain can trigger underpayment penalties even if you pay in full at filing. There are safe harbor rules that can protect you. Ask specifically about them.
- State tax. North Dakota and Minnesota treat this differently from each other, and the difference can be significant. If you have any genuine flexibility about where you live going forward, that is a conversation to have early rather than as an afterthought.
- Carried paper. If you sold on contract for deed or carried a note, you have ongoing control over the timing of recognition, and that is real planning territory for the next several years.
- Low-income years ahead. After the sale year, your taxable income may drop substantially. Those years can be unusually good for certain moves, including

converting retirement money to a Roth, or realizing gains deliberately at a low rate. This is one of the most commonly missed opportunities I see.

- Charitable intent. If you were already going to give, there are ways to do it that are considerably more efficient than writing checks, including giving appreciated assets rather than cash, bunching several years of giving into one, and for those old enough to qualify, giving directly from a retirement account. Ask about all three.

One last point on this chapter. If your CPA has been doing your Schedule F for twenty years and is excellent at it, that does not automatically mean they are the right person for a large capital transaction and the planning that follows. It might be. But it is a fair question to ask them directly, and a good one will tell you the truth.

CHAPTER FIVE

Three Questions to Answer Before Anyone Builds You a Plan

These three questions come out of a discipline called life planning. I use them because after twenty years of watching people make decisions about money, I have not found anything that gets to the truth faster.

Do not answer them in your head. Write the answers down, separately from your spouse, and then trade papers. The gap between the two sets of answers is usually the most useful thing on the table.

Question 1

> **If you had enough money to be completely comfortable for the rest of your life, how would you live differently starting tomorrow?**

This one sounds like a fantasy question, and it is not. The point is to strip away the constraint you have been carrying so long you stopped noticing it, and see what is underneath. Most people answer with something smaller than you would expect. More time with grandkids. A shop. Winters somewhere warm. Being done at noon.

Question 2

> **If a doctor told you today that you had five to ten good years left, what would you change?**

This question adds urgency without adding fear. Notice what moves to the top of the list and notice what falls off it entirely. The things that fall off were never actually important to you. You have just been doing them.

Question 3

> **If you found out you had one day left, what would you regret never having done, been, or had?**

This is the hard one and it is the one that matters. It usually is not about money at all. It is about a relationship that went cold, a trip that kept getting postponed, something you wanted to say to somebody. Those regrets are the real assignment. The money is only useful if it serves them.

When you have your answers, you have something no financial plan can generate on its own. You have a purpose. Everything after this is just engineering.

CHAPTER SIX

A Plan That Funds Your Life, Not Just Your Portfolio

Here is where most planning goes wrong. Somebody takes your money, builds an allocation designed to maximize the probability that you never run out, and reports on it quarterly. Measured that way, the safest possible outcome is that you die with the largest possible balance.

That is not a life plan. That is a scorekeeping system that happens to use your money.

A plan built in the other direction starts with the answers from Chapter Five and works backward. It asks what must be true, and when, and then figures out what the money has to do to make it true.

In practice that usually means dividing the money into buckets with jobs, rather than one pile with a return target.

- Money that must be there no matter what. Living expenses for the rest of your life, floor level. This is the money that lets you sleep. It gets invested conservatively because its job is certainty, not growth, and you should be able to point at it and say that covers us.
- Money with a date on it. The trip, the shop, the down payment on the lake place, the year you help a grandchild through school. Known amounts, known timing. It gets invested according to when you need it, not according to your risk tolerance in the abstract.
- Money that is meant to grow and be passed on. This is the piece that can take risk because you do not need it and the time horizon is long. Most people invest their whole balance as though it were this bucket, or none of it.
- Money you have permission to spend without justifying it. Name the amount. Put it somewhere separate. This sounds frivolous and it is the opposite. Without it, people either spend nothing and resent the money or spend without limit because there was never a defined limit.

The buckets are not the point. The point is that every dollar has an assignment, and you can look at any statement and know what that money is for. That is what converts a balance into a plan.

And a plan built this way answers the real question, which is not whether you will run out. It is whether the money is doing anything for you while you are alive to enjoy it.

CHAPTER SEVEN

The Conversation Your Family Needs to Have

This chapter is short and it is probably the one that will save you the most.

The sale of family land changes family dynamics whether or not anyone talks about it, and in my experience the families that talk about it early do fine and the families that do not talk about it split. Not always loudly. Sometimes it just goes quiet and stays quiet for fifteen years.

A few things worth knowing.

Your children already have opinions. They have had them for a while. The one who farms and the one who moved away do not see this the same way, and neither of them has said so directly because nobody wants to look like they are counting your money.

Silence is not neutrality. When you do not explain your thinking, people fill the gap with the worst available interpretation. The explanation matters more than the split. I have seen unequal distributions accepted without a word of complaint because the reasoning was explained in advance, and I have seen perfectly equal distributions blow a family apart because nobody said why.

Fairness and equality are not the same word. If one child worked the place for fifteen years at low wages and another did not, equality is not obviously fair, and fair is not obviously equal. You are allowed to decide which one you are choosing. You are not allowed to skip the conversation and hope they work it out.

You do not have to disclose numbers to have this conversation. You can talk about intent, values, and structure without ever naming a balance. Intent is the part they need.

Some questions worth putting on the table.

- Does everyone understand why the land was sold, in your words rather than their assumptions?
- Is there anything you and your spouse want out of the rest of your lives that the family should know about, so it does not look like a surprise later?
- What do you want this money to have done, twenty years from now, that you would be proud of?
- Is there a family member who needs help now, and is helping them with the right thing or just the easy thing?
- Who in the family knows where everything is, and who would you actually trust to handle it?

CHAPTER EIGHT

How to Judge the People Who Are Calling You Now

Your phone has been busy. Some of those callers are good at their jobs. Some are good at making appointments. Those are different skills and it is genuinely hard to tell them apart in a first meeting, because the second group is better at first meetings.

So here is a list of questions. Ask them of everyone. Ask them of me.

I would rather you use this and pick somebody else than skip it and pick me. Somebody talked me into believing that when I was younger and it cost me a lot to learn.

1. Are you a fiduciary to me, all the time, and will you put that in writing? The answer is either yes in writing, or it is no. Some people are fiduciaries for part of the relationship and salespeople for the rest of it, and that distinction will not be volunteered.
2. Every way you get paid on my business. Say all of it. Fees, commissions, trails, revenue sharing, referral arrangements, anything your firm receives that I do not write a check for. A good advisor answers this without any discomfort at all. Watch their face.
3. Do you have to sell me a product for this to be worth your time? If the plan only exists to justify a product, you are not buying a plan.
4. What happens to my plan if I stop paying you? If the answer is that it stops existing, you are renting an opinion.
5. How many farm families have you worked with, and what did you get wrong the first few times? Anybody who has actually done this has a story about getting something wrong. If they do not, either they have not done it, or they are not going to be straight with you.
6. Will you talk directly to my CPA and my attorney, and are you comfortable being disagreed with in front of me? The people who resist this usually have a reason.
7. What would make you tell me no? An advisor who cannot name something they would refuse to do is telling you they will do whatever gets the account.
8. If something happens to you, who at your firm knows my situation? Applies to me too. It is a fair question at any age.

One more thought, and it is the reason I put this report together at all.

There is a specific gap in this market. The people who understand farmland do not generally understand financial planning, and the people who understand financial planning have usually never stood in a field in April. So, you end up explaining basis and landlord shares to somebody in an office in the Cities, or you end up taking financial advice from somebody whose only qualification is that they know ground.

You should not have to translate your own life for the person advising you on it. Whoever you choose, choose somebody who does not need the translation.

CLOSING

The Next Legacy

The land meant something. It was not just an asset, and everyone who tells you it was just an asset is missing the point on purpose because it makes the math easier.

But here is the thing worth sitting with. What your parents and grandparents left you was not the dirt. It was the decision. They decided, repeatedly, in years that were much harder than this one, to do the durable thing instead of the easy thing. The land was the form that decision happened to take in their generation.

The decision you make next is vital. It’s not what you get out of the land. It’s what you roll the proceeds into next.

Will this decision create a family that is closer than it was. Grandchildren who got an education without debt. A community organization that exists in twenty years because you funded it. Ten good years with your spouse doing the thing you both kept putting off. Those are legacies. Some of them will outlast any quarter section.

You have been handed the ability to decide what this becomes. That is a real privilege, and it is also a weight, and I do not think anybody should carry it alone or in a hurry.

Take the ninety days. Answer the three questions. Have the family conversation. Then build the plan.

And if you want somebody to think it through with somebody who has farmed the ground, sold the ground, and spent the years since learning how to do the money side properly, my number is below. No pressure and no pitch. If at the end of ten minutes or an hour you decide the right answer is somebody else, I will tell you so and I will probably tell you who.

About Brett Meyers

Brett Meyers has been farming for thirty years across roughly 4,500 acres in eastern North Dakota. He has been a licensed real estate broker for eighteen years, and owns Ag Experts Land and Auction in Galesburg, North Dakota, serving farmland owners across North Dakota and Minnesota.

He is one of very few people in this region who has been on all three sides of a farmland transition. He has run the operation, brokered the sale, and worked with families on what happens to the money afterward.

Talk It Through

A confidential conversation. Thirty minutes or so, on the phone or at the kitchen table. No cost, no obligation, and nothing to buy.

We will talk about where you are, what is still open, and what you might want to do next. If you want to keep talking after that, we will. If you do not, you will still leave with a clearer picture than you came in with.

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