

# Thomas E. Peterson Memorial Scholarship Fund

## How area farmland can keep on giving

**By Twila Schmitt**

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While the phrase “rural philanthropy” may not yet be in most people’s vocabulary, the concept behind it is gaining ground.

Over the past several decades, farmland most frequently stayed in the same family, passed down from one generation to generation. The Watertown Area Community Foundation recognized that in some instances, farmers were looking for another option.

To meet this need, the WACF Farmland Retention Program was created. With this program, the WACF can

accept gifts of farmland and retain the land as an asset so it can continue to be farmed while benefiting the community.

“One of the greatest natural assets of eastern South Dakota is farmland,” said Jan DeBerg, WACF executive director.

“We can accept a wide variety of assets and can facilitate even the more complex forms of giving,” she added.

The Thomas E. Peterson Memorial Scholarship Fund, created in 1999, is a shining example. The fund was established to award scholarships to graduating high school students who are residents of Deuel County, where

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### **40 Years ... 40 Stories**

The Watertown Area Community Foundation celebrates 40 years of “Looking Forward and Giving Back”, in 2019. Join the Foundation as it takes the opportunity this year to not only celebrate, but also to look back with gratitude over the past 40 years.

We hope you’ll enjoy 40 stories that pay tribute to the 40 years of donors, grants and accomplishments that have molded the organization into what it is today.

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Peterson farmed during his lifetime.

"Mr. Peterson's story is unique, in that he wanted to leave a legacy that allowed his wife Vivian L. Peterson's grandchildren and great-grandchildren to continue their education ... and then continue to serve others beyond that time," said Tyler DeBoer, vice president of Wealth Management Services at First Bank & Trust.

"He (Peterson) maintained some control over the destiny of the land he cared so much for, while being charitable. It's a win-win," he added.

Although DeBoer worked with another financial institution at that time, he was involved with establishing the WACF's Farmland Retention Program. He explained that the land

in the program stays local with the WACF and continues to function as farmland, tended to by local hands.

"The donor receives a tax benefit for the fair market value of the property," he added.

In a recent study, "Agricultural Land Market Trends, 1991-2018," published by South Dakota State University Extension, several leading reasons were stated for sellers offering their land for sale. In 2018, estate settlement of farmers and ranchers was the top reason (43 percent). Retirement accounted for 23 percent and increasing liquidity came in at 17 percent as the third most-frequent reason.

DeBoer echoed that as the baby boomer generation approaches retirement, individual farmers are looking for a transitional plan. As a

rule, farmers tend to have a deep connection to the land and would prefer to keep the farmland local, even when no one else in the family has an interest in continuing to farm, or stands to inherit it.

"Four out of five farmers that I visit with have an emotional attachment that directs their decision making," he said.

Owners of farmland should be aware that the decision to place some land in trust is not an "all or nothing" choice.

"It could be viewed as making the community one of your beneficiaries," said DeBerg. "It could also be done with a portion of the land. This way, the farmland that has supported the community over the years can keep on supporting the community that they care so much about."

DeBerg said the Farmland Retention Program can be a great benefit to the donor, the tenant and the region.

"The Watertown Area Community Foundation pays taxes on the land, rents the property to farm tenants and earns revenue from the rent while holding the land as an asset for the benefit of local nonprofits," she said.

DeBoer said while programs such as the Farmland Retention program are not yet commonplace, they are becoming more popular as people explore their options.

"Don't be afraid to ask questions," he said.

For additional information about the Farmland Retention Program, contact the WACF at 605-882-3731.