

Pooled Timber Income Fund

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What is the Pooled Timber Income Fund?

*NEFF has developed a new conservation option for landowners, the **Pooled Timber Income Fund (PTIF)**. This option enables New England landowners to conserve their woodland while receiving lifetime income, as well as tax benefits.*

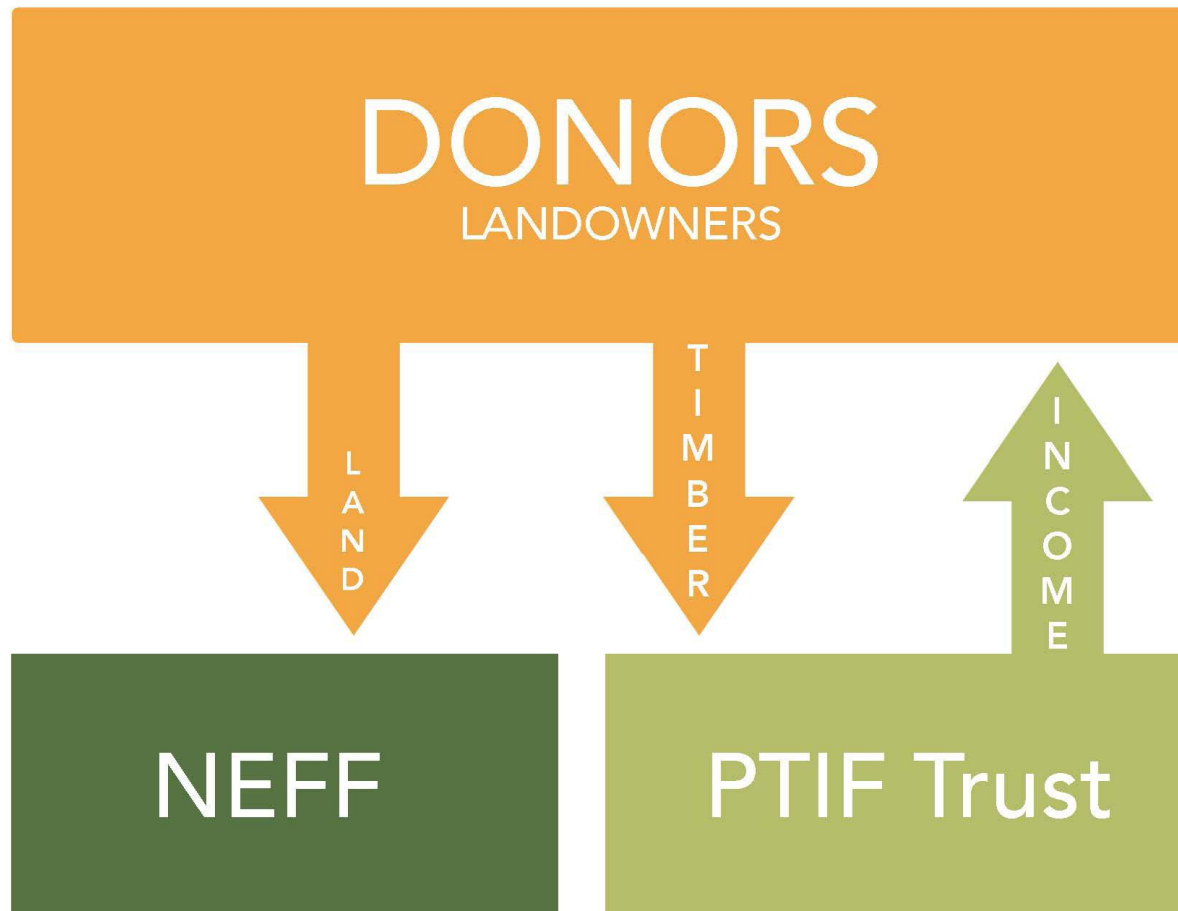
What is the PTIF?

The PTIF is a new application of the well-established planned giving tool, the pooled income fund.

A traditional pooled income fund:

- Allows donors to contribute cash or other assets to a charity.
- The charity invests the assets, and income after expenses is distributed to the donors until their death, at which point the assets belong to the charity.
- Donors receive both lifetime income and a charitable tax deduction at the time of the initial donation.

What is the PTIF?



Why Join the PTIF?

Meet financial and land management goals through the PTIF's three main services:

**Woodland protection,
lifetime income, tax benefits**

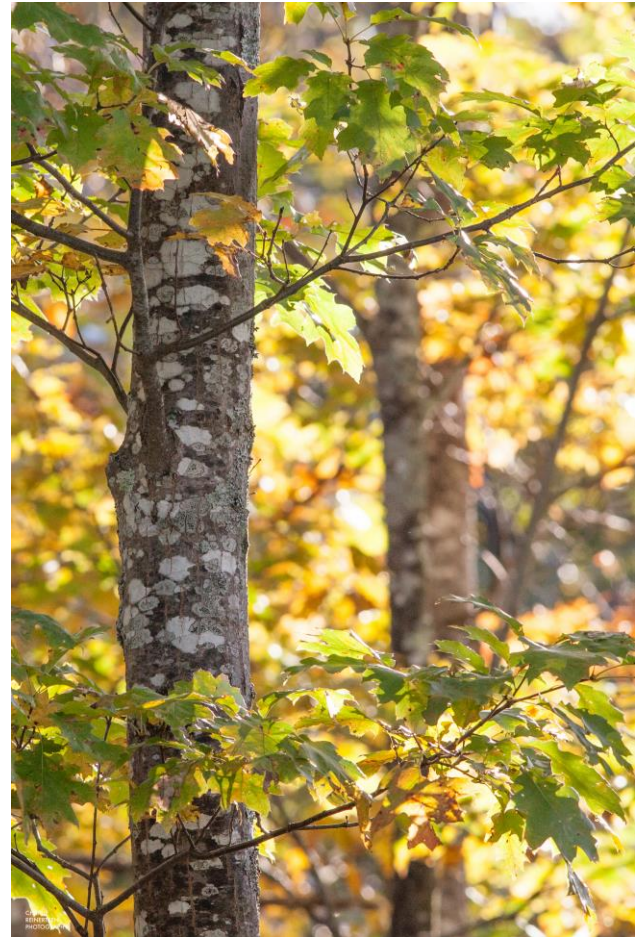
Participation guarantees donors' woodlands will be protected and managed to NEFF's exemplary forestry standards.



Finances and Benefits

Initial Financial Benefits

- Landowners receive shares in the fund proportional to the value of their timber donation.
- Income is allocated based on shares assigned at the time of donation
- As with the traditional pooled income fund, donors also receive an initial charitable tax deduction, along with this lifetime income.



Financial Benefits

The land donor will receive an annual stream of income:

- Generated from timber harvests on all land in the PTIF
- Estimated rate of return before expenses on timber donations to the PTIF should be around 2.5%
- Land donors will receive a more even stream of funding compared to managing their own land due to harvests happening across the pool of timber that is in the Fund and the reduced risk of loss from weather, insects, or other hazards.



Tax Benefits

- When a landowner enrolls in the PTIF, he or she is eligible for a number of potential tax benefits, including **income tax benefits, property tax benefits and estate tax benefits.**
- Landowners donating to the PTIF can likely claim a charitable tax deduction on their federal income tax returns for both the donation of the land to NEFF and the donation of the timber to the PTIF.
- After enrolling in the PTIF, the landowner is not responsible for further property taxes on the woodland. NEFF will pay property taxes on the property while it is enrolled in the PTIF.
- Additionally, the land and timber are removed from the landowner's estate, and are thus not subject to federal or state estate taxes. This may allow the landowner to pass other assets on to heirs more easily.

Land Management

Management of Fund Land

When you enroll in the PTIF:

- You donate your land to NEFF.
- You donate your timber to NEFF's Pooled Timber Income Fund to be managed among a pool of other woodlands, including several of NEFF's.

NEFF will sustainably managed your woodland through **Exemplary Forestry**, which we employ on our own Community Forests, which total more than 27,000 acres.

- These woodlands are certified by the American Tree Farm System® and are also certified to Forest Stewardship Council™ standards.



Management Plans and Harvests

- NEFF works with local consulting foresters to develop a plan for each individual property.
- Plans are updated approximately every 10 to 15 years.
- When conducting harvests, foresters represent our best interests as landowners and they oversee each harvest to ensure compliance above and beyond all relevant environmental standards.



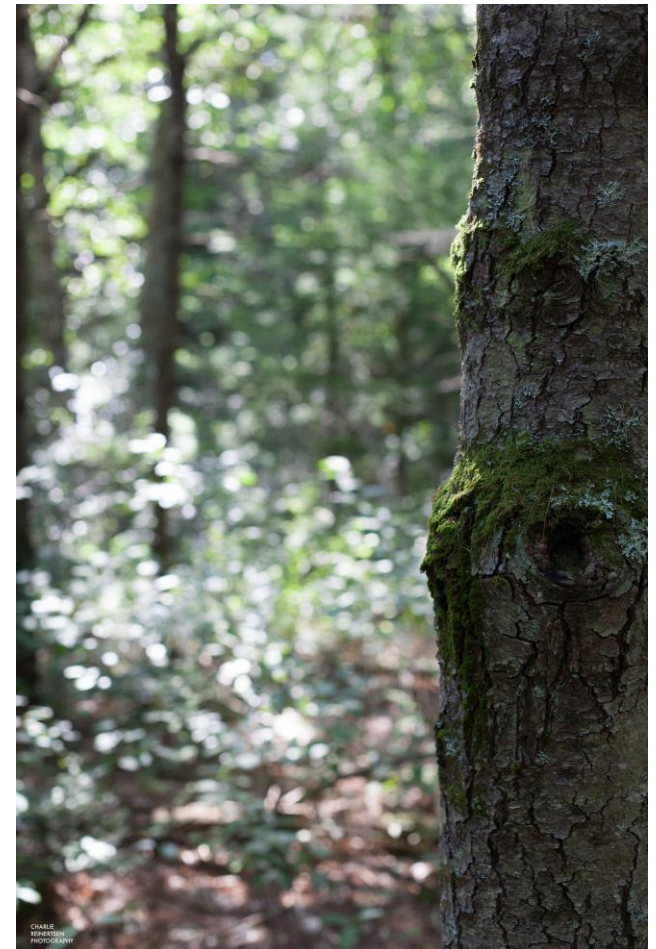
Your Role in the Land

Will I still control my land?

As the PTIF involves a donation of land, the participant will no longer own or control the land. This means participants will not need to carry insurance to cover liability or other risks.

Will I still have access to my land?

Yes. NEFF's Community Forests are open to the public, and the donated woodland would fall under standard NEFF guidelines.



Is the PTIF Right for Me?

Is the PTIF Right for Me?

This tool is designed for landowners who:

- Face a transition in ownership
- Prefer not to sell their land for development
- Prefer to protect their land
- Are interested in lifetime income flow or who cannot afford to donate all the value of their woodland
- Could benefit from the fund's financial benefits
- Would like a proven, reputable organization to ensure sustainable management
- Are uncertain if the next generation shares their values



Land Trusts and the PTIF

Leasing to the Fund



- Land trusts can lease land to the fund for a set number of years
- Benefits include:
 - A small constant annual income from the harvesting of timber on the land.
 - There would be reduced risks
 - The land trust would also have one less job of managing their land.
 - The land trust would be participating in a pool with other land trusts, thus reducing any reputational risks.
 - The land trust would retain ownership and recreational management of their lands.
- TNC and NEFF are leasing properties to the PTIF

The Lease

- Term of lease is typically 30 years
- All timber and forest products shall be managed and harvested in accordance with the Forest Management Plan
- The land trust has exclusive right to control public access onto the Property
- Notice of harvest selection and designations will be delivered to the land trust prior to harvest, and the Land Trust has the right, but not the obligation, to review the cutting plan and request changes within a designated time period



Land Trusts Promoting the PTIF



- The PTIF is a great tool for land trusts to reference
- Identifying landowners who may benefit from the PTIF
- Will help to spread conservation throughout the area

Replicating the PTIF: A bicoastal effort

Exploring the opportunity for other land trusts to replicate the PTIF as a tool.



- Grant to work with the Oregon Community Foundation to replicate this tool.
- This project is a full partnership—sharing information, approaches, and structures between collaborating organizations on opposite sides of the country.
- Both organizations plan to partner with additional local and regional non-profits.

Share *Your* Experience...

Land Trust & Forest Management/Outreach Survey

Land trusts-Questions and Discussion

1. Do you or your local land trust practice forest management?
2. If not, what are some barriers you face?
3. How might the land trust overcome these barriers?
4. Can the PTIF help as a tool to promote forest management in land trusts?

NEFF's Exemplary Forestry

- Measurable metrics defined for the Acadian Forest in Maine
- Working on developing standards for Southern New England forests
- Enhancing environmental values from water quality to climate mitigation
- Improving wildlife habitat and protecting biodiversity
- Producing more and better quality wood locally



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Exemplary Forestry assumes:

Special habitats and ecological reserves are protected



Eagle Lake Old Growth Forest. Source: MFS

Exemplary Forestry includes:

Management for umbrella wildlife species



Den Trees

Big Reed. Source: MFS



Closed Crowns

Source: Conservation Foundation

The kind of habitat needed by American (Pine) marten

Exemplary Forestry includes:

A stand size class distribution recommended by ecologists

Sawtimber (40-50%)

Seedlings (5-15%)



Saplings & Poles (30-40%)



*Source of all photos:
Maine Forest Service*

Exemplary Forestry includes:

Management that provides den trees, snags, and downed logs, as well as protects soils, water quality, riparian areas



Exemplary Forestry Includes

Growing and harvesting *more* wood – a central idea



Exemplary Forestry includes:

Growing better quality timber



Source: jeffjosephwoodworker.com.


In terms of stumpage, 2 cords of sugar maple or red oak veneer (approximately 1,000 bd ft) can equal the value of 40 cords of hardwood pulp

Increasing both growth and quality can make management more profitable

Exemplary Forestry... Addresses Climate

Considerations for Your Woodlot

The following are general recommendations to keep your woods healthy and able to adapt to changes into the future. **While all of these actions are important, the checked recommendations are most applicable to your woods and your situation.** To learn more, consult our fact sheet, consider working with a professional to implement these practices on the ground or visit our website at <http://mymassconnwoods.org/>.



Top Forest Stressors to Keep an Eye On	Extreme Weather Vulnerabilities
Hemlock Woolly Adelgid Gypsy Moth Caterpillar Invasive Exotic Plants	Typical

Protect water and soils on your land
Install water bars following completion of timber harvest
maintain as needed

Improve ability of your trees to resist bugs and disease
done to improve tree species and age class diversity and improve tree health

Prevent and control non-native plants and weeds that threaten native plants and animals
A treatment by Licensed Professional has already been scheduled
follow up as needed

Manage damage to young trees from excessive deer browsing

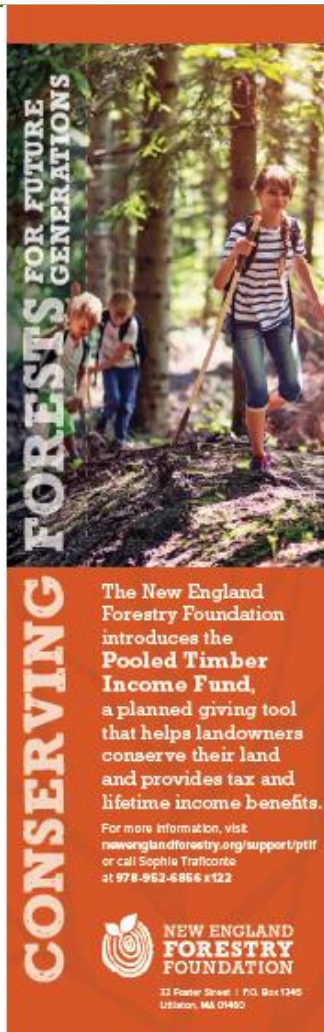
Prepare for big weather

Addressing climate change as the knowledge base becomes available, increasing the resilience to, adaptation for, and mitigation of, climate change.

Opacum Land Trust's property – climate-informed forestry Checklist

The PTIF: The Present and Future

Current Efforts: Marketing Today



FORESTS FOR FUTURE GENERATIONS

CONSERVING

The New England Forestry Foundation introduces the **Pooled Timber Income Fund**, a planned giving tool that helps landowners conserve their land and provides tax and lifetime income benefits.

For more information, visit newenglandforestry.org/support/ptif or call Sophie Traficante at 978-962-6856 x122.

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Lisbon, MA 01460

- PTIF
 - Radio spots
 - Summer program ads
 - Estate planning forums
 - Short presentations for Land Trusts

The PTIF and the Future

- The PTIF can be modified to serve other open space interests!
 - Example: Farming
 - Investments to buy conservation land in local communities





Questions?

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Conserving Forests for Future Generations



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