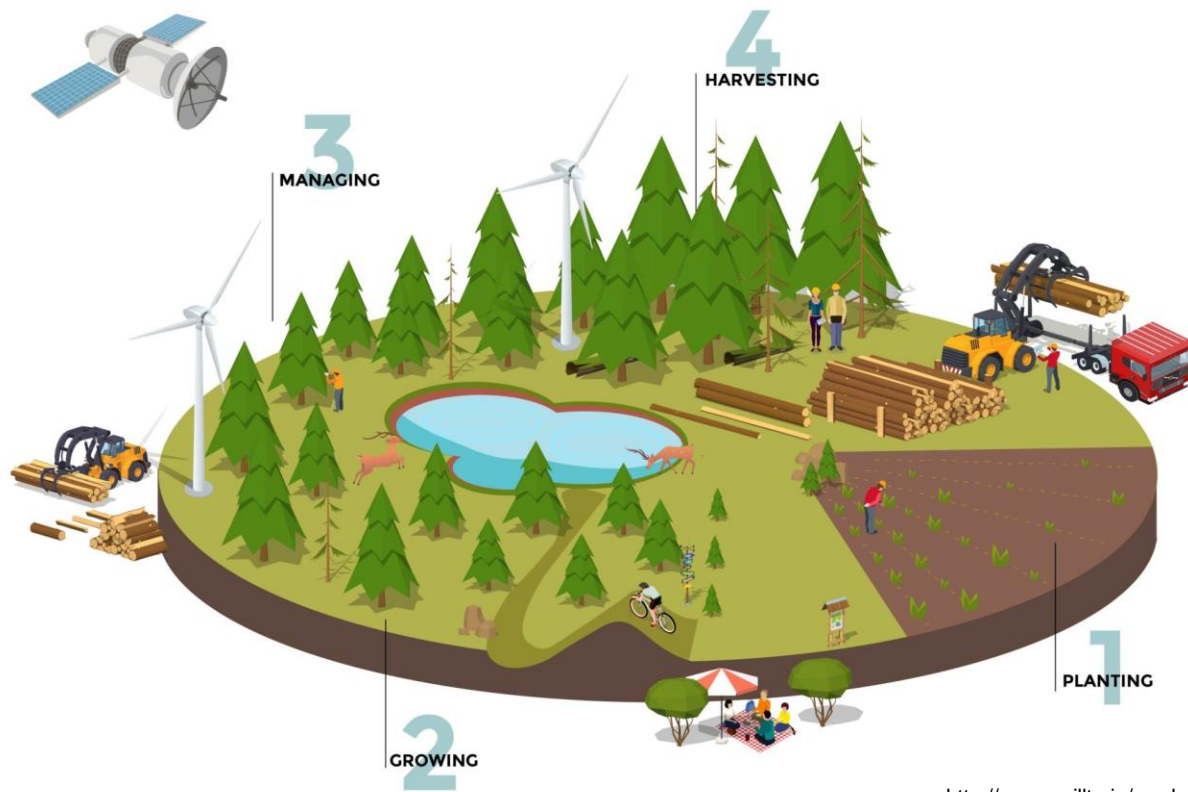


# Selling Timber?

Some things to consider...



# One chance in a lifetime, so spend some time to get it right!



<http://www.coillte.ie/our-business/our-divisions/forestry/>

# How do we get it right?

- ▶ What do you have to sell?
- ▶ Timing
- ▶ Hiring a contractor
- ▶ Taxes
- ▶ Your Professional Team

# What do you have to sell?

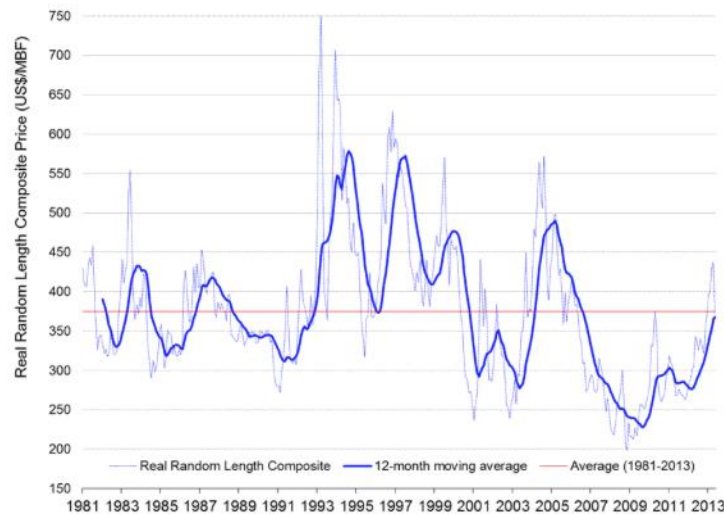
- ▶ What does your management plan say?
- ▶ Consider an independent timber appraisal



# Timing

- ▶ What are the current market conditions?
- ▶ Will my timber increase in value if it grows?
- ▶ How will the income affect my taxes?

Random Lengths softwood lumber composite price – adjusted for inflation (US\$/MBF)



<http://nswoodlots.com/market-reports/historical-lumber-prices>

# Hiring a Contractor

- ▶ Meet with more than one contractor or buyer
- ▶ Ask for references and follow up!



# Hiring a Contractor

- ▶ How will you get paid?
  - ▶ Volume cut or lump sum?
- ▶ Load slips to support deliveries
- ▶ How often are you paid?
- ▶ Compare to independent appraisal
- ▶ Ask for a deposit

# Hiring a Contractor

- ▶ Who is responsible for building and repairing roads?
  - ▶ Who pays?
- ▶ Ensure the contractor has Workers Compensation coverage and is in good standing
- ▶ Letter to certify good standing
- ▶ Insurance
  - ▶ Land owner and contractor



# Hiring a Contractor

- ▶ Get it in writing
  - ▶ Formal written and signed contract



# Taxes

- ▶ Remember, taxes are a percentage of the net income
  - ▶ You don't lose all of your proceeds to tax
- ▶ Planning can reduce your tax bill



# Taxes

- ▶ Capital gain or income treatment
- ▶ Cost base, depletion and deductible expenses
- ▶ Potential impact on intergenerational transfer
- ▶ Marginal tax brackets and other claw backs
  - ▶ Timing of harvest
  - ▶ Incorporation?

# Your Professional Team

- ▶ Forester
- ▶ Lawyer
- ▶ Surveyor
- ▶ Accountant / Advisor

# Your Professional Team

- ▶ Consult during all stages of the timber sale
- ▶ Proper planning can help get the most return from your investment and minimize risk

# Any Questions?

