

RUSSELL COUNTY AGRICULTURE AND NATURAL RESOURCES NOVEMBER 2025 NEWSLETTER

Off the Hoof: Timely Tips

**Dr. Les Anderson, Beef Extension Professor,
University of Kentucky**

General Reminders

- Avoid prussic acid poisoning that can happen when frost ruptures the plant cells in sorghums, sorghum-sudan hybrids, sudangrass, and johnsongrass releasing prussic (hydrocyanic) acid. Fields can be grazed after the plants have dried up after a frost. New growth that occurs in stalk fields is potentially dangerous whether frosted or not.
- Take soil samples for soil analysis to determine pasture fertility needs. Apply phosphate, potash, and lime accordingly.
- Test hay quality and make inventory of hay supplies and needs. Adjust now - buy feed before you run out in the winter.
- Do not harvest or graze alfalfa now so the alfalfa can replenish root reserves.
- Remove fly-control eartags from all animals, dispose of according to instructions on package. Treat for grubs/lice.

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Lectington, KY 40506



Martin-Gatton
College of Agriculture,
Food and Environment
University of Kentucky

UPCOMING EVENTS:

Master Cattleman Program:

Topic: Herd Health

November 6th | 5:30 PM CST

Russell County Extension Office

Topic: Reproduction and Recordkeeping

November 13th | 5:30 PM CST

Adair County Extension Office

409 Fairground St., Columbia, KY 42728

Topic: Nutrition

November 20th | 5:30 PM CST

Russell County Extension Office

Topic: Facilities and Winter Feeding

November 25th | 5:30 PM CST

Adair County Extension Office

409 Fairground St., Columbia, KY 42728

Jonathan Oakes
CEA for Agriculture and Natural
Resources



Disabilities
accommodated
with prior notification.



Celebrating Farmers: 4-H Card Contest Winners



Congratulations to our winners and THANK YOU to all students for showing kindness to our community!



Celebrating Farmers Card Contest - Best Design

Dear, Farmer

9-10-25

If you are reading this you need to know that I am thankful for your hard work. And that I love you. I LOVE vegetables and milk I think I might want to be a farmer one day or a teacher. Thank you for all of the milk, fruits and veggies.



Celebrating Farmers Card Contest - Kindest Note



Martin-Gatton
College of Agriculture,
Food and Environment

Department of
Agricultural Economics

SEPTEMBER 2025

ECONOMIC & POLICY UPDATE

E-NEWSLETTER VOL. 25 ISSUE 8

EDITORS: WILL SNELL, SAVANNAH COLUMBIA, ASLIHAN SPAULDING

Strategic Farm Finance and Tax Management in Profitable Times

Author(s): Jonathan D. Shepherd, David Bilderback, and Kenny Burdine

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Cattle producers are currently enjoying historically high prices and considerably higher levels of profitability than in recent years. While this statement is generally accurate, profitability has not necessarily been equally distributed amongst all types of cattle producers. And many are still recovering from very challenging financial times in the not-too-distant past. Nonetheless, current profitability levels offer an opportunity for strategic financial and tax planning that could have implications for years to come. While it is tempting to reinvest profits back into the operation simply to reduce tax liabilities in the short run, long-term planning should be at the center of these decisions.

Capital Expenditures: Tax Strategy or Cash-flow Pitfall?

One of the first thoughts that enters the mind of farmers in times like the present is to make capital expenditures. These are long-term investments in physical assets such as machinery, buildings, breeding stock, land, etc. Given the recent passage of the *One Big Beautiful Bill Act*, bonus depreciation has been made “permanent” at 100% and the section 179 expense limit has been raised to \$2.5mil with a \$4mil phaseout (Kentucky still has a \$100k section 179 limit and no bonus depreciation). With these two accelerated tax tools, a lot of capital expenditures can be fully written off (expensed) immediately, to significantly reduce (or eliminate) tax liability. On the surface, this strategy is often justified in the sense that profits are reinvested back into the business to either increase efficiencies and/or expand the operation while providing a mechanism to lower tax liability (excluding unqualified real property such as bare land.) However, just because this *can* be done, doesn’t always mean that it *should be done*.

Ask yourself:

- Do I *need* this capital expenditure?
- Would I be upgrading this equipment/facility or expanding soon anyway?
- Will the new capital purchase decrease production cost and/or increase efficiency?
- What is the effect of the new capital purchase on cash flow and debt levels?

Understand the Cash Flow Impact

The use of accelerated depreciation does provide cash-flow relief in the short-run by reducing tax liabilities, but it can create problems in the long run by constraining cash-flow. Here is an example:

Assume you purchased a new tractor for \$60,000 and financed it at 7.5% for 5 years. Further assume it will be depreciated over 5 years using the conventional Modified Accelerated Cost Recovery System, 200% Declining Balance Method, Half-Year Convention. The table below shows what the principal and interest amounts are as well as the depreciation for each year.

Payment #	Interest	Principal	Total Payment	Principal Balance	Year	Adjusted Basis	Annual Depreciation
1	\$4,500.00	\$10,329.88	\$14,829.88	\$49,670.12	2025	\$60,000	\$12,000
2	\$3,725.26	\$11,104.62	\$14,829.88	\$38,565.50	2026	\$48,000	\$19,200
3	\$2,892.41	\$11,937.47	\$14,829.88	\$26,628.03	2027	\$28,800	\$11,520
4	\$1,997.10	\$12,832.79	\$14,829.89	\$13,795.24	2028	\$17,280	\$6,912
5	\$1,034.66	\$13,795.24	\$14,829.90	\$0.00	2029	\$10,368	\$6,912
					2030	\$3,456	\$3,456

Pay attention to the two highlighted columns (principal and annual depreciation) and note that the depreciation amount (an expense) tracks fairly close to the principal portion of the payment (which is not an expense) for the first several years. In fact, the depreciation expense and interest expense exceed the principal portion due in years 1 and 2 and is within a couple hundred dollars in year 3. If the tractor was simply written-off through an accelerated depreciation method in year one, there are still 4 more years of principal due and no off-setting expenditure, beyond the interest portion of the annual payment. By using accelerated depreciation, all the tax benefit is received in year one.

This illustration is just a cautionary example of how accelerating depreciation to save on taxes in the current year can create a cash-flow and tax problem in later years. This can lead to a snowball effect where there are incentives present to purchase equipment every year just to lower taxes and further constrain cash flow. It is also important to point out that even though using accelerated depreciation is a dollar-for-dollar reduction in taxable income, it is not a dollar-for-dollar reduction in reduction on tax liability. In fact, depending on your overall tax picture you may spend about \$3-\$4 on depreciable assets to save \$1 in tax liability.

Another complicated factor exists around trading equipment in on the purchase of a new (or new to you) asset. There are still no like-kind exchanges on personal property so depreciation recapture will happen on the traded piece which can limit the effectiveness of section 179, especially on the Kentucky side.

Since everyone's situation is unique, it is unwise to just assume that using accelerated depreciation as a strategy is "always good" or "always bad." Instead, one should understand the implications of the decision for this year's tax situation and consider what it may mean for future cash-flow needs.

Retirement Contributions: A Strategic Alternative

Other options for the use of profits are to put them away for retirement purposes and there are several options that exist. Here we will lay out a cursory overview of a couple of options.

SEP

A Simplified Employee Pension Plan (SEP) is a tool that allows a business to contribute to SEP-IRAs for their employees. This means that if you are self-employed, you could make these contributions for yourself. There are nuanced rules around SEPs that must be understood. For example, you must make contributions for all the *eligible* employees. This universal participation sometimes is a deterrent for operations that have multiple employees. It is advised to consult a qualified individual to understand how a SEP may work in your business or how to structure your business to make a SEP work best. In general, SEPs are easy to set-up and operate and they provide a lot of flexibility. In good financial times you can contribute more, and in tighter times you can contribute less. Of course there are contribution limits, limitations on other retirement instruments used and numerous other things to be aware of. This reinforces the need to work with a qualified advisor.

Individual Retirement Accounts (IRAs)

Another option for consideration is contributing to a traditional IRA. For 2025, IRA contribution limits are \$7k for those under the age of 50 and \$8k for those 50 or older. IRAs are subject to income limitations and coordination requirements with other retirement plans but can provide some tax savings. Investing in a Roth IRA is another option. While these do not lessen current tax savings, depending on your goals, overall strategies and beliefs about future income levels and tax policy, they could provide overall long-term tax benefits.

Liquidity and Other Investment Options.

Another option would be simply to maintain more cash reserves for personal contingencies. While Certificate of Deposits (CDs) rates are not quite as good as they were a year ago, they still serve as a low-risk investment that does yield some return.

Lastly, there is the option to invest in the stock market. Consider investing outside of your own business. It is advised to work with a financial advisor to align investments with your personal goals and risk tolerance.

Maintain Working Capital: Cash is King!

Another consideration is to simply maintain more working capital in your operation. Yes, there are trade-offs or opportunity costs associated with maintaining a higher cash balance but sometimes peace of mind offsets those costs, especially in uncertain times. Retaining more cash allows you to take advantage of opportunities as they come about (i.e. cash discounts on inputs, farmland that may come available, etc.). And liquid savings vehicles like money market and savings accounts are paying more attractive interest rates than they were a few years ago. Plus, having a higher liquidity

position means that you do not have to borrow as much money to operate, which can reduce overall operating costs.

Final Thoughts

Ultimately, what you choose to do with your money is your business and the plan that works for you might not be the best plan for your neighbor. While we are in “good” times it is advisable to take the time to think through what the best plan for you is. No one knows how long these profit levels will persist, but if history teaches us anything, we know it won’t stay this way forever. Decision made now can have major implications for the future.

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Autumn Winds

Christine Aiena- National Weather Service, Wilmington, Ohio



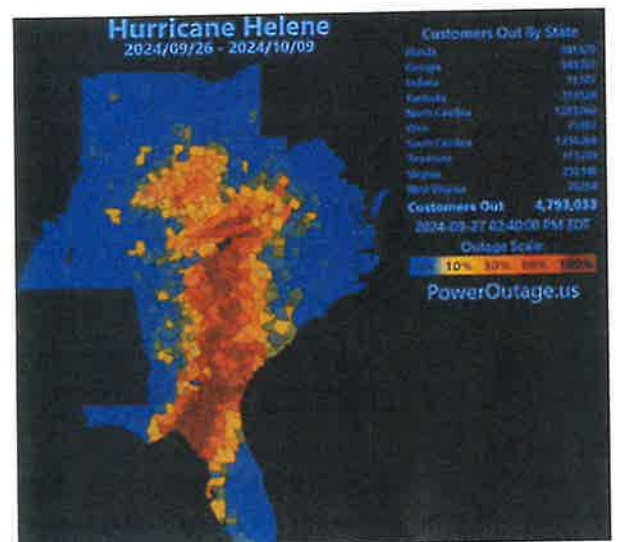
Autumn is widely recognized as the "season of change," as the environment undergoes visible transformations, including the alteration of leaf colors, the shortening and cooling of days, which in turn instigates shifts in animal migration patterns and concludes the growing season. Concurrently, the dog days of stagnant summer air are replaced by cool and breezy conditions. As we head into the autumn months, it's a good time to review wind and wind-related products the National Weather Service can issue.

Larger differences in air masses during autumn can lead to stronger frontal passages and storm systems; it's not uncommon for a strong low pressure system to move through with howling winds, only to depart leaving the trees bare of any color and leaves! These strong systems can cause structural damage and even injuries or, in rare circumstances, deaths. When wind speeds are sustained around 40 to 50 MPH, isolated wind damage is possible, like downed trees or branches, missing shingles or siding to homes, and downed power poles/lines. However, when higher wind speeds occur, even more significant damage is possible. A great example of this is when the remnants of Hurricane Helene moved through the Tennessee and Ohio Valleys last year. When a system like this moves through, the National Weather Service will issue Wind Advisories or High Wind Watches/Warnings. We'll break down the differences in the wind related products below:

High Wind Watch: Be Prepared! Sustained, strong winds are possible. Secure loose outdoor items and adjust plans as necessary so you're not caught outside.

Wind Advisory: Take Action! Strong winds are occurring but are not so strong as to warrant a High Wind Warning. Objects that are outdoors should be secured and caution should be taken if driving.

High Wind Warning: Take Action! Sustained, strong winds with even stronger gusts are happening. Seek shelter. If you are driving, keep both hands on the wheels and slow down.



Power outages from Hurricane Helene. Courtesy of PowerOutage.us

You can prepare for the strong winds ahead and hopefully prevent damage to your property, or worse, by taking the following steps:

- Trim tree branches away from your home and powerlines; secure loose gutters/shingles.
- Identify an interior room, such as a basement or interior bathroom, where you can take shelter during high wind events.
- Make a list of items outside of your home that you may need to bring inside or tie down so they don't blow away or fly through a window. Additionally, have a plan for your livestock and any outdoor pets for high wind events.
- Have an emergency kit ready! Include items such as spare food, water, and medication to last up to three days for each person in your home: remember, roads may be impassible due to debris making pharmacy or grocery trips difficult or impossible. Plan to have a light source in case power goes out, such as a flashlight or candles.

Herb Roasted Turkey

Servings: 15 Serving Size: 4 ounces



UK Cooperative
Extension Service



Ingredients:

- 1 (10 to 12) pound turkey 2 tablespoons dried herbs (try any combination of parsley, sage, rosemary, thyme, basil, etc.) 2 tablespoons olive oil
- 1 teaspoon ground pepper
- 1/2 teaspoon salt
- 2 celery ribs, washed and cut into pieces 2 or 3 inches long
- 1 large onion, washed, peeled, and quartered 3 cups water

Directions:

1. Thaw turkey completely. The USDA recommends thawing turkey in the refrigerator. This is the safest method because the turkey will thaw at a consistent, safe temperature. This method takes some time, so allow one day for each 4-5 pounds of weight. If the turkey weighs 12 pounds, it will take about three days to thaw. It is not safe to thaw turkey at room temperature.
2. Wash hands with warm water and soap, scrubbing for at least 20 seconds, especially after handling raw turkey.
3. Move oven rack to a low position so turkey will fit. Preheat oven to 450 degrees F. Cooking at a high heat will crisp turkey skin and help keep juices in the meat.
4. Remove turkey neck and packet of giblets from inside the turkey cavity. Use these parts in other recipes or discard.
5. Twist wing tips up toward turkey neck opening and tuck them under back of turkey. This will help the turkey stay flat during cooking.
6. Pat turkey dry with paper towels and place it on a rack in a large roasting pan.
7. Combine dried herbs, olive oil, pepper, and salt in a small bowl. Stir to combine. Spread mixture all over turkey.
8. Place celery and onion inside turkey cavities. This adds flavor while the turkey cooks.
9. Pour 3 cups of hot water into pan.
10. Place turkey and pan in pre-heated oven. Roast uncovered for 45 minutes or until skin is golden brown.
11. Carefully remove turkey from oven.
12. Use 2 layers of foil to tightly cover entire turkey. Use oven mitts to prevent burning your hands as you press foil around the turkey.
13. Return turkey to the oven. Continue roasting for 1 1/2 to 2 hours more.
14. Insert a thermometer into thickest part of the thigh without touching the bone. Turkey is done when it reaches an internal temperature of 165 degrees F.
15. Remove turkey from oven. Let turkey stand for 30 minutes, covered, before serving. Letting meat stand, or rest, for a few minutes after removing from the oven makes the meat more juicy.
16. Use a sharp knife to cut meat off the bone.
17. Refrigerate or freeze leftovers within 2 hours.

390 calories; 8g total fat; 2g saturated fat; 0g trans fat; 225mg cholesterol; 480mg sodium; 2g total carbohydrate; 0g dietary fiber; 1g total sugars; 0g added sugars; 74g protein; 6% Daily Value of vitamin D; 4% Daily Value of calcium; 15% Daily Value of iron; 15% Daily Value of potassium.