Back in 1864, when Oregon was only five years old, Almon Shibley, his wife, Mary, and their 6-year-old son James moved their family across the Great Plains with oxen and wagon. The Shibley family homesteaded or purchased more than 300 acres of lush forest and meadow along the western flank of Oregon’s Mount Hood.
Now, almost a century and a half later, Almon’s great-grandson Gilbert Shibley loves to walk through that same lush Oregon forest. “My dad followed his dad, James, so I am the fourth generation of our family on this land,” says Shibley. “My goal is to live to see our great-grandchildren take a real interest in the property.”

A vigorous 69, Shibley is doing everything he can to make that happen. He and his wife, Barbara, also 69, have four children and seven grandchildren. Starting in 2000, the Shibley family began a comprehensive plan for a smooth transition of their land from elder to younger generation.

Like every succession plan for family forestland, this one is highly customized. Like many, it’s complicated, involving three different business entities for different family units’ parcels of land: an LLC (limited liability company), a partnership, and an S-corporation. It contains a forest management plan and an operating agreement, and it calls for regular family meetings.

There is also a schedule of gifts to be made gradually during the next few years — quickly enough, it’s hoped to transfer a majority interest in the farm to the four children well before the elder Shibleys die, but not so quickly as to incur extra taxes.

Shibley, a retired biologist and educator, got his forestry training through Oregon State University’s Extension Forestry offerings, including the Master Woodland Manager program, and from years of managing the home place. Sometimes the whole family turns out to help him. In a recent winter, all three generations gathered to plant red alder on a former Christmas tree plot. Every summer the Shibleys use the property for camping and other forms of family fun.

In tackling the issue of succession head-on, Gilbert and Barbara Shibley are unusual among their peers. Most family forest owners have done very little to ensure that their land passes smoothly to their heirs. And because these owners are getting on in years — most are in their 60s or older — millions of acres of family-owned forestland are poised to change hands in the next decade.

If the people who stand to inherit this land aren’t ready for the financial and emotional challenges of owning and managing it, these forests are at high risk of passing out of family ownership, being parceled out into housing developments or swallowed up by corporate timber farms.

During the 1990s, according to a recent U.S. Forest Service study, a million acres a year of forestland was being converted to development. The researchers estimate that by mid-century another 23 million acres of forest will cease to be forested, probably forever.

**Forests on the Edge**

The fate of family forestlands is not only a personal issue for landowners and their families—it is an urgent public policy issue across America. About 430 million acres of forestland — 60 percent of total U.S. forestland — are owned by private owners. About 10 million of these owners are family (that is, private non-industrial) owners.

Two-thirds of private forests are in the heavily populated East. Many are in the path of urban or suburban growth or they lie in rural areas that are becoming popular recreation destinations.

These are “forests on the edge,” as the
Standing on the edge of city or suburb, the edge of conversion to "residential mini-nature preserves for the wealthy, subdivisions for the middle class, retirement destinations for the aging, and shopping malls for everyone," according to John Bliss, a forestry professor at Oregon State University.

This trend is bad news for the environment. "Family forest landowners manage critical areas of the landscape," says Bliss, whose teaching and research focuses on private and family forests. "Their decisions have impacts far beyond their fence lines."

Family forestlands make a unique contribution to America’s economic resilience, ecological diversity, and social vitality. Fewer acres of private forest mean less good habitat for native fish and wildlife, reduced recreational opportunities, poorer water quality, more forest pests, and greater likelihood of deaths and property damage from wildfire.

The less tangible benefits of privately owned forests are also important. "Family forest owners bring a human scale to the landscape," says Bliss. They integrate elements of wildness and civilization, protection and production, into a managed, yet natural, landscape. "They provide a link to the past by preserving special places, buildings, and even individual trees that have some special historical or family significance."

The Biggest Challenge

While operating a family Tree Farm has always had its challenges (there are surely easier ways to make a living), the lack of successful generational transfer is a major threat to maintaining family forests. In extensive interviews with landowners in two rapidly growing counties in Washington state, a team led by Janean Creighton, a forest resources professor at the University of Arkansas, found that dismayingly few had done any succession planning.

These findings are echoed across the country. A nationwide survey conducted by the Pinchot Institute (with data presented by Catherine Mater to the National Association of State Foresters in October 2005) revealed that 79 percent of forest landowners said they planned to keep their land in the family, but only 32 percent had involved their children in its management.

Forestland is the biggest asset many of these families will ever own. Why aren’t more of them doing their best to pass it securely to the next generation?

The main reason, for many of Creighton’s respondents, was that their offspring did not seem interested in carrying on the family tradition. For this situation they variously blamed environmental regulations, the hard work and low financial reward of forest ownership, and different values and priorities between the generations.

"Over-regulation has turned off the next generation," said one respondent. "Children see their parents struggling ... and why would they want to do that?"

Said another, “You try and educate your children as you go along and hope they have the same values as you do. Maybe they’ll carry [Tree Farming] on ... maybe they won’t.”

Development pressure can be an almost irresistible force. “There are no real incentives to maintain forests,” said a respondent from rapidly growing Snohomish County, north of Seattle, whereas “the economic incentives to develop the land are very compelling.”

Yet, say the researchers, the intangible rewards of keeping the land in the family can be an effective counterforce against the developer who comes knocking at the door with a fistful of dol-

Planning Resources

Here are a few web-based resources to get you started on your succession journey.

- The Intergenerational Family Forest Project, based at Oregon State University. Developers of the comprehensive “Ties to the Land” program. The workbook uses a fictitious case study to guide family forestland owners through the succession process. An interactive “Ties to the Land” DVD, complete with instructions for facilitating group sessions, will soon be available. Order from OSU’s Austin Family Business website: <www.familybusinessonine.org/resources/tlt/home.htm>.


—G.W.
Lars. Strong family ties, pride in one’s heritage, attachment to a beloved place, and a conviction that owning and managing a forest is a high calling — these may be more important influences on generational transfer than the dollars-and-cents issues.

Clint Bentz, an Oregon Tree Farmer and CPA who specializes in family-forest clients, puts it this way: “My family and I fell hopelessly in love with a piece of ground, and we are passionate about leaving it better than we found it.”

Says Dina Nuxoll: “You have to be a little nuts to even want to get into it.” Nuxoll, 63, and her husband Ivan, 70, own 185 acres of forestland in Yamhill County, Oregon. “It has to be part of your philosophy of life, and what you want to leave as a legacy.”

Forestland is indeed more than an asset in a family’s financial portfolio, agrees Thom McEvoy, a professor and Extension forester from the University of Vermont and author of *Owning and Managing Forest Land* (Island Press 2005). While most family forests aren’t high income producers, he says, they are precious because of the intangible values they provide — notably, satisfaction to family members and vital ecosystem and aesthetic benefits to the rest of the community.

“Yet owners often focus only on the asset value” in their planning, he says. This may lead them to undervalue the importance of keeping their forests intact — and, hence, may blunt their sense of urgency about planning for the future.

McEvoy keeps in touch with about two dozen private forest landowners who attended an estate planning workshop he gave 10 years ago. He monitors their progress and intends to present some of their stories in a forthcoming book, *Planning the Future Forest*.

“The prognosis is not good,” he says. “Only a few of them have plans that would keep their lands intact after they die.”

Bill and Mary Lou Schmidt, whose story will appear in McEvoy’s book, are an exception. The couple — he is 71, she is 80 — tend their 138-acre Elysian Hills Tree Farm in the southeastern corner of Vermont near Dummerston. The farm includes 100 acres of managed woodland, 20 acres of Christmas trees, an acre of organic rhubarb, several acres of meadowland, and a 1791 Cape Cod house.

The Schmidts are passionate about their farm and want it to remain intact forever. Yet they know development pressure can erode restrictions even in Vermont, with its strong land use controls.

When they realized that none of their five grown children (three of hers, two of his) was interested in stewarding the farm after they are gone, they arranged to gift their property to the Vermont Land Trust. They also donated a conservation easement specifying that the land remain in forest, agriculture, and noncommercial recreation and that it may not be developed after they die.

**Family Dynamics**

A conservation easement is one of an array of legal and financial tools available to family forest landowners. These have been addressed in many articles and workshops (see the sidebar, page 8, for a few suggested resources).

Yet the main obstacles to succession, Bentz believes, lie not in the legal and financial arenas but in the complicated dynamics of family relationships. The best tools in the world are no good if family members aren’t speaking to one another.
“Passing property from one generation to the next is legally and emotionally challenging,” says Bentz, who manages his family’s Tree Farm near Scio, Oregon. After his father, Ron Bentz, (ATFS 2002 Tree Farmer of the Year), died unexpectedly in 2002, Bentz decided to do something about the dearth of succession planning tools available to America’s small forest landowners.

Bentz teamed up with Mark Green, a family business expert, to offer “Ties to the Land,” a workshop for family landowners. With a grant from the Oregon Forest Resources Institute, Bentz, Green, OSU forestry Extension agents, an estate planning expert, and other forest owners put together a practical workbook for family forest owners called *Ties to the Land: Your Family Forest Heritage* (see sidebar, page 8).

“It’s uncomfortable for most families to talk about feelings, money, and death,” Bentz says. “Guess what? If you want a workable succession plan, you have to talk about all three.”

Family property — especially if it’s “the home place” — can be an emotional minefield. “I’ve seen families disintegrate over the smallest matters, items that have little or no monetary value but have untold heirloom value. Family forestland tends to be in that heirloom category.”

It is no favor to your children, Bentz warns, to leave them the family farm without first sitting them down for candid discussions about finances, operating procedures, and other business essentials. Co-leader Mark Green agrees.

“Any family business is a tremendous responsibility that requires constant effort and care,” says Green, “because you must constantly negotiate the roles of family, ownership, and management.” Green leads the innovative Austin Family Business Program at Oregon State University, which offers outreach, education, advising, and research in all aspects of family businesses.

Green and Bentz strongly advise the senior generation to start treating the children as business partners, teaching them to work together, building up momentum to help them continue working together after the elders are gone.

Ivan and Dina Nuxoll are beginning to have those conversations with their children, Eric, 31, and Ellen, 28. Like the Shibleys, the Nuxolls are the fourth generation on an Oregon homestead. Both children are keen to keep the land in the family.

Ivan Nuxoll (who lives part-time in Idaho, tending another farm there) has worked since the mid-1990s to reforest some of the old pasture land. In 2001 he took the Master Woodland Manager training course, drew up a management plan, and got the property certified under the American Tree Farm System. The Nuxolls take enough timber income off the place each year to support themselves until Dina becomes eligible for Social Security benefits at 66.

Eric Nuxoll is a chemical engineer in St. Paul, Minnesota. Ellen is assistant director to academic advising at Linfield College in McMinnville, Oregon, a few miles from the family farm.

Because she lives nearby, Ellen is taking the larger role in helping her parents solidify their plan. The family has made few legal arrangements yet, but Dina has paid for memberships for both her children in Oregon Small Woodlands

Communication and More Communication

The Shibley family’s succession plan would not have happened without good family communication and a shared vision for the family land. “Our first step was to hold a family meeting,” says Gilbert Shibley. “Everyone filled out a worksheet with their thoughts about how the family and the property fit together, who should do what, and their expectations for the future.”

Tree Farmer Gilbert Shibley describes log placements he has done in a stream on his property to enhance habitat for fish.
More practically, Bill and Mary Lou intend to spend the rest of their lives on the place. But it’s getting harder for them to do the chores as they get older.

Then, two years ago, in a stroke of serendipity, they met a young couple — he a forester, she a veterinarian in training — who yearned for the same kind of life Bill and Mary Lou have made for themselves at Elysian Hills. “Sam and Laurie just fell into our laps,” says Mary Lou. After a two-year courtship, the Schmidts hope to have Sam and Laurie Schneski be their “successor stewards.”

Sam just got hired as assistant county forester; he works out of nearby Springfield, serving clients who are now his neighbors. Laurie, in her last year of vet school (she’s specializing in large animals), plans to practice in the Brattleboro area. They come out evenings and weekends and help Bill and Mary Lou take care of the woodland and the Christmas trees.

Eventually they hope to buy the farm or lease it from the trust. In the meantime, their help is making it possible for Bill and Mary Lou to stay on at Elysian Hills, to live out their lives and, eventually, to be buried on their beloved land.

Work, Play, Talk, Learn
Whatever asset value a family forest may have, Tree Farming isn’t fundamentally about money, says Bentz: “It’s about passion and vision.” When the next generation catches that passion and vision, intergenerational transfer process is off to a good start.

While succession planning doesn’t lend itself to easy rules, there are a few guidelines that successful families follow, says Bentz:

“The first is this: Share the passion. It’s never too early to share your attachment to your land with your kids and grandkids.” Work and play together on the property, he says. Set up hiking trails, a camping spot. Build a cabin. Involve the kids and grandkids in forestry activities — measuring growth plots, planting trees. “Think about grooming a child or grandchild to follow in your footsteps.”

The second is good communication. Talk clearly and plainly — and early — with family members to develop a shared vision for the future. “Ask yourselves, ‘What’s important about this land? Why should we keep it intact?’” says Thom McEvoy.

Then set goals that will move the family toward its vision. Here is where you’ll address the nitty-gritty details, such as who should have an interest in the property; who’s in charge of day-to-day operations; how to treat heirs equitably when they’re taking different roles; and how to deal with inactive family members, divorced spouses, and stepchildren.

Finally, learn the tools. Choose the legal and financial instruments that will best meet your family’s needs. “Hire an attorney who understands estate planning involving forestland,” says McEvoy. “Keep track of everything in writing, monitor the plan, and keep it up to date, since estate taxation rules change all the time.”

“You need accounting, tax, and legal help, and these three people need to communicate,” says Steve Stinson, 45, a partner in his family’s 1,280-acre Cowlitz Ridge Tree Farm near Chehalis, Washington. He and sisters Ann, 44, and Julie, 43, share a family limited partnership with their parents, Doug Stinson and Fae Mari Beck.

Most important of all, says Stinson, “Think early. Then act! Nobody wants to think about dying or giving away money. But remember, it’s harder on your family when the probate officer does it for you.”

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