Farm or Fortune? The Role of Heirs' Intentions and Tax Policies in Farmland Succession Planning

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Abstract

Capital gains taxation has been identified as a possible cause of limited sales transactions in farmland markets. This paper analyzes the impacts of capital gains and estate taxation on the optimal holding behavior of farmland owners. Using the Iowa Farmland Ownership and Tenure Survey (IFOTS), representative agents are derived for the nine agricultural districts in Iowa and their optimal land holding/selling behavior is simulated through four policy scenarios: current policy as a result of the 2017 Tax Cuts and Jobs Act, the possible sunsetting of the 2017 Tax Cuts and Jobs Act, H.R.1 - One Big Beautiful Bill Act (2025), and the proposed 2022 American Families Plan. The results show regional heterogeneity in the sensitivity of agents to changes in capital gains and estate tax policies that depends on the heir's intent to keep or sell the farm.

Keywords: Succession Planning, Capital Gains, Farmland

JEL Codes: D64, H20, K34, Q15

1 Introduction

In the United States, farmland represents 85% of assets on farmer's balance sheets (USDA - ERS, 2025a). This makes farmland not only a critical asset for farmers and agriculture but it also makes farmland useful when studying optimal asset holding behavior in the context of small business succession. As a major asset, access to farmland is also critical for the next generation of producers (Ackoff et al., 2017; Ahearn and Newton, 2009) but is limited in both purchase and rental opportunities due to the high capital requirements for purchasing and long-term relationships dominating the rental market with more 40% leased to the same tenant for at least a decade (Ahearn and Newton, 2009; Bigelow et al., 2016). Further, the impact of tax policies on farmland markets and farm households is of great social and political interest with changes in federal tax policies generating widespread media coverage.

Tax policies, farmland, and succession planning each have deep streams of literature. However, there does not appear to be previous research on the differences in optimal behavior between heirs that wish to keep the farm versus those who wish to sell. Further, the literature typically focuses on individual farms or large geographies such as an individual state or the country rather that smaller regions.

Rosacker et al. (2023) used Monte Carlo simulations to discover that given tax policies, it is optimal for landowners to hold family farm assets through death. Many studies have analyzed the effects of tax policy proposals and adopted changes on farmers and farmland. Hennessy (1999) modeled the optimal holding behavior of farmers, with an heir that intends to sell the farm if inherited, using a two period decision tree model in the context of the 1997 Taxpayer Relief Act and found that the Act would result in further resource (farmland) immobility. Williamson and Bawa (2018) examined the 2017 Tax Cuts and Jobs Act (TCJA) and found that changes to individual income tax code within TCJA were most pertinent to family farms. The authors also found that had the TCJA been in place in 2016, 70% fewer farm estates would have been required to file a federal estate tax return and only 10% of farm estates that faced a tax liability in 2016 would continue to have a liability under the new law. Tidgren and Zhang (2021) analyzed the changes in tax liabilities for owners of Iowa Farmland under the proposed American Families Plan while McDonald et al. (2021) considered the effects on tax liabilities resulting from the elimination of "stepped-up" basis and other changes under the proposal.

Additional research has looked at a farmland market imperfection in which landowners are incentivized to hold land through death as the result of capital gains taxation (Hennessy, 1999; Pietola et al., 2009). This is known as the "lock-in" effect (Auerbach, 1989; Klein, 1998; Soled et al., 2019) and has been discussed in the context of small business turnover (Cavalcanti and Erosa, 2007) and farmland (Hennessy, 1999; Pietola et al., 2009). As a result of this friction, sales are limited and assets may be held by those who are inefficient

rather than by more productive owners.

Capital gains taxes are levied on realized gains of property with the gain equal to the difference in value at realization (typically upon sale) less the basis (value at acquisition). Estate taxes are imposed on the value of an estate when the decedent passes. Thus, as the value of an estate grows (beyond the exemption), so does the estate tax liability. As a result, the estate tax provides an incentive to limit the size of estates to minimize incurred estate taxes (Soled et al., 2019). In contrast, current capital gains tax policy considers the basis for inherited assets as their fair market value at the time of the decedent's death. This "step-up" in basis reduces the gains that may be incurred by the heir for appreciating assets such as farmland. Thus, if an heir may sell any assets upon or after inheritance, this "step-up" in basis provides an incentive for asset owners to hold assets through death (the "lock-in" effect), increasing the size of their estate. While these policies may have essentially offset each other historically, the estate tax exemption has increased overtime reducing the number of individuals[1] that it applies to, increasing market challenges associated with capital gains taxation.

This study seeks to determine the optimal behavior of Iowa farmland owners that face different capital gains and estate taxation in the status quo, under the possible sunsetting of the TCJA at the end of 2025 if Congress does nothing, and the tax proposals within H.R.1 - One Big Beautiful Bill Act. Since landowners whose heir wishes to keep the farm if inherited need not consider capital gains if the land is held through death, these landowners face a different optimization problem than those whose heir wishes to sell the farm if inherited and possibly face capital gains. Thus, changes in capital gains and estate taxes may have heterogeneous effects on landowner behavior depending on the intentions of the heir, even when conditioned on estate size. The first step of the analysis is to create representative regional agents for Iowa farmland using a statistically representative panel of Iowa farmland from the Iowa Farmland Ownership and Tenure Survey (IFOTS). The optimal behavior of these agents is then determined using an adapted model of Hennessy (1999) that accounts for "stepped-up" basis and the ability for heir's to have varying intentions of continuing the farm (Hinds, 2025). Changes in tax policies are then simulated and the results show regional variation in optimal behavior responses. The results are presented and discussed in the context of farmland access. This contributes to the literature by presenting the first simulation of tax policy changes in which individuals effectively face different tax policies not based on the value of their assets but based on the intentions of their heir. The findings provide insights into the more nuanced reality of tax changes affecting American farmers and consider the effects on farmland access. Additionally, the results should be of interest to those studying farm succession, family business succession, and small business turnover.

[1]The number of farms facing an estate tax liability is small. For 2024, 0.7% of farm estates were expected to need to file a federal estate tax return while only 0.3% were expected to have a liability. (USDA - ERS, 2025b)

The article continues by first discussing the conceptual tree model implemented. This is followed by a description of the data used and the simulation parameters. Summary statistics and simulation results are then presented. At the end, concluding remarks and discussion on farmland access is included.

2 Conceptual Model and Policy Scenarios

The framework for this paper's simulations can be drawn from Hinds (2025), which adapts a two period decision tree model by Hennessy (1999) in which farmers maximize the value of their estate by choosing to farm or exit in each ten year period, with the first decision during period 0. With probability π, the farmer dies prior to period 1. If alive in period 1 and the farmer chose to farm in period 0, then they again must choose to farm or exit. Now with probability $(1-\pi)$, the farmer dies before period 2. The result is that no farmer survives to make a decision in period 2. Hennessy (1999) assumed that all wealth was held in the farm and that a farmer has a single identified heir that intends to sell the farm if acquired while Hinds (2025) relaxes the latter assumption and allows for the heir to keep or sell the farm as a probability.[2] Further, Hinds (2025) introduces a term representing the "stepped-up" basis policy and a capital gains tax exemption term to mirror proposed policies. For this study, further assume that farmland represents the wealth of the farm since it represents 85% of farm assets (USDA - ERS, 2025a). Additional assumptions needed include that any purchaser of farmland will be at least somewhat more productive than the current owner, the estate and capital gains tax rates are constant, and that an identified heir exists. A table of the variables and their descriptions can be found in Table 1.

2.1 Scenario 1: Current Tax Policy

Current federal tax policy is based on the 2017 Tax Cuts and Jobs Act (TCJA) which increased the estate tax exemption and continued the "step-up" basis policy. The Act doubled the estate tax exemption from \$5.49 million in 2017 to \$11.18 million in 2018 and has been indexed for inflation since. For deaths occurring in 2025, the estate tax exemption is \$13.99 million (Internal Revenue Service, 2024). For certain farming operations, the value of farm real property may be calculated by an alternative method to fair market value, such as the average annual gross cash rental. However, using a special-use valuation may only decrease the value of the estate relative to the fair market value by about 10% (\$1.39 million in 2024).

[2]In this paper, the term "selling heir type" ("keeping heir type") are used to distinguish between landowners with an heir that intends to sell (keep) the farm if inherited.

2.2 Scenario 2: Sunsetting of the 2017 Tax Cuts and Jobs Act

If the TCJA is allowed to sunset at the end of 2025, the estate tax exemption will fall to about $7 million. However, "step-up" basis was not in the Act and will not be affected.

2.3 Scenario 3: H.R.1 - One Big Beautiful Bill Act (2025)

The House of Representatives passed H.R.1 - One Big Beautiful Bill Act on April 22, 2025 (Arrington, 2025). If enacted into law, the Act will permanently extend the estate tax exemption, indexed for inflation . Beginning in 2026 and indexed for inflation thereafter, the estate tax exemption will be $15 million. Similarly to the TCJA, "step-up" basis will not be affected.

2.4 Scenario 4: Proposed American Families Plan (2021)

The 2021 proposed American Families Plan (AFP) would have reduced the estate tax exemption to $5 million, eliminated "step-up" basis, and instead would have taxed unrealized gains greater than $1 million at inheritance. While the AFP would tax individuals differently from entities, for this analysis, we assume entities are individuals.

3 Data and Methods

3.1 Iowa Farmland Ownership and Tenure Survey (IFOTS)

The Iowa Farmland Ownership and Tenure Survey (IFOTS) is a statistically representative panel of Iowa farmland (Tong and Zhang, 2023). This phone survey has been conducted every five years, as mandated by Iowa law, and consists of 705 parcels within 40-acre tracts. To get a statistically representative sample of Iowa farmland, in 1988 a two stage sampling method was used. In the first stage, possible sample sections (640 acres) were selected within counties. The number of sample sections, and subsequent sampled tracts, to be selected from each county was based on the amount of agricultural land the county had relative to other counties within their respective region.[3] By selecting these sections, geographic dispersion of selected tracts was ensured. In stage two, a random 40-acre tract was randomly selected from each identified sample section. Since 1992, the same 40-acre tracts have been surveyed. While some tracts may contain a single parcel with a sole-owner, other tracts have multiple parcels with many owners. For the cases in which multiple properties are within the 40-acre tract, each parcel was assigned a survey. If there were multiple owners of a parcel that were not spouses, then one owner was randomly selected.

[3]The state was broken up into seven regions for the survey. Each region contains between seven and 23 counties.

When conducting the survey, respondents are asked many questions regarding the agricultural land that that they own in the same ownership structure as the selected parcel. For example if a respondent is the sole owner of the selected parcel, they will answer questions in the context of that property and all other Iowa farmland that they are the sole owner of but will exclude information in their responses regarding land owned in other ownership structures (e.g. trusts, partnerships, etc.). While the panel surveys the same parcels each year, even across ownership changes, this study uses only the 2022 survey year. Historically, the survey has asked many of the same questions including questions about land holdings, rental behavior and relationships, production practices, anticipated transfer methods, and demographics. However, only the 2022 survey asked three questions that are key to this study's analysis. Q73A asked if the respondent anticipates to transfer management of their farmland while they are alive. If "Yes/Maybe", then Q73B was asked to determine who that successor would be. Q74 asked if the the respondents has identified a successor for transferring ownership. These questions and possible responses are shown in Figure 1.

3.2 Iowa Farmland Values Survey

To estimate the basis, current market value, and tax liabilities, data from the Iowa Farmland Values Survey is used (Chandio, 2024). This survey has been administered since 1950 and provides county level farmland values. Since the IFOTS data contains parcel acquisition history, including acquisition year and acres, these farmland values are matched to each parcel to determine basis. Current value uses the 2022 value for all acres. Gains (losses) are then calculated based on the difference in current value and the basis.

3.3 Social Security Life Tables

For each respondent, a probability of death can be derived from the Social Security Administration's Cohort Best Estimate Life Tables (Bell and Miller, 2005). To use the table, gender must be used to represent sex and the respondent's age can be taken as is. Since the probability of death, conditioned on age, is different for males and females, a death probability for district agents can be derived by taking the sex weighted average for the average age within the district. Since the model

3.4 Iowa Per Capita Personal Consumption

To determine the amount of consumption and the growth of consumption, the Iowa Per Capita Personal Consumption is used and was accessed from Iowa Open Data (U.S. BEA, 2024). First, the ten year average consumption was calculated for 2003-2012 ($28,670) and 2013-2022 ($37,685). This growth rate is approximately 1.3 (D) and is applied as the permanent rate. The initial consumption (C) is equal to

$\$37,685 \times 1.3 \times 10 = \$489,900$ which is rounded to \$500,000 per ten-year period for simulations.

3.5 Simulations

To derive parameters for the simulations, observations were restricted to those that answered yes or no to successor questions and age, provided an age, and to those in which the acres in the county of record matched the sum of acres from all recorded parcels. The nominal basis for each landowner is equal to the sum of each parcel's basis and the nominal current value is equal to the total acres owned times the value of farmland for their county. Returns per acre is equal to the average Iowa crop value per acre of \$718 per acre from 2014 through 2023 (Plastina, 2024). Each farm earns $k = \$718 \times (10 \text{ years } \times \text{ acres owned })$ from their land. Each region has their own growth rate $R = 1 + \frac{k+\delta}{\text{nominal value}}$.

Two representative agents were created for each district: one representing the landowners that have identified an ownership successor (assumed to keep the farm if inherited) and one representing those that have not identified an ownership successor (assumed to sell the farm if inherited). The characteristics of these agents can be found in Table 3 and Table 4, respectively. For example, in Table 3, the heir keeping agent for District 1 owns 390 acres with annual returns of \$718 per acre. The original value (basis) of this land is \$1,312,627 and it is currently worth \$5,505,864, a \$4,193,237 gain. Their probability of dying within 10 years is 51% (between 11 and 20 years is 49%) and they face estate and capital gains tax rates of 40% and 20%, respectively and a current estate tax exemption of \$12 million. If another landowner were to possess their land, they would produce an additional \$200,000 over a ten year period (delta). Over a ten year period they will consume \$500,000 and this will grow at a 30% rate.The probability that their heir keeps the farm is 100%, as derived from the ownership successor question within the survey. It is assumed that those with an ownership successor have heirs that will keep the farm whereas those without an ownership successor have an heir that will sell the farm if inherited.

4 Results

4.1 Summary Statistics

Summary statistics for the variables that parameters are derived from are found in Table 2. The average landowner owns approximately 350 acres originally purchased for around \$1 million and currently worth nearly \$3.9 million. They also are mostly male and are 68 years old. The majority of landowners have an ownership successor but fewer have someone to take over management while the landowner is still alive.

4.2 Simulations

The optimal timing to sell is represented by 0, 1, or 2 where 0 means that it is optimal to sell immediately, 1 means it is optimal to hold for ten years and if alive, sell, and 2 means to hold through death. In Table 5, we can see that no matter the district, "step-up" basis policy, or estate tax exemption level, for landowners of keeping heir type it is optimal to hold through death (period 2) and the heir will not sell upon inheritance. More heterogeneous findings can be found in Table 6 which displays the optimal holding behavior for selling heir type landowners. In scenarios 1, 2, and 3 for all agents with an heir intending to sell, except District 5, the optimal behavior is to hold through death and the heir will sell upon inheritance. For District 5, the optimal behavior is to sell immediately no matter the policy environment. Now consider the scenario 4 policy environment in which "stepped-up" basis is eliminated, unrealized capital gains over $1 million become taxed at death, and the estate tax exemption would be dropped to $5 million, in Districts 1, 2, 4, 6, and 7 it becomes optimal to hold for 10 years and then sell if alive while in Districts 3, 8, and 9 it remains optimal to hold through death. Further, this effect only holds if the estate tax exemption rate is sufficiently low since it may remain optimal to hold through death even without "stepped-up" basis as shown by Districts 1, 2, and 7 where an estate tax exemption of $10 million, $7 million, and $11 million, respectively, results in the optimal behavior remaining at holding through death.

The results are also displayed as maps with the percent of farmland in the district held by selling heir type landowners imposed on each district. Figure 2 shows policy environments from scenarios 1, 2, and 3, where District 5 as the only district where it is optimal to sell immediately. Figure 3 shows the optimal behavior for scenario 4. In this map, we see that the areas of the state that have historically appreciated the most, Districts 3, 8, and 9, it remains optimal to hold through death while in the remaining part of the state, where land values of appreciated more modestly, it is optimal to continue farming but sell prior to death. Among these two groups, there is a large range of farmland that is affected with districts having 11% to 26% of land held by a landowner without an heir to own the farm, while districts with an heir to own the farm is on average higher, ranging from 16% to 29% of farmland.

5 Discussion

The simulations in this paper demonstrate two things: that an elimination of "stepped-up" basis does not fully eliminate the "lock-in" effect and that changes to the estate tax exemption alone, has little effect on optimal holding behavior. In this context, eliminating the "lock-in" effect would mean that it is seldom optimal to hold through death. While the results show that this policy change in scenario 4 would do this

in some regions, it is limited to only selling heir type landowners. Since scenarios 1, 2, and 3 only change the estate tax exemption, the tax liability created is much smaller in magnitude than the tax on unrealized gains (elimination of "stepped-up" basis) in scenario 4.

These preliminary findings support the literature that capital gains taxes lead to market inefficiencies in the farmland market due to the "lock-in" effect. Further, the regional effects are of specific interest and importance for policy makers. Since optimal behavior in District 3, 5, 8, and 9 is unchanged, it is unlikely that the policy change will have much effect on the quantity of land for sale in these districts. In the remaining districts, prompting sales before death may allow for new and beginning farmers to have increased access over the following decade. However, with such a long timeline, it is possible that the market will adjust to a predicted increase in properties available with the net effect unclear in regards to access for new and beginning farmers. Since most land is held by landowners of heir keeping type, eliminating "stepped-up" basis may not be sufficient in promoting access to new and beginning farmers, especially in regions where optimal behavior is to sell after ten years due to potential for landowners to strategically release land onto the market to avoid drastic changes to market conditions (e.g. price).

While this analysis provides insights into the tax implications of estate taxes and 'stepped-up" basis, it does come with limitations. There is not a dataset that specifically asks about the heir's intentions so an ownership successor may not perfectly correlate with these intentions. Further, the simulation assumes that each landowner is the sole owner, that there is a single heir, and that the returns to the land is based on cropland. The majority of Iowa farmland is cropland but future research could consider this distinction. Additionally, succession planning rarely has scenarios this simple and in reality, there are often multiple heirs that need to be considered and strategies that may further reduce tax liabilities.

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Figure 1: Selected IFOTS Survey Questions (Tong and Zhang, 2023)

Q73A: Do you expect to transfer the MANAGEMENT of your farmland to someone else while you still own it?

1 = Yes/Maybe

2 = No

3 = Already managed by someone else

Q73B: What is your relationship to your most likely successor who will take over the management of the land?

1 = Spouse

2 = Son

3 = Daughter

4 = Son- or daughter-in-law

5 = Niece or nephew

6 = Grandson or granddaughter

7 = Neighbor

8 = Non-related friend

9 = Current non-related operator

10 = Other (open response))

Q74: Have you identified a potential individual(s) to whom you will transfer your OWNERSHIP of your farmland?

1 = Yes/Maybe

2 = No

Table 1: Conceptual Model Variables

Variable	Description
R	Return factor equal to 1 + growth rate
C	Consumption
D	Growth in consumption
Φ	Estate tax rate
k	Profit
δ	Innovation (The additional productivity gained by a more efficient farmer)
τ	Capital gains tax rate
V	Value of the farm
$\bar{V}$	Basis
π	Probability of death
E	Estate tax exemption
γ	Stepped-up basis rule, 0 if no stepped-up basis rule, 1 if stepped-up basis rule
η	Probability that the heir wishes to keep the farm, 1 if heir wishes to hold with certainty
E_c	Capital gains exemption

Table 2: Summary Statistics

	mean	sd	min	max
Acres	354.03	380.69	6.00	2,960.00
Nominal Basis	1,046,756.10	1,296,860.54	13,653.00	8,829,146.00
Nominal Value	3,870,776.85	4,272,682.30	70,188.00	33240800.00
Nominal Gain	2,824,020.74	3,432,404.48	0.00	25293388.00
Age	68.01	12.98	22.00	96.00
Gender	1.24	0.43	1.00	2.00
(1 = Male, 2 = Female)				
Ownership Successor	1.19	0.39	1.00	2.00
(1 = Yes, 2 = No)				
Management Successor	1.37	0.48	1.00	2.00
(1 = Yes, 2 = No)				
N	362			

Table 3: Representative agents for heir keeping type landowners by district

	District 1	District 2	District 3	District 4	District 5	District 6	District 7	District 8	District 9
Acres	390	370	325	217	289	335	435	281	539
Returns per Acre	$718	$718	$718	$718	$718	$718	$718	$718	$718
Nominal Basis	$1,312,627	$1,330,716	$1,056,865	$848,502.7	$862,593	$1,188,657	$977,867.8	$421,337	$1,070,840
Nominal Value	$5,505,864	$4,667,396	$3,687,545	$2,632,616	$3.546,078	$4,086,877	$3,688,053	$2,066,321	$4,396,371
Probability of Death	.51	.50	.46	.45	.53	.44	.52	.52	.43
Estate Tax Rate	.4	.4	.4	.4	.4	.4	.4	.4	.4
Capital Gains Tax Rate	.2	.2	.2	.2	.2	.2	.2	.2	.2
Probability of Heir Keeping Farm	1	1	1	1	1	1	1	1	1
Growth in Consumption	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
					$1,000,000				
Delta	.2	.2	.2	.2	.2	.2	.2	.2	.2
Estate Tax Exemption	12	12	12	12	12	12	12	12	12
Consumption	.5	.5	.5	.5	.5	.5	.5	.5	.5

Table 4: Representative agents for heir selling type landowners by district

	District 1	District 2	District 3	District 4	District 5	District 6	District 7	District 8	District 9
Acres	328	261	197	900	307	466	418	307	121
Returns per Acre	718	718	718	718	718	718	718	718	718
Nominal Basis	$1,450,009	$968,437.5	$830,181.1	$2.065986	$2,692,088	$1,735,965	$1,360,504	$582,987.7	$183,603.7
Nominal Value	$4,839,572	$3,425,934	$2,380,636	$10,072,110	$3,444,293	$5,287,450	$3,526,212	$1,971,211	$1,341,924
Probability of Death	.51	.51	.40	.43	.49	.40	.49	.49	.49
Estate Tax Rate	.4	.4	.4	.4	.4	.4	.4	.4	.4
Capital Gains Tax Rate	.2	.2	.2	.2	.2	.2	.2	.2	.2
Probability of Heir Keeping Farm	0	0	0	0	0	0	0	0	0
Growth in Consumption	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
					$1,000,000				
Delta	.2	.2	.2	.2	.2	.2	.2	.2	.2
Estate Tax Exemption	12	12	12	12	12	12	12	12	12
Consumption	.5	.5	.5	.5	.5	.5	.5	.5	.5

Table 5: District agents' optimal selling period across different estate tax exemptions, without "stepped-up" basis and with a capital gains exemption of $1 million under AFP and with "stepped-up" basis" and no capital gains exemption under now (heir keeping type)

	District 1		District 2		District 3		District 4		District 5		District 6		District 7		District 8		District 9	
	AFP	Now	AFP	Now	AFP	Now	AFP	Now	AFP	Now	AFP	Now	AFP	Now	AFP	Now	AFP	Now
$E = 0$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 1$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 2$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 3$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 4$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 5$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 6$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 7$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 8$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 9$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 10$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 11$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
$E = 12$	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2

Table 6: District agents' optimal selling period across different estate tax exemptions, without "stepped-up" basis and with a capital gains exemption of $1 million under AFP and with "stepped-up" basis" and no capital gains exemption under now (heir selling type)

	District 1		District 2		District 3		District 4		District 5		District 6		District 7		District 8		District 9	
	AFP	Now	AFP	Now	AFP	Now	AFP	Now	AFP	Now	AFP	Now	AFP	Now	AFP	Now	AFP	Now
$E = 0$	1	2	1	2	2	2	1	2	0	0	1	2	1	2	2	2	2	2
$E = 1$	1	2	1	2	2	2	1	2	0	0	1	2	1	2	2	2	2	2
$E = 2$	1	2	1	2	2	2	1	2	0	0	1	2	1	2	2	2	2	2
$E = 3$	1	2	1	2	2	2	1	2	0	0	1	2	1	2	2	2	2	2
$E = 4$	1	2	1	2	2	2	1	2	0	0	1	2	1	2	2	2	2	2
$E = 5$	1	2	1	2	2	2	1	2	0	0	1	2	1	2	2	2	2	2
$E = 6$	1	2	1	2	2	2	1	2	0	0	1	2	1	2	2	2	2	2
$E = 7$	1	2	2	2	2	2	1	2	0	0	1	2	1	2	2	2	2	2
$E = 8$	1	2	2	2	2	2	1	2	0	0	1	2	1	2	2	2	2	2
$E = 9$	1	2	2	2	2	2	1	2	0	0	1	2	1	2	2	2	2	2
$E = 10$	2	2	2	2	2	2	1	2	0	0	1	2	1	2	2	2	2	2
$E = 11$	2	2	2	2	2	2	1	2	0	0	1	2	2	2	2	2	2	2
$E = 12$	2	2	2	2	2	2	1	2	0	0	1	2	2	2	2	2	2	2

Figure 2: Optimal Selling Period, Heir Selling Type: Scenarios 1, 2, and 3

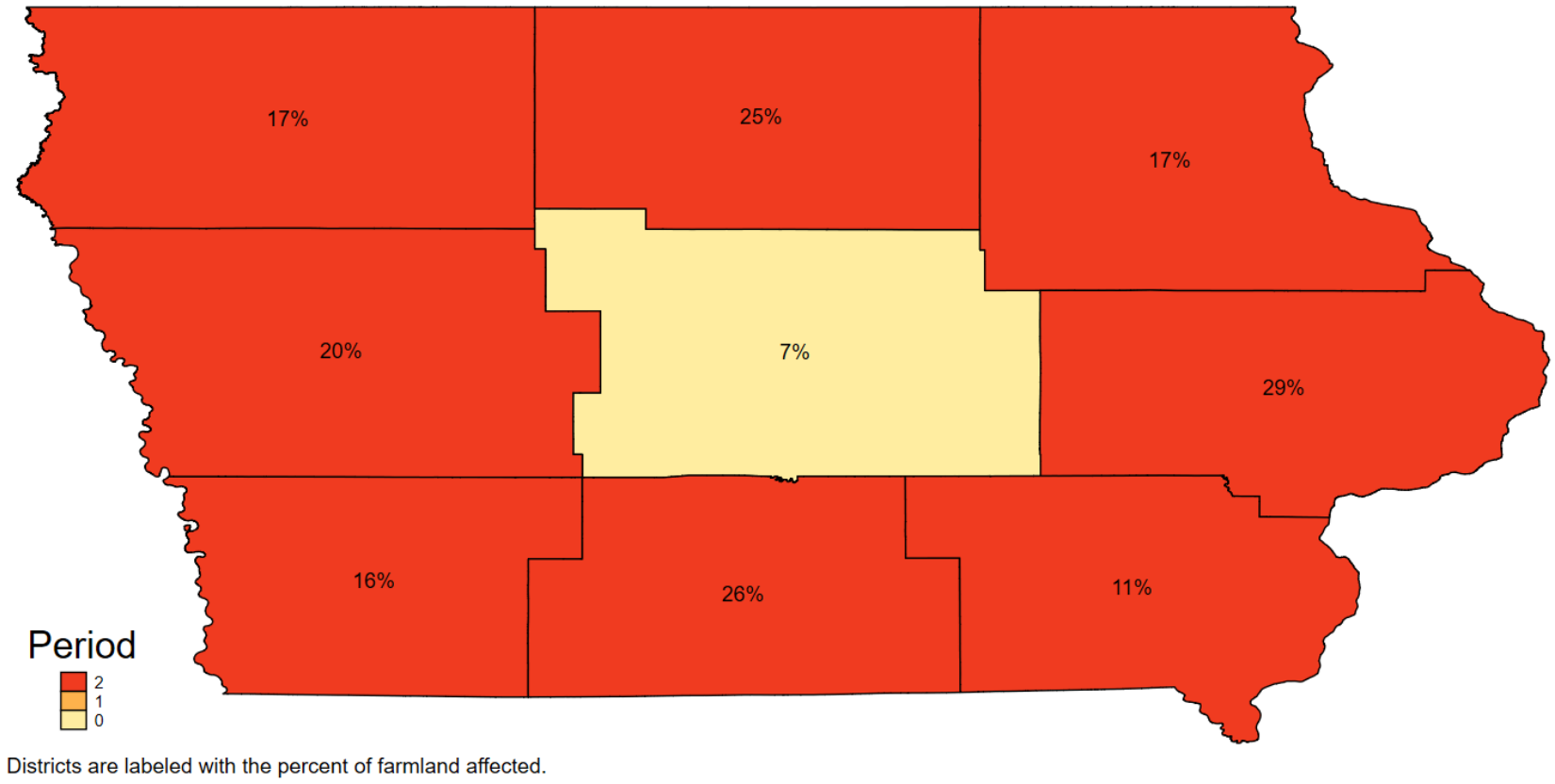

Figure 3: Optimal Selling Period, Heir Selling Type: Scenario 4