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2025 Winter Edition



Welcome to our 2025 Winter Edition of the Cherokee State Bank Farm Management Newsletter! Nestled in the heart of northwest Iowa, our community thrives on the rich agricultural heritage that defines our region. Inside, we are excited to share insights into the 2024 Crop Production Report, market trends, the 2024 ISU Farmland Value Survey, and a bonus article on Individual Retirement Accounts. Whether you're a seasoned farmer or a landowner, our goal is to provide valuable information to help you thrive in the ever-evolving world of agriculture.



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Schmillen**

Vice President – Farm
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Harvest in Review

In Iowa, the 2024 harvest was marked by yield uncertainty. From bare and replanted acres to challenges with low grain moisture, yields were unpredictable and varied from field to field. Local "coffee talk" suggested many were optimistic about record-breaking yields heading into October, but as the season progressed, the zeros on the monitor and low moisture discounts began to add up, bringing those predictions back down to earth.

The 2024 Summary revealed that the USDA had previously overestimated corn for grain and soybean production, leading to a bullish futures market after the report was published on Friday, January 10th. Compared to December figures, corn yields were down -2.1% and soybeans -1.9%, resulting in a decrease in

total production - corn down -1.8% and soybeans -2.1%. Despite these reductions, US corn was estimated at record high 179.3 bushels per acre, up +2.0% from 2023. Soybeans were estimated at 50.7 bushels per acre, up +0.1 from 2023.

In Iowa, corn production was up +4.0% from 2023, leading to a record high yield of 211.0 bushels per acre. Soybean production in Iowa was also up +4.0% from the previous year, with a yield of 60.0 bushels per acre.

Crop Production Summary – Iowa and United States: 2023-2024

Crop	Area planted		Area harvested		Yield per acre		Production	
	2023	2024	2023	2024	2023	2024	2023	2024
	(1,000 acres)	(1,000 acres)	(1,000 acres)	(1,000 acres)			(1,000)	(1,000)
IOWA								
Corn for grain ¹ bushels	13,100	12,900	12,550	12,450	201.0	211.0	2,522,550	2,626,950
Corn for silage tons	(NA)	(NA)	380	340	20.0	24.0	7,600	8,160
Hay, all tons	(NA)	(NA)	1,010	1,000	2.92	3.49	2,946	3,492
Hay, alfalfa tons	(NA)	(NA)	750	720	3.20	3.80	2,400	2,736
Hay, other tons	(NA)	(NA)	260	280	2.10	2.70	546	756
Oats bushels	190	145	95	73	80.0	82.0	7,600	5,986
Soybeans bushels	9,950	10,050	9,880	9,960	58.0	60.0	573,040	597,600
UNITED STATES								
Corn for grain ¹ bushels	94,641	90,594	86,506	82,896	177.3	179.3	15,340,520	14,866,744
Corn for silage tons	(NA)	(NA)	6,461	6,100	20.1	20.2	129,854	123,093
Hay, all tons	(NA)	(NA)	52,771	49,390	2.25	2.48	118,588	122,462
Hay, alfalfa tons	(NA)	(NA)	15,604	14,612	3.19	3.41	49,769	49,840
Hay, other tons	(NA)	(NA)	37,167	34,778	1.85	2.09	68,819	72,622
Oats for grain bushels	2,555	2,213	831	886	68.6	76.5	57,045	67,793
Soybeans bushels	83,600	87,050	82,271	86,050	50.6	50.7	4,162,057	4,366,492

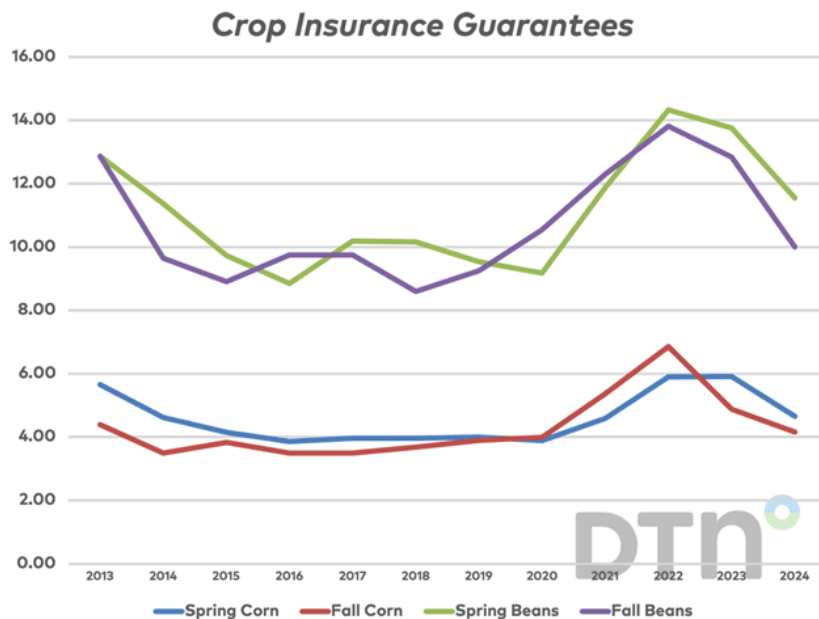
(NA) Not available.
¹ Area planted for all purposes.

Grain Markets

As February approaches, so does the 2025 price discovery period used to determine Projected Prices (PP) and Volatility Factors for federally-sponsored corn and soybean crop insurance products. The PP is calculated by averaging the closing December futures for corn and November futures for soybeans during all trading days in February. Below is a look at some historical trends of PP and HP for both corn and soybeans.

Looking ahead, the downward trend in PP is expected to continue for both corn and soybeans. After the 2024 production summary was published, markets experienced some bullish trading, providing farmers with positive marketing opportunities for the 2024 crop. Corn has shown some strength heading into February, with December 2025 futures hovering around \$4.50. Fortunately, corn has demonstrated the ability to break away from soybeans and trade semi-independently, which doesn't often occur.

Soybean November futures continue to reflect bearish pricing, despite a rebound from a \$9.65 low in mid-December. In 2025, futures have bounced between \$10.00 and \$10.50, negatively impacted by bullish weather and production outlooks in South America. On a positive note, soybean crush numbers have continued to break records, helping to manage U.S. ending stocks, despite ongoing challenges with exports lagging Brazil. As we look ahead to the 2025 crop year locally, it's important to remember how fortunate we are to have competitive basis opportunities, thanks to accessible ethanol and crush facilities. These facilities continue to be a blessing, providing stronger marketing opportunities for producers and driving local competition.



IMPORTANT DATES

Tuesday, February 25th

Ag Outlook

9:30am

Cherokee Golf Course

Lunch Provided

RSVP Needed

Speakers: Steve Johnson - Retired ISU Extension Farm Management Specialist &
Willie Jones - District Sales Manager, Farmers Mutual Hail Insurance

CROP INSURANCE DEADLINE

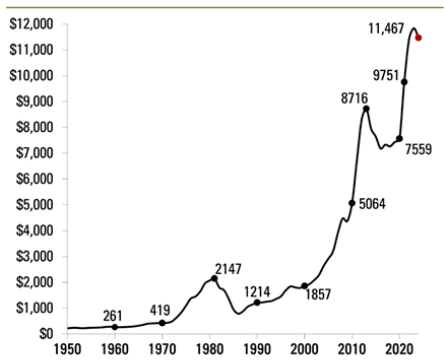
March 15, 2025

Land Values –

2024 ISU Farmland Value Survey



The Iowa State University Land Value Survey, first published in 1941, offers insights into land value trends, regional price differences, and factors influencing Iowa's land market. Data is gathered from experts such as real estate brokers, farm managers, appraisers, agricultural lenders, county assessors, and others familiar with local market conditions.



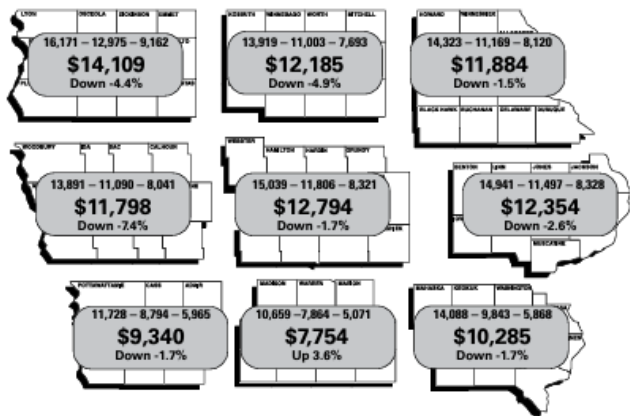
Source: Iowa State University Land Value Survey

The survey divides Iowa’s 99 counties into 9 regions. In 2024, the state average land value dropped by \$368 (-3.1%), reaching \$11,467, down from \$11,835 in 2023. This decline follows a 57% increase from 2021 to 2023. Between 2010 and 2013, the state saw a 99% increase in land values, followed by declines from 2014 to 2018, with prices stabilizing until 2021. In 2024, 77 of Iowa's 99 counties reported decreases in nominal land values, suggesting the same softening trend as the agricultural cycle enters a downturn.

At the local level, the Northwest region boasts the highest priced agricultural land in Iowa. In this region, 46% of land is considered high quality (HQ) with an average CSR2 of 90, 36% is medium quality (MQ) with an average CSR2 of 79, and 18% is low quality (LQ) with an average CSR2 of 66. The average land value in the Northwest region was \$14,109 (-4.4%), averaging \$16,172 HQ, \$12,975 MQ, and \$9,162 LQ. By comparison, the statewide average was \$11,467 (-3.1%), averaging \$13,930 HQ, \$10,740 MQ, \$7,450 LQ.

Several key factors influence the land market. Positive factors include limited land supply, strong crop yields, and available liquidity and credit. Negative factors include declining commodity prices, interest rate hikes, and rising input costs.

As investor activity in the farmland market continues to grow, it's crucial for local farmers to stay informed. In 2024, 23% of farmland purchases were by investors—12% local and 11% non-local. However, 70% of purchases were made by existing farmers, with 68% of those being local. The remaining 7% were new farmers (4%) and miscellaneous buyers (3%). Thus, farmers continued to dominate, with 74% of purchases made by farmers and 80% by local buyers.



Lyon	Osceola	Dickinson	Emmet
15,427 0.5%	14,174 0.0%	12,594 -4.3%	12,501 -6.7%
Sioux	O'Brien	Clay	Palo Alto
15,617 -5.5%	15,921 -2.4%	13,114 -5.6%	12,802 -5.3%
Plymouth	Cherokee	Buena Vista	Pocahontas
14,222 -6.5%	13,350 -5.7%	13,695 -6.5%	13,367 -5.7%
Woodbury	Ida	Sac	Calhoun
10,979 -5.3%	12,794 -6.9%	13,512 -6.3%	13,535 -6.2%

Source: United States Department of Agriculture National Statistics Service

Individual Retirement Accounts



Jared Koch,
CFP®, CTFA | Sr. Vice President | Sr. Trust Officer

As the 2024 tax return filing deadline approaches, you still have time to make contributions to Individual Retirement Accounts (IRA) for 2024. The deadline to make IRA contributions for 2024 is April 15, 2025.

Below offers a summary of 3 common types of IRAs and a table outlining IRA plan limits and phase outs for 2024 and 2025 tax years.

Traditional IRA contributions may be deductible, potentially reducing your taxable income for the year. Funds in a traditional IRA grow tax-deferred, meaning you don't pay taxes on investment earnings until you withdraw the money. A traditional IRA is an appropriate retirement tool for those who expect to be in a lower tax bracket when they retire. Traditional IRAs have Required Minimum Distributions (RMDs) that begin at age 73 increasing to age 75 in 2033. Anyone with earned income can contribute to a traditional IRA. However, income deduction phase outs apply based on modified adjusted gross income. See table below

Roth IRAs are funded with after-tax dollars, meaning contributions are not tax-deductible. The primary advantage of a Roth IRA is that distributions are tax-free provided the account has been open for at least five years and you are over the age of 59 ½. A Roth IRA is appropriate for those who expect to be in a higher tax bracket in retirement. Another benefit of Roth IRAs is they do not have RMDs during the account owners lifetime allowing investment to grow tax free as long as you live. Not everyone is eligible to contribute to Roth IRAs depending on modified adjusted gross income. See table below.

Rollover IRAs allow you to move funds from an employer sponsored plan like a 401(k) into an IRA without losing the tax-deferred status and without having to pay taxes or early withdrawal penalties. When changing jobs or retiring, you will have to decide what to do with

your existing retirement savings. Typically, you are allowed four options when leaving your employer: Leaving your money in your former employer's plan if the plan permits. Rolling over your money to your new employer sponsored retirement plan if the plan permits. Rolling over your money to an IRA. Taking a cash distribution, which could result in income tax and a 10% early withdraw penalty.

IRA Plan Limits & Phase-Outs		
	2024	2025
Traditional IRA or Roth IRA contribution limit	\$ 7,000	\$ 7,000
Traditional IRA or Roth IRA catch-up contribution - age 50 or older	\$ 1,000	\$ 1,000
Traditional IRA deduction phaseout for active participants		
Single, Head of household	\$77,000 - \$87,000	\$79,000 - \$89,000
Married filing jointly	\$123,000 - 143,000	\$126,000 - \$146,000
Married filing separately	\$0 - 10,000	\$0 - \$10,000
Spousal IRA	\$230,000 - \$240,000	\$236,000 - 246,000
Roth IRA phaseout		
Single	\$146,000 - 161,000	\$150,000 - \$165,000
Married filing jointly	\$230,000 - \$240,000	\$236,000 - \$246,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000

*Active participant - individuals who participate in an employer sponsored retirement plan

Questions about IRA's?

Call Jared at (712)225-3000 ext. 370

Kyle's Korner of Jokes

What farm animal
keeps the best
time?



A watch dog!



Questions about our farm management services?

- Asset Management
- Sustainable Agriculture
- Accounting Services
- Farm Consulting
- Grain Marketing
- Leasing Services

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