



**Virginia
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Dairy Pipeline

School of Animal Sciences

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Year-End Moves for Dairy Farmers

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There's a lot going on in the world today that might impact your farm, business, or family - conflict in Europe & the Middle East, international trade issues, etc., have led to higher input costs, reduced demand for agricultural goods, and supply chain disruptions. Changes in regulations have made it more difficult to develop long-term tax strategies and farm transition plans. Don't let this keep you from planning; instead, let's focus on what you can manage. Here are some year-end items for your management to-do list:

Reserve time to construct your year-end financial statements.

Be sure to update all your inventories on your balance sheet – this will help you and your lenders make accrual-adjusted income statements.

Remember - ONLY use accrual-based financial statements to make long-term decisions for your farm and family!

Apply for Agricultural Best Management Practice Tax Credits by Dec 31, 2025.

You might qualify for up to \$17,500 in tax credits for investments during 2025 that support non-point source pollution water quality goals. See the Virginia Department of Conservation & Recreation

website for more information.

(<https://www.dcr.virginia.gov/soil-and-water/costshare3>)

Update your estate plan.

In 2026, the federal estate & gift tax exemption increases to \$15 million per person (\$30 million per couple). Work with a qualified estate planning professional to develop or update your estate plan. This can reduce the potential estate taxes at the death of an owner and help the farm continue into the future. I believe everyone over the age of 18 should have a durable Power of Attorney and an Advance Medical directive to protect yourself and your belongings. Wills, trusts, generation-skipping taxes, and other estate planning tools can be critical to the long-term survival of your farm. Again, work with a qualified estate planning professional!

Prepare for price volatility in milk & grains in 2026.

Volatile weather and international trade issues will continue to play havoc with input costs and the prices of agricultural products. Consider participating in risk management programs such as the Dairy Margin Coverage, Livestock Revenue Protection programs, hedging, and/or crop insurance. Calculate your cost of production per unit and breakeven prices. This will help you make wise risk management and marketing decisions.

Beware year-end tax moves.

More often than not, unplanned year-end tax moves are harmful to farms and businesses. Remember, you must spend an average of \$5.00 to reduce your income taxes by \$1.00. Making year-end prepayments or buying new assets just for tax purposes can severely hurt a farm's liquidity, solvency, and repayment ability. However, if you are planning on expansion or renovation these tax moves can be good decisions. New tax regulations are proposed to make Bonus Depreciation and Qualified Business Income permanent, thereby reducing your tax burden. Section 179 expensing limits have increased to \$2.5 million. Work with a qualified tax professional who understands your long-term goals to develop a comprehensive tax strategy rather than a "knee-jerk" year-end tax strategy.

Review/Revise your herd health protocols.

Animal welfare and cow comfort practices are very important for production and public perception, not to mention a big part of being good stewards. Familiarize yourself with the latest best management practices of the FARM Program's Animal Care Manual and Drug Residue Prevention Guide to see how you can improve cow comfort on your farm.

Get a head start on agricultural grants to help with upgrades or changes to your operation.

It's too late to apply for most of the 2025 grants, but some 2026 grants may have application early deadlines of February/March 2026. There are several grants that might suit your farm – investments in energy efficiency or best management practices, value-added enterprises, and young/beginning farmer development programs. You won't get them if you don't apply!

Do a "risk walk" around your farm to identify potential dangers to your farm, family, employees, customers, or neighbors.

Include your insurance agent, lender, and attorney to get a broad view of the potential risks. This will help you find ways to manage these risks through new protocols, contracts, or revised insurance policies. It can also strengthen your defense in a liability lawsuit.

Revise your insurance policies for recent life changes and economic conditions.

Life insurance policies are not "once-and-done" tools; you need to revise them as your situation changes. Be sure your life insurance policies will meet your goals after major life events (births, deaths, divorces) and major farm events (expansion, new partners). Revise your life insurance coverage to reflect changes in your net worth over time. Also, remember to account for inflation in your asset values – that \$100,000 policy you purchased 20 years ago won't help your survivors nearly as much today as it would have back then!

As 2025 winds down, take time to reflect on all your accomplishments over the years – large and small. This can help you refocus your energy and redefine your goals. It can also remind you of the most important things in your life to help manage your work-life balance.

Are Enough of Your Replacements Graduating?

Authored by David Winston, Extension Dairy Scientist, School of Animal Sciences, Virginia Tech; dwinston@vt.edu

The dairy replacement enterprise is an important part of the dairy operation as heifers account for 15 to 20 percent of the cost of milk production on a typical dairy farm. Today, estimates of the cost of rearing are over \$2,800 per head excluding the initial value of the animal. It is currently considerably cheaper to raise one's own replacements than to purchase them given the current market prices driven by the tight supply of heifers. Because heifers are so critical, one may want to evaluate the heifer completion rate to ensure that the heifer enterprise is achieving its potential.

Percent survival to calving by 30 months of age is a straightforward way to measure completion rate in dairy herds. It provides the percent of heifers born in a particular timeframe that calved by 30 months of age.

$$\% \text{ survival to calving by 30 months} = \frac{\# \text{ heifers that calve by 30 months}}{\# \text{ heifers born}} \times 100$$

This metric is available to farms enrolled in Dart through Dairy Records Management Systems through the Heifer Tracker tool but can be calculated using a spreadsheet as well. In Dart, the calculation does not include calves born dead or heifers sold for dairy purposes. A suggested target for the metric is 72 percent or higher. Reasons for individual heifers not achieving the target are death, being sold, or not getting bred in a timely manner. Delayed calving may result from issues related to growth, reproductive management, health, or lapse in management attention.

Be aware that there can be variation with this metric, particularly when the number of heifers born in a timeframe is less than 50. Combining data into a rolling 12-month average can provide a more stable picture. If the percent survival to calving by 30 months is low, the reason should be investigated. Were too many heifers sold for involuntary purposes? Were mortality rates high? Was the average age at first conception too high indicating a reproductive issue? If too many were heifers sold for involuntary reasons or died, what were the most common reasons? Answering such questions can be helpful in identifying areas of focus for improvement.

A strong replacement program consists of many factors that require constant management and attention. Listed below are a sample of bottlenecks to examine when heifers are not meeting the percent survival to calving by 30 months target.

- Is the colostrum management program successful? Are calves receiving the right amount of high-quality colostrum in a clean and timely manner to achieve successful passive transfer of immunity?
- Are facilities clean, dry, draft-free, and well-ventilated? Is there adequate space for the number of animals?
- Are heifers uniform in size within each group?
- Are diets for all groups nutritionally balanced?
- Is animal growth monitored? Are heifers gaining at recommended rates?
- Is the calfhood vaccination program reviewed and updated on a routine basis?

- Do employees know how to recognize signs of disease and to treat appropriately?
- Are calves managed to reduce stress from pathogens, handling, transportation, environmental temperature, pests, and diet changes?
- Why are animals being sold – disease, injury, poor growth, or reproductive failure?
- Why are animals dying – injury or specific diseases? Are there patterns related to specific diseases, facilities, seasons, or age groups?

Protocols can be excellent tools to develop good practices related to the calf and heifer management areas mentioned above and may help dairy managers achieve higher completion rates. They provide direction, consistency, and a means to provide training to new and seasoned employees. They should be evaluated and adjusted routinely as needed. Examples of protocols for calf and heifer management include newborn care, colostrum management, feeding, weaning, dehorning, removal of extra teats, breeding, and pre-freshening.

To conclude, examining heifer completion rates can be useful for evaluating the overall ability of a farm to maintain desired herd size. The metric does not account for the animal's performance as a first lactation cow which ultimately paints the bigger picture, but it has a place in monitoring heifer herd performance. Discovering and correcting bottlenecks that prevent high completion rates should be financially rewarding.

Upcoming Events

November 7-8, 2025

Cattle WISE & Equipment WISE
Abingdon, VA

November 8, 2025

National 4-H Dairy Quiz Bowl

November 10, 2025

[Hoof Trimming Workshop](#) – Hillview Farm,
Bridgewater, VA

November 12, 2025

[Hoof Trimming Workshop](#) – Golden View Dairy,
Glade Hill, VA

November 17-18, 2025

[Bovine Artificial Insemination Course](#)
Lee County, VA

December 1, 2025

Current updates on HPAI on dairy farms and worker
safety (Rockingham)

Winter Meeting Series

Presented by Dr. John Currin, DVM, DABVP-Dairy

December 16 (Webinar)

-Preventing & Managing Vaginal and Rectal Prolapses
-Winter Nutrition for the Spring-Calving Herd

January 13, 2026 (Webinar)

-Calving Difficulties & Correction Techniques
-Colostrum Management
-Uterine Prolapse Care

Late January – March In-Person Meetings

Dates and locations TBA

-Hands-on demonstration with calving tools/Live
demonstration using a calf model to address calving
challenges

*If you are a person with a disability and require any auxiliary aids,
services, or other accommodations for any Extension event, please
discuss your accommodation needs with the Extension staff at your
local Extension office at least 1 week prior to the event.*

Additional Notes:

- The dairy extension group is working with VDH to assist in distributing PPE to dairy farms. Request a kit online at <https://shorturl.at/ethov> or contact your local extension agent. Requests will be filled as supplies allow.
- Your input could guide future programming! Please complete the short survey at <https://tinyurl.com/dairy-extension>.
- [Southeast Dairy Business Innovation Initiative](#)
Grants Opening in January 2026:
 - Farm Infrastructure Improvement
 - Precision Technology and Management

For more information on Dairy Extension or to learn more about our current programs, visit us at VTDairy—Home of the Dairy Extension Program online at www.sas.vt.edu/extension/vtdairy.html



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