

Planning for the Future of Your Farm

OSU Extension

CFAES



THE OHIO STATE UNIVERSITY

COLLEGE OF FOOD, AGRICULTURAL,
AND ENVIRONMENTAL SCIENCES

Preparing for the Future

What are the major things that I need to do to get my FARM ready for the future?

What are the major things that I need to do to get my FAMILY ready for the future?

What are the things I need to do to get MYSELF ready for the future?



Planning for the Successful Transition of My Family Business

My goals for the future of our farm are:

What Will Happen to Farm in the Future?

- **Pass on as functioning business to my children.**
- **Pass on as functioning business to someone else (keep it a farm regardless of who owns).**
- **Pass on to my children as an “asset” that they manage in the future.**
- **My heirs can decide what to do with the farm.**
Sell farm when I pass with proceeds to my heirs.
- **Other** _____



Analyzing Your Operation

One of the key components of a successful transfer of the family farm is to analyze the INTERNAL strengths and weaknesses of the operation. Additionally, it is recommended to take time to examine the EXTERNAL opportunities and threats that may impact the future of the business. How does your business compare against benchmark standards and the competition? Some key areas to examine are: Crop Production Management, Livestock Management, Financial Management, Facilities & Infrastructure, Employee Management, Marketing, Machinery & Equipment Repair & Risk Management.



Preparing My Heirs

What is your plan for training and turning over the management of your farm to your successors? Is your organization structure conducive to a successful transfer?

Draw a picture of your farm’s organizational structure:

Questions for the Next Generation:

If you had to take over the farm today, what would you be most scared of?

What changes need to be made for you to have a continuing interest in the business?

What are your weaknesses that need to be addressed? Training opportunities?

What is your expectation for an appropriate time for management control to be transferred?

Brainstorm some strategies that you can use to turn over management to the next generation:



Communicating Our Plans

The underlying success of any estate and farm succession plan depends on healthy family relationships. How can you avoid creating conflict among your heirs after your passing?

The biggest communication barriers that exist in our family and family business are:

1. _____
2. _____
3. _____
4. _____
5. _____

Strategies our farm can implement to reduce our communication barriers are:

1. _____
2. _____
3. _____
4. _____
5. _____

I improve my communication by



Planning for the Successful Transition of our Estate

Family Business Meetings

A family business meeting is an opportunity for family members to come together on a regular basis to discuss issues of interest to those family members involved in or who have an interest in the business and estate.

Tentative Agenda for Family Business Meeting

Call to Order
Minutes from Previous Meeting
Estate Financial Summary
Old Business
New Business
Date of Next Meeting
Adjournment

The top 5 items I would like discussed in our Family Business Meeting:



Planning for the Unexpected

Unexpected Issues arise in every succession and estate plan. Identify how you will overcome the following unexpected events:

Death _____

Divorce _____

Long Term Care Expense _____

2nd/3rd Marriages _____

Civil Lawsuit _____

Buying out a Business Partners share of business _____

Long Term Care in Nursing Home _____

Natural Disaster (tornado, flood, fire) _____

Other Events _____



Planning for Retirement

I will need \$_____ each year to live in retirement
for _____years.

My sources of retirement income will be:

- | | |
|----------------------------|---------------------------|
| _____ Farm Rental Payments | _____ Retirement Accounts |
| _____ Social Security | _____ Savings Accounts |
| _____ Sale of Property | _____ Other |

Draw a picture of your life in retirement.



MY HEIRS
Choosing the Path for Your Legacy

Many people are involved in many different communities and social circles that they may want to benefit upon their passing. Often times these never come to fruition because of poor planning, insufficient estate size, or just because of an oversight on their part. Please list all the different entities, people, and organizations you would like to be part of your life's legacy.

Family/ Friends

Church/Charities

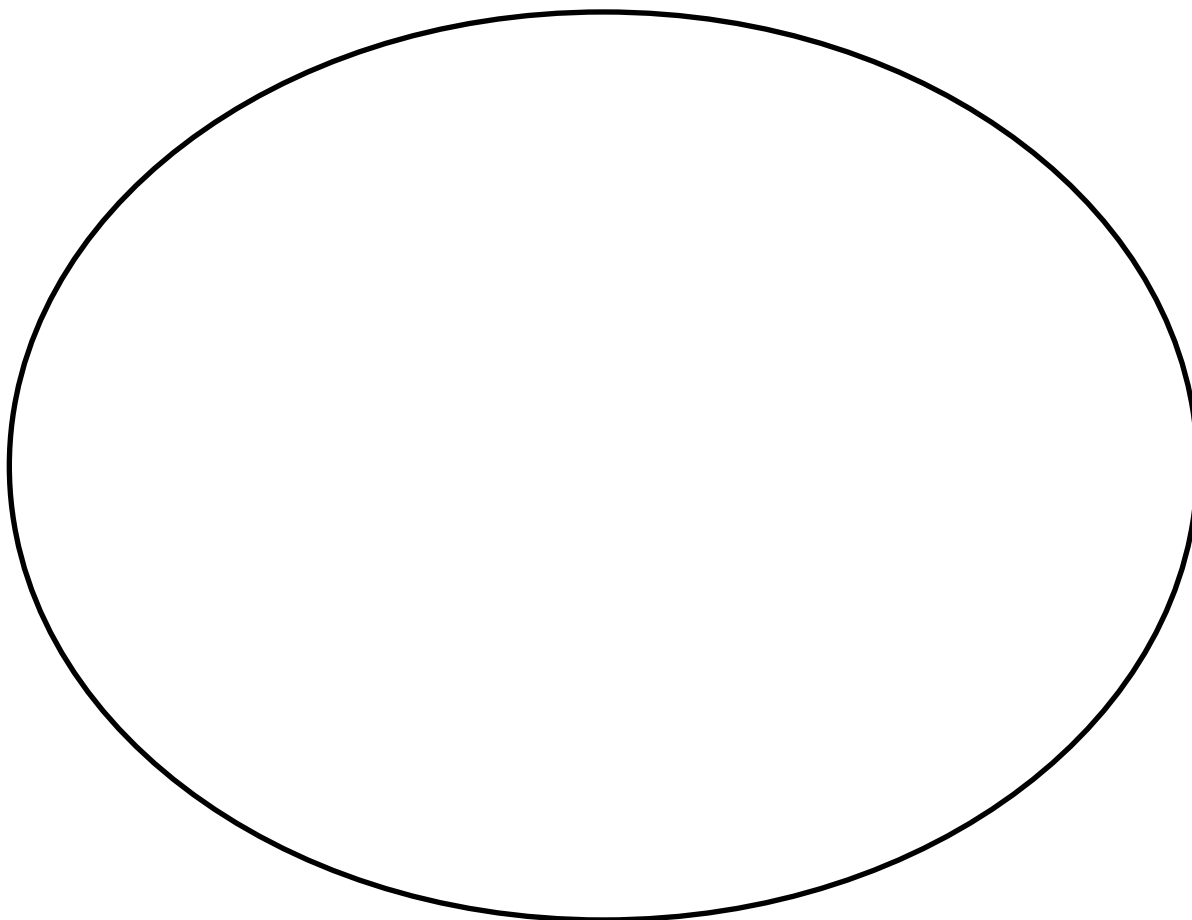
Civic Organization/Foundations

Community



Choosing the Path for Your Legacy

Using the either larger categories or the more detailed lists you created above, divide the pie below. Write the percentages in each piece of the pie. If you feel comfortable, you can even write your justification to support your decisions.



Deciding what is “fair” versus “equal” when transferring our farm and family assets to our heirs is often one of the most difficult questions. One of the biggest dilemmas that must be overcome is how can we design our farm succession plan so that it will be as fair to the heir taking over the farm.

And in this process of being fair, how can we, treat everybody equally? Often times doing what is fair will mean the distribution of assets will not be equal. Defining what is “fair” and what comprises “equal” is different to each farm operation. This you must do yourselves – together as a family, as a team committed to one another and the future.



Planning for the Successful Transition of our Estate

What are the major assets (and their value) that we will transfer to our heirs? To assist you with this process, “Complete the Getting Your Farm & Family Affairs in Order” Document.

Cash Assets:

Intermediate Assets:

Property:

Debts:



What Would Your Heirs Do?

Request each of your heirs to complete a written summary of what they would do if they were in charge of your estate. How would they divide the estate? Does anyone want the farm? What “prize” family heirlooms would they be grateful to receive from you? Give heirs a specific date to respond in writing to you.



**Planning for the Successful Transition of My Family
Business**

Plan for Asset Transfer



Planning for the Successful Transition of My Family Business

You have 2 months to live.....What are the five most important things you need to do?

1. _____
2. _____
3. _____
4. _____
5. _____

You have 2 months to live.....What are the five most important things you need to do?

1. _____
2. _____
3. _____
4. _____
5. _____



The Last Word



- Procrastination is not just avoiding a task. It is also avoiding the emotions that accompany an uncomfortable task.
- The measure of one's character is not what they get from their ancestors but what they leave their descendants.
- I still find the days too short for all the thoughts I want to think, all of the walks I want to take, all the books I want to read, and all the friends I want to see. (J. Burrows).