Farm Transition & Estate Planning: Build Your Exit Strategy!

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FarmLASTS Conference
June 2009
Denver, CO.
Farm Transition & Estate Planning

• Program goals:
  – Help farm families understand & become comfortable with farm transfer & estate planning concepts and techniques, terms, laws, regulations, strategies, etc.
  – Increased knowledge/familiarity equals better decisions.

• Target audiences:
  – Primary: farm/ranch families in the process of transiting their business to the next generation.
  – Secondary: ag professionals that work with farm/ranch families.
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• Program outline:
  – Preparing to transfer the farm business (goals & communication).
  – Major tax consideration when transferring assets.
  – Overview of farm transfer strategies.
  – Financial considerations in transferring the farm.
  – Treatment of heirs & financial assistance.
  – Estate planning and the transition process.
  – Developing a written transition plan.
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• Curriculum delivery:
  – Interactive PowerPoint presentation
    • One day, 5 hours in length
  – Workbook reference: all PP slides, worksheets, Internet sites, and 25 information sheets
  – Worksheet exercises by participants
  – Quizzes, true stories, examples, cartoons, etc.
  – Q & A throughout workshop
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• Output Data – 2008-09:
  – 19 workshops in MN., IA., & ND.
  – 26 local program sponsors
  – 543 participants representing 228 farm/ranch businesses
  – 41.3% female, 58.7% male, 62.1% over the age of 55
  – Participant age range: 22 – 89 years of age
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- Program impact/outcomes evaluation:
  - End-of-Meeting evaluation (2008-09):
    - Increased knowledge
    - Status of transfer and estate plans
    - Comments about the program

- **Hint**: included evaluation form as part of the workbook.
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- **Self-reported status of current plans:**
  - Up-to-Date farm transfer plan?  
    - Yes: 16.2%  
    - No: 83.8%
  - Up-to-Date personal estate plan?  
    - Yes: 24.6%  
    - No: 75.4%
  - If no, plan to start farm transfer and personal estate planning process due to attending the workshop.  
    - Yes: 96.6%  
    - No: 3.4%
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- Participants reporting increased understanding of key educational points:
  - Need for clear goals and communication: 100.0%
  - Farm business transfer strategies: 93.4%
  - Importance of financial position of business: 96.4%
  - Tax issues and strategies related to transition: 91.1%
  - Estate planning regulations and strategies: 91.1%
  - Writing and implementing a transition plan: 85.7%
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• Program impact/outcomes evaluation:
  – Follow-up evaluation (2007-08):
    • Done six months following last workshop
    • Progress on transfer and estate plans
    • Barriers encountered
    • Usefulness of the workbook as a reference
    • Quality of the program
    • Topics for additional workshops

  – **Hint:** included a self-addressed/stamped envelope
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• Follow-up Evaluation – Impacts:
  – Farm transfer plan progress (2007-08):
    • 72.9% reported starting the process
    • 15.7% had completed the process
  – Estate plan progress (2007-08):
    • 79.2% reported starting the process
    • 17.1% had completed the process
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• **Program Outcome:**
  – Average balance sheet asset value Minnesota farm family (FINBIN 2007):
    • Farm business assets - $1,373,612 per farm family
    • Personal assets - $197,068 per farm family
  – Follow-up evaluative results:
    • 15.7% of 107 farms reported implementing transfer plan
    • 17.1% of 107 farms reported implementing estate plan
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• **Program Outcome:**
  
  – **Definition**: program outcome is the development and implementation of an orderly process for the transition of farm/ranch & personal assets to the next generation.

  – **Actual Program Outcome:**
    
    • 15.7% of 107 farms transfer plan - $22.0 million
    • 17.1% of 107 farms estate plan - $3.5 million

  – **Total Actual Program Outcome**: $25.5 million
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• Marketing the program:
  – Market not to participants, but to local businesses who work with participants.
  – Referred to as the “Sponsorship Model”.
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• Traditional approach to programming:
  – Group/educators garner sponsor for portion of program
  – Group/educators select date & arrange location/facility
  – Group/educator advertise program & recruit participants
  – Group/educators collect & process registration fees
  – Group/educators responsible for program delivery
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• “Sponsorship Model” approach:
  – Group/educators market program to potential sponsors
  – Sponsor selects date & arranges location & facility
  – Sponsor advertises program & recruits participants
  – Sponsor arranges/pays for all refreshments & food
  – Sponsor collects/processes registration fees
  – Sponsor pays group/educators a flat sponsorship fee
  – Group/educators supply sponsor with media packet
  – Group/educators show up and deliver program
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• “Sponsorship Model” advantages:
  – Because of “investment”, sponsor is committed
  – Much better attendance !!!!
  – Opportunity for sponsor to offer “customer service”
  – Builds collaborations with local businesses – sponsors
  – Overall, much more efficient for group/educators:
    • No facility or food arrangements
    • No participant recruitment
    • Process only one fee
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Questions?

Comments?
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Soon to Arrive:

Ag Transitions !!!!
AgTransitions helps rural business owners develop a plan to transition their business to the next generation of owners.
What is AgTransitions?

AgTransitions helps rural business owners develop a plan to transition their business to the next generation of owners.

- Develop your own transition plan
- Learn what you need to include in your plan with Tips & Resources
- Stimulate multi-generational discussions with our worksheets
- Share your plan—print, download and work with your own Reviewers

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“How do I get started using AgTransitions?”

Getting Started

We are committed to safeguarding your info

Private Security Statement

AgTransitions’ User-oriented Features

Editor
Our feature-rich type editor acts just like your computer’s word processor. For each section of your transition plan write a concise statement that discusses the key points you want to communicate.

Tips, Resources & Samples
In each section of AgTransitions you will find specific Tips, Resources & Worksheets to help you create the best transition plan possible.

Reviewers
AgTransitions allows you to share your transition plan and interact with your business advisors, educators, or consultants.

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Describe the owners. Who will be passing on or exiting the farm or ranch business? This may be individuals, multiple families, or partners. The owner generation only needs to be identified in this section, there will be an opportunity to describe their vision, values, and expectations in the Vision and Goals section.
AgTransitions is a tool to complement, not replace, transition planning workshops

AgTransitions Provides follow-up and accountability to transition planning workshops