

Transferring the Farm

The issue of farm succession is a complex matter involving the transfer of farm assets and management. It will occur some day because we all face limits to our own time, but the transition process is very different for those who have planned versus those who have not prepared.



The planning process is complex because it involves many components. First and most obvious is the transition of business assets, business management, and farmland. There may or may not be a viable business. There may or may not be an identified successor. In some cases there are additional family members outside the farm enterprise who must be considered. But ready or not, a transfer will occur at some point in time.

The age of farmers. The importance of this issue becomes more critical each day, as the average age of farmers is over 58 years old and has been continually rising over the past 25 years. Nationally, we have more farmers over age 65 than under age 35. In addition, in some states, there are as many farmers over age 75 as under 35. This means that a substantial amount of our farm assets will undergo planned or unplanned transfer to new owners within the next 20 years. How these assets are transferred will greatly determine the demographics and scale of the future of U.S. agriculture.

Diverse matters. Farm transition is complicated because it intertwines diverse matters and often must address differing needs of multiple generations. Transfer planning involves succession design, estate planning, and retirement. It encompasses planning for healthcare in your elderly years. It includes facing the dilemma of possibly outliving your assets. It also may require deliberate activities to train and allow another person to learn to run a complex business for which you have been the key person for decades.



The process involves creating a will and making deliberate plans as to how your assets are divided among heirs. It involves researching and making choices on how to set up a business that allows the best way to transfer assets with limited tax implications. It's all this and more. You may want it to occur soon. It may be later. You will likely change your plans as circumstances change. But for anything to occur that you desire, you must plan and take actions.

Uncertainty. Many people are uncertain about how to even start the process let alone all the steps to complete a sound plan. Unfortunately, if your choice is to do nothing, this usually assures that things will eventually be out of your control and not be done the way you want. The alternative?

Start the process. Don't be afraid to admit that you don't know how to begin. Think of where you want to end up; then start a dialogue, communicating with family members to find out their goals, objectives, and wishes. Study the financial feasibility. Examine the business as a business, not as a way of life. All too often we see farmers who suddenly think that a farm that barely supported one family is now big enough to support 2 families!

Professional help. You will need the assistance of certain professionals. Discuss the tax implications of any possible actions with your accountant. Contact UVM Extension to discuss

general farm issues and enterprise options. You will need to visit an attorney to discuss your goals and the steps you'll need to take to get there. The attorney will also be able to alert you to important legal issues that you must consider. You and your lawyer will come up with an interactive plan of action that will involve your family, an accountant, and possibly financial advisers working alongside the attorney. Going about the process this way will ensure you have addressed the many different challenges while avoiding potential pitfalls as you commence your course of action.

The right way. There is no one set method of action. Every farm family is different. Each has different goals, different outlooks, and different objectives. Family and financial situations are varied. There are many tools out there to assist but there is no one that can tell you exactly what you should do. It's your decision. But always remember this: you will have a farmland transition someday. It may be planned or unplanned, but it will still occur. And remember that even after speaking to experts and advisers, you may still be uncertain as to what to do. The most important thing is to stop procrastinating and make a move toward your planned farm transition.

A place to start. There are a number of programs and resources to help you begin.

- **UVM Extension Farm Viability/Farm Business program** – Provides farm owners with one-on-one planning services including business planning, enterprise analysis, cash flow plans and transfer/succession planning.
https://www.uvm.edu/extension/agriculture/agriculture_business_management
- **Land for Good** – Provides support and expert guidance to help farmers, landowners and communities navigate the complex challenges of land access, tenure and farm transfer planning and support.
<https://landforgood.org/programs/farm-legacy/>
- **Vermont Agricultural Mediation Program** – The Vermont Agricultural Mediation Program (VTAMP) is the official United States Department of Agriculture certified agricultural mediation program for Vermont. VTAMP provides free mediation services to the agricultural community to help resolve disputes before they end up in court. A neutral VTAMP mediator can help farm families clarify changing roles and responsibilities, agree on financial terms, and navigate difficult conversations that often are part of family farm transitions.
<https://emcenter.org/vtamp/>
- **Nationwide Land As Your Legacy** - Team of legal and tax professionals can help ensure the successful transition of a family business from one generation to the next and preserve the legacy that's been built. At no cost to the farmer, develop a transition plan focused on helping protect the future for the business and family.
<https://www.nationwide.com/business/agribusiness/farm-insurance/ag-financial/farm-succession/>

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