Welcome!
This program will begin at 6:30 p.m.

Planning for the Future of Your Farm
February 15, 2021
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Nuts and Bolts

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PG-# Session materials at: go.osu.edu/planforfuture
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Session #1 (February 15): Objectives

- Setting your farm and family goals
- Engaging your heirs
- Conducting an analysis of your farm business
- Planning for the unexpected
- Making you a bit “uncomfortable”

This presentation is offered as an educational session. It does not offer legal or tax advice. All participants are encouraged to consult their accountant and attorney with specific tax and legal questions.
Session #2 (February 22): Objectives

- Examine family communication issues
- Strategies in dealing with communication issues
- Fair vs equal
- Getting your affairs in order
- Estate planning tools

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Session #3 (March 1): Objectives

- Estate planning tools
- What would you do scenarios
- Putting it all together
- Q & A

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Family Dynamics

Transition Planning

Estate Planning
What are the major issues that you need help with as you plan for the future of your farm?
Poll #1 - What are the major issues you need help with as you plan for the future of your farm?

- Developing transition and estate goals
- How to transition the management to the next generation
- How to split the farm when I have both on-farm and off-farm heirs
- Understanding the legal options (wills, trusts, LLC)
- How to talk to my family about the transition and estate plans
- How to select an attorney
- How to get my affairs in order
Why Don’t Farm Families Plan Better for the Transition of their Farm?
Typical Reasons Which Might Be Holding You Back

- Don’t have time
- It is uncomfortable to talk about death
- Family conflict
- Don’t know what or how to do it
- Lawyers are expensive
- We don’t agree on what should happen
- Other
Do any of these farm transition scenarios sound familiar?
The Future of our Farm

- Grandpa still makes all the decisions for the farm. It has all worked fine for all these years and there is no need to change.
  - or grandma is 87 and is still in charge of all the farm accounts.
- Lawyers are greedy and I don’t understand LLC, Trusts, Wills etc
- Mom and dad won’t talk about the future. Can I afford to farm if I have to buy out my 7 siblings?
- Don’t worry kid- this will all be yours someday………..
- We have no children, what do we do?
  - or none of the kids have an interest.
  - or my kids hate each other
- I farm with my brother and we each have 3 children…who gets to farm?
- I want to love and bless my kids equally
- My dad has passed and now mom (who owns it all) is dating a new man.
  - or I really don’t trust my new daughter in-law
What will be your trigger to get plans in place?
Preparing Your Farm

If you had only 7 weeks to live, what are the most important things you will need to do for your farm to continue?
Preparing Your Family

If you were diagnosed with a cancer that has no cure...what are the most important things you will need to do for your family?
Preparing Yourself
What is Your Goal for the Future of the Farm?
Poll #2: What Will Happen to the Farm in the Future?

- Pass it on as a farm business
- Sell it as a business
- Pass it on to my children/heirs as an “asset” to manage
- My heirs can decide what to do with the farm
- Sell farm when I pass and distribute proceeds to heirs
- Don’t know yet
- Other ________________________________
Who are your Heirs?
Poll #3- Who will be your heirs?

- Biological or Adopted Children
- Step-Children
- My Siblings
- My Parents
- Nieces/Nephews
- Non-Blood Relative or Family Friend
- Church or Civic Group
- University
- Other
What will your Heirs do?

- Own & Operate (Business)
- Own & Rent (Investment)
- Sell (Asset)
What type of farm will you be leaving behind?
What Business Are You Leaving?

1. What is the current financial position and viability of your farm?
2. Does the farm generate enough income for multiple generations?
3. What is the farm’s income potential?
4. What would a SWOT analysis reveal?
5. What does your current and future organization structure look like?
6. Does an heir want to own and operate the farm in future?
7. If multiple parties are involved, can everyone get along?
8. What involvement will the non-farming heirs have in future?
SWOT Analysis

Strengths

Weaknesses

Opportunities

Threats
What is Your Organization Structure?

My Way

Terry
Sam
Randy

Judy

Formal Way

Manager
Crop Manager
Equipment Operator
Machinery Manager
Milk
Dairy Manager
Cow Care/Milk

Accountant

Our Way

Bob
Terry
Sam
Randy

Judy
Jane

Dan
Nancy

Small may not be simple!

PG-14
1. Use professionals who understand farm business management and farm families.
2. What would an OSU FINPACK Analysis reveal about your farm?
3. Engage a farm advisory board.
4. Have you asked/listened to what your family and heirs are saying?

What Can Other Eyes See?

1. Use professionals who understand farm business management and farm families.
2. What would an OSU FINPACK Analysis reveal about your farm?
3. Engage a farm advisory board.
4. Have you asked/listened to what your family and heirs are saying?
Ohio Farm Business Analysis and Benchmarking Program

Helping Ohio’s farm families achieve financial success in today’s challenging marketplace

- Whole Farm Analysis
- Personalized Reports
- Cost of Production per Acre, Ton and Cwt.
- Enterprise Analysis
- Annual Summaries

This work is supported by the USDA National Institute of Food and Agriculture, “Northern Plains Regional Farm Business Management and Benchmarking Partnership” project
To talk about the opportunities, please call:

Visit: [http://farmprofitability.osu.edu/](http://farmprofitability.osu.edu/)

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Who should manage the farm business in the future?
Poll #4- Have you identified who will lead the farm in the future?

- Yes
- No
- Yes, but I am rethinking my decision
- No one will be taking over
Owner-Operator Heir

- Livestock & Crop Production Management
- Marketing of Commodities
- Financial & Tax Management
- Facilities, Machinery & Infrastructure
- Employee Management
- Risk Management
Owner – Landlord Heir

- Tenant Farmer Relationships
- Lease Agreements
- Financial & Tax Management
- Risk Management
- Facilities, Machinery & Infrastructure
Poll #5- What type of owner will you have?

- Owner-Operator
- Owner-Landlord
- A combination of Operator and Landlord
- No future owner
What if your heirs are a mix of both?

Owner – Operator & Owner- Landlord
Questions for Next Manager(s)

1. If you had to take over the farm today, what would you be the most concerned about?

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

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

4. What is your expectation for an appropriate time for management control to be transferred?
Tips for Transition Management

- Employment at another business before returning home.
- Have clear job descriptions and clearly identify responsibilities.
- Increase responsibilities as abilities develop.
- Let the successors have their own enterprise/expertise within the farm business.
- Embrace the sharing of ideas along with cash flows, budgets, and business plans.
- Develop their relationships with your advisors, lenders, marketers.
- Give ongoing feedback.
What strategies are working for you?
Dealing with the Unexpected

What are your plans for dealing with the unexpected?
The Unexpected

- Death
- Disability
- Divorce & 2nd Marriages
- Long Term Care
- Medical Bills
- Not Having Adequate Retirement Accounts
- Buying Out Business Partner
- Unexpected Lawsuit
- Global Issues

PG-20-21
What are the “Elephants in the Room” that might hold up your planning?
Some Elephants

- When communication among family members is poor.
- When the senior generation will not discuss the future or refuse to slow down.
- I don’t trust my daughter/son in-law.
- What will my spouse do after I am gone.
- How can I value the sweat equity which has been provided?
- What do I do when I don’t believe my successor has what it takes to run the operation?
Your Charge for Next Week

Complete the following:
- Passing on Farm Business (page 4)
- Who are My Heirs? (page 5)
- Questions for My Heirs (have heirs complete page 6)
- Complete current Organization Structure (page 13)
- Helping Your Family Stay a Family Worksheet (page 22)

Begin family discussions:
- What Income is Needed (page 8-9)
- Who are My Heirs? (page 5)
- Farm Advisory Board (page 14)
- Planning for the Unexpected (page 20)
Please help me in evaluating my teaching from this session by completing the Qualtrics Evaluation

https://go.osu.edu/EEETdm_Plan4FutureFamilyFarm
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).
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Thank you!