

Fundamental Considerations in Family Farm Transfer Planning | FACT SHEET

Information in this factsheet has been informed by American Farmland Trust's *Your Land is Your Legacy: A Guide to Planning for the Future of Your Farm* and the American Forest Foundation's *My Land Plan* website: www.mylandplan.org.



iStock, Rebecca Picard photo

As a farmer or farmland owner, you have many options when considering the future of your farm—ranging from passing the farm on to your children, to selling it or donating it to a charitable or nonprofit organization. There is no right choice, it all depends on your priorities and situation.

If you want to keep the farm in your family, a whole new set of questions comes up:

- Does my family share my love of the farm and my desire to keep it?
- Is there a family member who is farming or wants to farm?
- Do I wish to divide my property among family members, give it to only one family member, or give it to the family as a whole to jointly own?
- Who in the family will make decisions about the property?
- How will my family manage and maintain the land? Will they be able to cover taxes and other costs upon my death?

Talking with your family. Your plan for the future of your farm won't work if your family can't put it into action. The first step is talking about the situation with your family. Every family will handle family meetings and conversations differently. But there are some tips that can help make your meetings successful.

Before the meeting.

- The best time to start your estate planning process is now. But avoid family celebrations, such as birthdays or holidays, if you can. There's no need to compound the difficulty of initiating these discussions with the stresses of a special occasion.
- Decide on who will participate in advance. It is better to be inclusive and invite all those affected by your plans.
- Your best bet is to gather in person at a place where everyone will feel comfortable. If your home or farm isn't a neutral site, opt for a restaurant, public meeting room or other location with no emotional significance to your family.
- Consider hiring a facilitator to help initiate discussion and keep it focused on your goals for the meeting.

(more →)

Resources

Farmland Information Center
(www.farmlandinfo.org)

- *Farm Transfer and Estate Planning* fact sheet
- *Your Land is Your Legacy: A Guide to Planning for the Future of Your Farm*

Land for Good
(<http://landforgood.org>)

- *Farm Succession Strategies for the Junior Generation*

This fact sheet was developed as part of the **Farmland Advisors** project with support from the Northeast Sustainable Agriculture Research and Education (SARE) program and the Farm Credit AgEnhancement Program.



(continued)

During the meeting.

- Prepare an agenda detailing topics for the meeting and make sure everyone gets a copy in advance. Be clear about the meeting rules and approach to making decisions. Have someone take notes so everyone can remember important points and decisions.
- Start with your values and be frank about finances. Your family members can't help you plan for the future if they don't understand your present situation and priorities.
- Focus on the future. Remember your purpose is to find common ground and a shared vision for things that lie ahead, not to revisit conflicts from the past.

After the meeting.

- Make sure to follow up. Give everyone assignments, as needed, and let them know about actions and tangible results that came out of your meeting.

Assemble a team to help plan your farm transfer.

Successfully transferring your farm will likely require help from business, legal, financial or tax professionals. In addition to your family members, common participants in your 'planning team' include an attorney, lender, farm management or tax advisor, facilitator/mediator and land trust.

To find professionals that are right for your situation, start by asking people you already trust. Talk to an attorney, financial planner or other professional whose advice you value, or ask your friends and family. Your Cooperative Extension office or farm lender are other sources.

Consider calling or setting up an appointment with professionals that you've identified. Most likely you are looking for someone who:

- Has significant experience with estate planning and farm succession, and has an up-to-date knowledge of the field and relevant laws;
- Comes from a family farm or has experience with farmers and rural landowners;
- Connects with you and will make you more comfortable with the process and decisions;
- Can provide you with references when you request them.



USDA NRCS, Ron Nichols photo

Moving forward with your farm transfer plan.

Each farm transfer situation is different, and the strategies for achieving a family's goals will reflect these distinctions. But there are common goals that each farm transfer plan should address:

- Transferring ownership and management of the farm business, land and other assets;
- Managing transfer taxes (income, gift and estate);
- Providing financial security and peace of mind for all generations;
- Developing the next generation's management capacity to better prepare you and your family for the future farm transfer.

Developing a farm transfer plan can encompass some of the most difficult family, financial, legal and business decisions that you will ever make. But, when it's completed, you can feel confident that the future of your farm is more secure and your family's interests have been protected.