



Succession Planning for Farmers and Ranchers

Agricultural Groups at Denver Conference Call for Public Policy Initiatives

WealthCounsel recently participated in a national conference in Denver where policymakers from the U. S. Department of Agriculture, representatives from land grant universities, non-profit organizations, state agencies, and other groups gathered to discuss issues impacting the acquisition, management, and transfer of the nation's farm and ranch lands.



Kathy Ruhf, FarmLASTS project co-director and conference manager

Changing Lands, Changing Hands was the first national conference of its scope and significance to assess problems and recommend solutions. The event was made possible by a grant from the U. S. Department of Agriculture and several sponsors.

WealthCounsel member Darrel Johnson from Elkhart, Kansas attended the conference and facilitated discussions on the topic of estate and succession planning for farmers and ranch-

ers. Upon returning from the conference, Darrel posted comments on WealthCounsel's farm planning listserv that included hyperlinks for those wanting to learn more about the conference and those seeking to expand their networking relationships with agricultural organizations.

On August 5, 2009, Darrel and colleague Steven Graber will be leading a breakout session at the *Planning for the Generations Symposium* in Chicago entitled "How Are We Going to Keep the Farm, So We Can Be Down On It?" The presentation will explore the myriad of issues involved in planning for farm and ranch families.

According to Ruhf, one of the most critical public policy goals is to target and reach older farm families about the

importance of succession planning. USDA research indicates that up to 25 percent of the nation's farmers and ranchers will retire within the next 20 years. A substantial portion of the 87 million acres (owned by the 42 percent of operators planning to either rent or sell their land) will likely become available in farmland markets in the next several years. According to one survey, of those farmers planning to retire, only 30 percent have an identified successor. A recent survey of Iowa farmers found that nearly half had not discussed retirement with anyone.

"As one outcome of the conference, participants reaffirmed the importance for farmers and ranchers to have a plan in place," said Kathy Ruhf, FarmLASTS project co-director and conference manager. "As important is the need to address the transfer of farm *management*, not just the transfer of farm *assets* as part of the transfer plan," Ruhf added. Effective succession planning begins well in advance of when the younger generation is expected to take control so that managerial roles and legal ownership of the farm can be transferred gradually, Ruhf explained.

Other outcomes noted by Ruhf included the need to bring to the table and value women's voices – the spouse, daughters and daughters-in-law; how planning can or should include recruiting a non-family successor; and that less-traditional models such as longer-term leases instead of selling the farm should be considered.

Ruhf indicated that it takes a team of advisors to help farmers put a succession plan in place. "Estate planning is just a part of it. Farmers also need to consider business planning, land use planning, retirement, family communications, and many of the 'soft issues' because both family and business goals must be articulated and addressed. Although attorneys can do some of that well, they typically don't have the time or skills to do the necessary ongoing hand-holding to see the planning process through to completion," Ruhf stated.