DEVELOPING GOALS AND MEETING OBJECTIVES

Editor's note: A key challenge faced by farmers and landowners is clearly articulating their goals and objectives to their professional advisers. Busy practitioners are challenged to spend the time with clients helping them - and their families - explore their goals and objectives, and identifying often hidden and potentially conflicting goals. The more work that can be done to articulate goals and objectives before meeting with advisers, the better they will be able to help you. Indeed, the many decisions of farm transfer are built on a clear understanding of a shared vision. This can only be achieved by the exercise of writing down goals and objectives. Generally, you should think of goals as long term (5 to 10 years) and objectives as those shorter-term achievements that take you to your goals. Tasks are your specific “things to do,” and though you may not know exactly the tool you need to accomplish the objective, your professional advisers will help you with those tasks. The worksheets following should provide a platform to get you and your family started. The following list has been edited and reformatted from Estate Planning: Where to Begin by Ted Feitshans, et al, NCSU.

Your goals and objectives for your estate are unique. Likewise the objectives of your family members may be different from yours. You, the owner of the farm, will ultimately create the will and make the estate decisions. Nevertheless, discussion of your goals and the desires of family members and business associates can reduce the likelihood of strife during the transfer.

Talk with your family, and list their goals, objectives, concerns, and desires. Does your child expect to take over the family business? Do the other children feel apprehensive about being nudged out of the estate? Do your relatives feel comfortable being named guardians of your minor children? Does your spouse agree that your assets should be distributed to your children from your current or previous marriage? Does your spouse feel confident that he or she can manage the property after your death?

After you have a feel for your family’s goals, sit down and list your individual objectives. Rank your objectives in order of importance. Consider the bullet list below as a guide. Once your objectives are clear, your estate plan can be tailored to meet your particular needs.

The list below reflects common goals followed by objectives to reach those goals associated with farm transfer and estate planning. This is not a complete list. You and your family’s goals and objectives are as varied as the individuals who have estates to plan. Not mentioned are the less laudable objectives that can include using one’s estate plan to manipulate friends, relatives and business associates, or to take revenge. Be careful while planning your estate to avoid unforeseen consequences that may result in litigation over your estate after your death. If you fear your estate will be embroiled in controversy, be sure to alert your financial counselor or legal adviser.

A sampling of suggested goals, objectives and associated tasks:

GOAL: Provide security for your surviving spouse.

OBJECTIVE: Relieve your surviving spouse of management responsibilities.

OBJECTIVE: Retire at a specified age (for example, 50, 60, or 70).

OBJECTIVE: Provide security for both spouses after retirement.

TASK: Provide management flexibility for your surviving spouse.

TASK: Make advance decisions about end-of-life issues including whether to terminate life support, whether to use alternatives such as hospice care, and whether to use certain medical technologies.

GOAL: Assure continuity of a farm, ranch, or other businesses.

OBJECTIVE: Protect business associates and the business from adverse consequences of your death.
OBJECTIVE: Minimize estate and probate taxes on the estate of spouse who dies first.

TASK: Review the current operation and ownership of the farm, ranch or other business, and restructure as needed to promote sound business management.

TASK: Purchase investments and insurance that minimize the financial consequences of your incapacity or disability.

TASK: Transfer property during your lifetime by means of an installment sale.

TASK: Provide for the payment of the estate’s taxes, debts, and expenses.

OBJECTION: Transfer specific property to specific heirs or others.

TASK: Nominate a health care agent to make health care decisions in the event of your incapacity.

GOAL: Transfer as much of your wealth as possible to your chosen heirs.

OBJECTIVE: Minimize other taxes, including income, property, and gift taxes that may adversely affect you, your business or your heirs.

OBJECTIVE: Provide for coordination between federal and state taxes to minimize the overall tax burden.

OBJECTIVE: Provide financial and physical security for an incapacitated heir.

TASK: Provide for charitable bequests to your favorite charities or other organizations.

TASK: Reduce income taxes through disposal of income producing property during your lifetime.

Minimize expenses associated with settling an estate.

Section One: Developing a Vision for the Future

TASK: Use trusts to prevent financially irresponsible children from dissipating their inheritance.

TASK: Nominate guardians or designate trustees for minor children, or both.

TASK: Nominate a guardian or draw up a durable power of attorney and nominate an agent in the event of your own disability.

TASK: Nominate executor(s) of your estate.

GOAL: Provide equitable (although not necessarily equal) treatment of children.

OBJECTIVE: Make gifts to heirs and others during your lifetime.

TASK: Transfer nontitled personal property of significant emotional value but little monetary value in a cost-effective manner that satisfies heirs.