

FARM TRANSFER PLANNING: A SUGGESTED DEFINITION

Farm Transfer Planning. *n.* A process of decision-making that protects your land's agricultural and forest production while preserving family relationships and enhancing community development.

If you are to really tackle developing a plan for your farm's future, the above definition covers the essential bases. The concepts explored in this workbook go beyond simple estate planning, which is merely the distribution of what you own when you die. Most folks do not like to think of their own death, and are often less interested in discussing it. Therefore, better to use the word "transfer" (as in farm transfer, or even wealth transfer), mostly for the fact that transfer is about change in who farms, who owns, and who manages your land. Your and your family's ability to manage this transfer during your life is what the future of your farm is ultimately about.

First, farm transfer planning is indeed a **process**. As Dwight Eisenhower once said, "The Plan is nothing, but Planning is everything."

What he surely meant was: things will change, but if we put in the work to gather and evaluate information, this will enable us to make better decisions as matters change. Farm transfer planning is the same idea. It is not a passive event, and there is no magic tool or silver bullet that will make it easy or issues go away without addressing those issues. It is the act of planning that makes the future you want more likely.

Your process supports better **decision-making**. The process you employ to methodically gather information about what you and your family wants for the farm and your own lives, what your farm is good for (if you need income from it), and what you own and the extent of its value empowers you to choose among the tools available to you. Legal tools can be executed to minimize foreseeable risks and accomplish articulated goals, but as things change in life, the outcome those tools were designed to produce may no longer fit the situation. In other words, it does not end with the execution of a will, no matter how good you think that will expresses your desire at the time your attorney writes it. If a will distribution scheme needlessly risks a farming heir's long term tenure on needed ground, the will cannot change itself.

Your decisions should **reduce risks to productivity** of the farm. If it is important to you and your family that your farm remain in the family and/or in production as it passes to the next generation, your decisions should allow for a smooth transition in the use and management of that land. If a family member is farming it, he or she will need to know their use of the land is a secure resource for their farm enterprises. At the least, your heirs will need to know who is in charge of renting it, or paying taxes on it, or harvesting timber, all basic land management decisions and tasks.

This planning process supports your true legacy: **preserving your family**. How well your children get along after you are gone, and how they remember the example you (Mom and Dad) set for them are

a true legacy. Keeping land in a family where the family relationships are deteriorating defeats the purpose of keeping wealth in the family, and often this leads to loss of land and wealth. It certainly leads to

stress on the farmer or manager of the land. In my experience, nothing leads faster to a damaged family than a piece of land and differing ideas on what to do with it.

Finally, how a family plans for the future use of their land depends in some measure on the **community development** around them. Not just in terms of development pressure, but what programs and resources (such as marketing infrastructure) are available to them ultimately depends on how many farms avail themselves of these resources. For example, the cash provided by a purchase of development rights (conservation easement) program will greatly influence the direction a family takes with its farm. Local agricultural economic development initiatives, farmers markets and other local distribution channels all depend on farmer and landowner participation. In a word, the relationship is symbiotic. Community development around agriculture depends ultimately on the aggregate of decisions individual families make about their farms.

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