

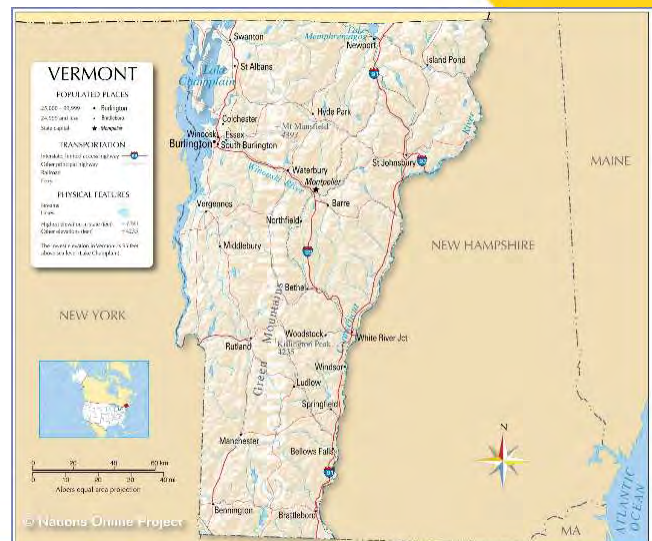
INTRODUCTION TO FAMILY FARM TRANSFER PLANNING

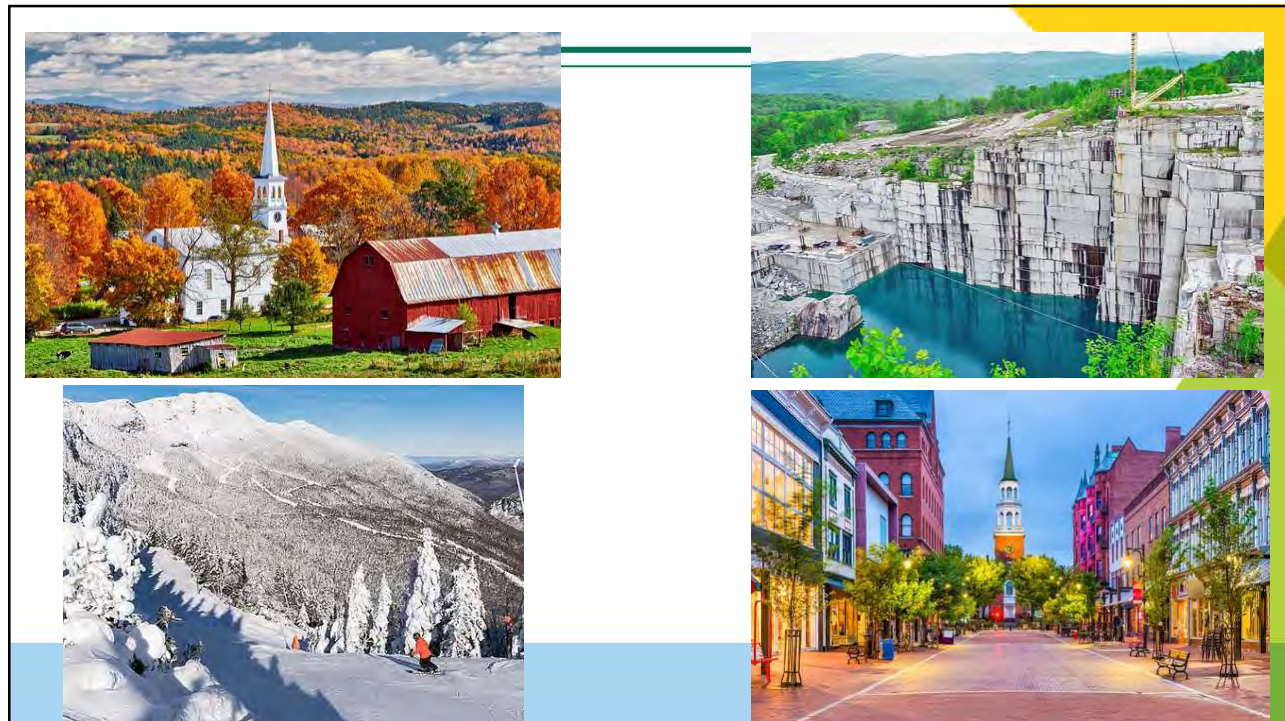


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VERMONT

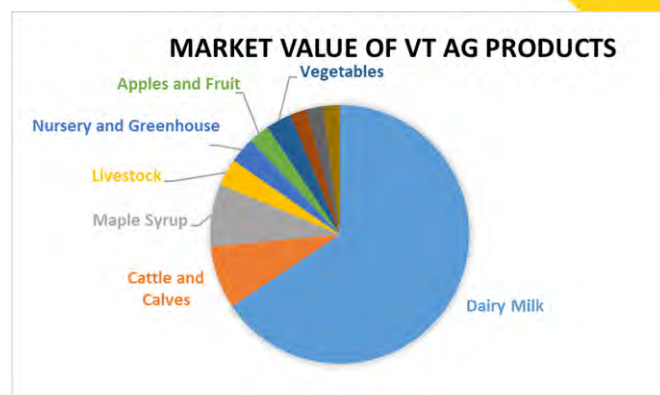
- ❑ Population: 650,000
- ❑ Largest City (Burlington): 80,000
- ❑ North to South: 3.5 hours drive (170 miles)
- ❑ East to West: 1.5-2 hours drive (~90 miles)





THE VERMONT FARM ECONOMY

- ❑ 75% of Vermont is Forested Land
- ❑ Dairy: 65% of Agricultural Land Acres and 70% of Farm Sales
- ❑ Number of Farms: 6,800
 - Most are hobby farms or “very small” with less than \$5,000 in annual sales
 - ~2,000 “commercial farms” with annual sales \$25,000 and higher
- ❑ Farm Owners are aging. Average age 58+
- ❑ Increase in new farms: many are very small, often diversified



TRANSFER PLANNING

The multi-year process for current farm owners, family members and future farm owners (family or non-family) to...

Discuss – Analyze – Decide

... the future management of farm operations and future ownership of farm assets.



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TRANSFER PLANNING

- ☐ Future of the family
- ☐ Future of the business
- ☐ Legacy
 - Land – Wealth
 - Farming occupation
 - Family harmony or conflict
- ☐ Opportunity and Vision for the next owners



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TRANSFER PLANNING IN VERMONT

- ☐ One on One planning with an adviser
- ☐ 12-18 months of planning
- ☐ “Plans” are never done. The plans describe the things that will happen over 5-15 years
- ☐ Guidance for Advisors



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ELEMENTS IN A “FARM” TRANSFER

- ☐ Land
- ☐ Buildings and Improvements
- ☐ Home or houses
- ☐ Farm Equipment
- ☐ Management Responsibility
- ☐ Debts and Obligations



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ELEMENTS IN A “FAMILY” TRANSFER

- ☐ Parents deciding about their estate plan and inheritance
- ☐ Farming and non-farming children
- ☐ Fair vs. Equal
- ☐ Different opinions
- ☐ Current owners are able to “let go”



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WHY IS TRANSFER PLANNING AVOIDED ?

- “ I don’t have time, we are always busy”
- The farm business is struggling
- Difficult to talk about death
- Family tension – competing interests
- Fair vs Equal Dilemma



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ESTATE PLANNING – CURRENT OWNERS

- ☐ Develop your vision and goals for the future
- ☐ Determine your future needs: income, housing and basic needs
- ☐ Organize the information on the resources and assets
- ☐ Get input from family members and make them aware of the decisions you plan to make.



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FAMILY COMMUNICATION

- ☐ Getting everyone's input
- ☐ Owners and parents have difficult decisions to make
- ☐ Productive family meetings



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VALUES – WHAT IS IMPORTANT AND WHY

- ☐ What is important to you about the farm today?
- ☐ What are your hopes over the next 10 years ?
- ☐ What are things you want other family members to know?



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VALUES – WHAT IS IMPORTANT AND WHY

Examples

- A paid jobs or a lifestyle
- Land ownership or access to land
- Decision-making control or teamwork
- Business – Family



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THE RISK: 5 D's

- ☐ Death
- ☐ Disability
- ☐ Disaster
- ☐ Divorce
- ☐ Disagreements



- How likely is this risk to happen?
- What are the steps needed to manage the risk?



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FUTURE FARMERS: THE INFORMATION THEY NEED

- ☐ Business situation now
- ☐ Farm Resources
- ☐ Market Outlook
- ☐ Property Ownership Outlook



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FUTURE FARMERS: THEIR PLAN

- ☐ Identify the skills and training needed
- ☐ Readiness to take ownership



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FARM TRANSFER TOOLS

- ☐ Wills
- ☐ Trusts (*Revocable trust, living trust, irrevocable trust*)
- ☐ Gifting
- ☐ Business Entities
- ☐ Buy-Sell Agreements



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OUTCOMES

Develop and execute the formal agreements after you have taken the time to ...

Discuss – Analyze – Decide



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ADVISERS - FARM TRANSFER

- ☐ Facilitator – mediator - counselor
- ☐ Legal Professional
- ☐ Tax Professional



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RESOURCES AND PROGRAMS

- ☐ What is available in your region?



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GETTING STARTED

- ☐ What are you ready for now ?
- ☐ What can you start to prepare for ?
- ☐ Step 1: Confirm the title status of your property –
Complete a title search with your municipality.



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