



Agribusiness solutions

Simplified  
planning to  
help secure  
your financial  
future

**Running a successful farm or ranch takes time, strategy and sometimes a little luck.** You may find yourself trading commodities, planting, pruning and harvesting crops, tending to livestock, or patiently waiting for yields. No matter what kind of operation you run, you have a remarkable capacity for strategy — planning years into the future despite incalculable variables.

Many farm and ranch owners simply don't plan personal financial futures or for the next generation's ownership. Some have kids ready to take over, so they assume the transition will take care of itself. Others simply avoid thinking about the day when they're no longer in control of the family operation they've diligently nurtured. Still, others hesitate to jump into an arena they know little about.

You've put in long hours building your operation, and your legacy, so that you can pass it on intact. Because no one knows what tomorrow will bring, now is the time to plan for that transition. Thankfully, you have options. And we'll help you through some simple steps to create a strategy that can help you and your family:

- Live your best life
- Protect the legacy you've worked hard to build
- Keep peace in the family
- Ensure the future success of your operation

## Four key areas for planning

Planning to pass down your land, equipment, lifestyle and legacy to the next generation may seem complicated, with delicate decisions to make. But over the years, you've been a meteorologist, a conservationist, an engineer, a veterinarian, a mechanic, a risk analyst and a businessperson. It's now time to add succession planner to the list. Take a look at these four planning categories designed to help you and your family work together to realize long-term planning goals.

 Business organizations	 Succession strategies	 Estate planning	 Retirement income
Entity comparison	Buy-sell arrangements	Wills & trusts	Retirement analysis
Liability protection	Succession plan funding	Inheritance equalization	Supplemental income
Discounting techniques	Key person protection	Estate taxes	Chronic illness protection
	Key person retention	Gifting techniques	



### Business organizations

You've likely had this conversation already, and have established a specific formal structure type, such as a LLC, corporation or partnership. You already know that each has pros and cons affecting liability, taxes and control for you, your family and business partners. When thinking about the future of your operation, consider how your business type will affect your overall plan.

#### Topics to discuss with your team of advisors:

- What does my operation look like now?
- What will the operation look like when I'm gone?
- Would a formal business structure benefit me now and in the future?

#### Steps you can take

- 1 | Formalize a business structure, if you haven't already
- 2 | Decide what changes may need to happen, and when
- 3 | Communicate your plan with family members

“Without a formal business structure, an unexpected event could endanger both your business and personal assets.”



## Succession strategies

Some transitions can be anticipated, like a planned retirement. Other events are less predictable, such as an untimely death or disability. Being prepared for both with a formal succession plan increases the next generation's chance of success.

### Topics to discuss with your team of advisors:

- How will I transfer my operation to the next generation?
- Who will own and control my operation?
- How do I minimize transfer taxes?

### Steps you can take

- 1 | Talk openly with family and business partners about the future of the operation
- 2 | Determine value and purchase price
- 3 | Select the type of transition agreement
- 4 | Plan for the expenses of the transition
- 5 | Document your agreement

“Only 30% of operations survive to the second generation; while 10% survive to the third and only 4% to the fourth generation.”<sup>1</sup>

<sup>1</sup> Ag Web, “A Successful Transition to the Next Generation,” Kevin Spafford, Farm Journal Columnist, June 30, 2012.



### Legacy and estate planning

Deciding where your assets go when you are gone is a tough, and important, decision to make. You're the only one who can decide what is fair. But doing it now allows you to gather input, explain decisions, equalize your estate and leave a plan that is easy to execute without unnecessary tax burdens.

#### Topics to discuss with your team of advisors:

- How do I protect my assets while I'm alive?
- How do I reward my successor's efforts?
- How can I be fair to my other heirs?

#### Steps you can take

- 1 | Talk openly with family and business partners about your intent for the operation
- 2 | Document your plan
- 3 | Communicate with executors of your estate
- 4 | Regularly revisit and update your plan

“With proper planning, you may avoid becoming part of the 38% of farm/ranch estates that pay federal estate taxes.<sup>2</sup>”

<sup>2</sup> Tax, Policy Center, Estate Tax Returns Filed in 2015 [1]: Type of Property, by Tax Status and Size of Gross Estate, December 16, 2016



## Retirement income

We get it. Retirement means slowing down, not walking away. You'll still be involved, but with a different role. The next generation will be doing more, and earning more from the operation. Planning ahead can help you buy back your time, and do those things you've likely put off while you were tied to the day-to-day (like that vacation you've promised).

### Topics to discuss with your team of advisors:

- What retirement income resources will I have?
- How much of my income needs will be covered by each resource?
- Will my resources meet my retirement income goal?

### Steps you can take

- 1 | Discuss expectations with family and business partners
- 2 | Determine your transition milestones
- 3 | Calculate your retirement income needs
- 4 | Create a plan to close any retirement income gaps

“Without proper planning, unexpected health care or nursing home expenses could be devastating to both your retirement and the continued success of the operation.”

## When you're ready, we're here to help

The importance of taking action can't be overstated. Remember, what you do on a day-to-day basis isn't just a job, it's a way of life. If you're like most farmers and ranchers, you have built a legacy you'd like to see carried on for generations. As you prepare your plan, we'll be here to walk you and your family through each step, helping with open communication about tough topics. Soon, you'll look ahead with confidence while you enjoy the everyday.





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