

The Secret to an Effective Farm Estate Plan

By Darren Frye, Water Street Solutions

I sometimes hear about farm families where the older and younger generations have gotten frustrated with each other. There's confusion around what the farm's future will be like.

Here's a situation like that. The farm was growing and expanding – the future looked bright. Both generations planned that the younger generation – in this case, the son who was currently working on the farm – would run the operation in the future.

But sometimes the son seemed hesitant to get involved or to make decisions for the operation – even smaller decisions. The older generation began to question the son's commitment to preparing to be the farm's future leader.

Meanwhile, the son felt he lacked skills and know-how to make the best decisions for the farm. The farm family became locked in a pattern of confusion about what the future of their operation could or should look like.

Because of these worries, the older generation sat down for a conversation with the son, to try to get a sense of what was going on. They decided to approach him with a discussion of ideas about what their estate plan might look like. They also talked candidly about what they were seeing as his lack of commitment to preparing to run the farm.

As the three of them talked, they began to realize that there wasn't a commitment problem – instead, they lacked a shared vision of where the farm was heading in the future.

The son felt that he didn't know what Mom and Dad were envisioning for the farm. And while the parents both had a general idea of each other's goals – they weren't completely on the same page either.

Rather than jumping head first into the estate planning process, the family decided that they needed to step back and take a broader view. They worked with a farm business coach to create a strategy plan for the operation – with written goals and a plan for how they would achieve them.

One of the goals was a training plan to develop the son's leadership and management skills. The plan spelled out the time frames for his transition into farm leadership. The son started feeling much more comfortable with beginning to make decisions for the farm because he could use the plan as a guideline for his decision-making.

His parents now saw very clearly how the decisions they were making right now would affect the vision for the future. They became very aware of how achieving shorter-term goals would contribute to the success of the overall operation – and their son – in the future.

The family also had gotten a pretty clear idea of what the parents' estate plan would need to accomplish. They planned to begin working with a legacy advisor and an ag estate planning attorney to figure out the 'how' for their estate plan – they had already figured out much of the 'why' behind it.

Frustration and confusion about the farm's future can be eliminated – through clear, shared goals for the future. How will you take this first step toward a smooth farm transition – that helps ensure the success of the next generation and your legacy?

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