

# What's Your Farm's Future? Farm Transition and Estate Planning Workshop

Belmont and Gays Mills, Wisconsin

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# Presentation Focus

- This is a 3-5 year process!
  - Readiness
  - Planning
  - Communication
- Know your Manners Kids!
- Focus on Management not ASSETS!

So you want to farm?



You ARE:  
Ready  
Eager  
Willing  
Passionate



But is Everyone?



# Ask Yourself This:

Yes

No

• Is the owner (Dad and Mom or Existing operator) ready to start the conversation/process?

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\_\_\_\_\_

• Are you ready to be committed to farming as a career and make management decisions?

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\_\_\_\_\_

• Are you ready to deal with unpredictable weather, prices, margins, and cash flow?

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\_\_\_\_\_

• Are you ready to make sacrifices and invest in the farm?

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\_\_\_\_\_

• Can you see raising your family on the farm?

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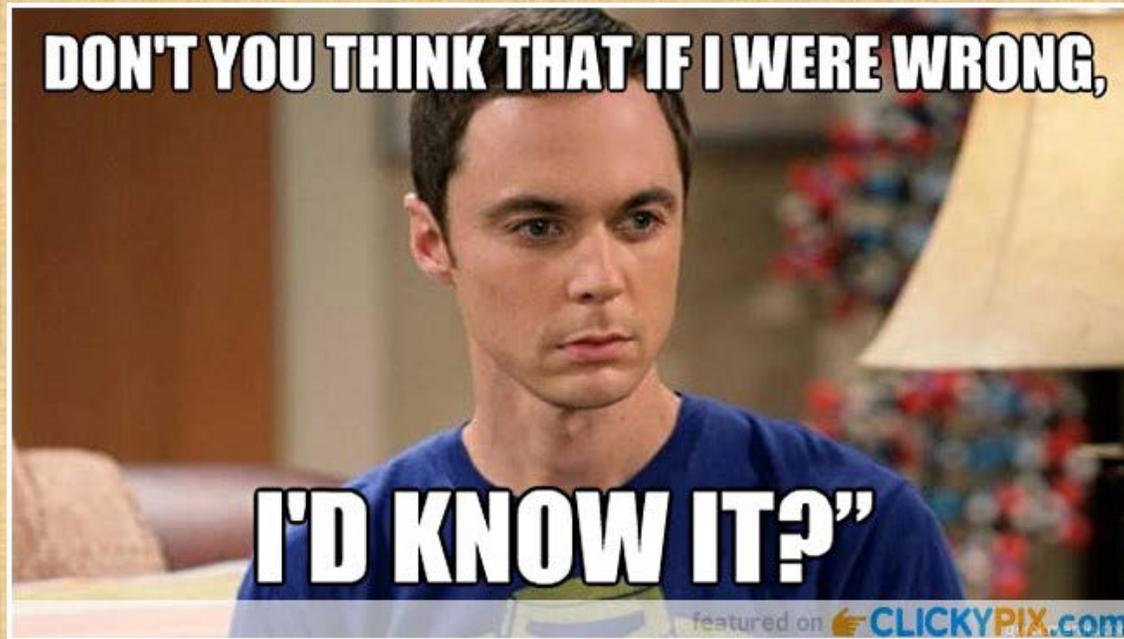
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# Take the Time to Check

- A “NO” is not a bad thing!
- Remember this can be a 3-5 year process
- Remember we want to focus on Management
- Share your answers

The First Step in Succession Planning is that both parties must be ready

“Failing to plan, is planning to Fail” -Benjamin Franklin



Decision Making: Alternatives, Uncertainty, High Risk Consequences, Interpersonal Issues, and Complexity that make planning difficult.

1. Make decisions as a family.
2. Make these decisions into reality.
3. Determine how to transition the decision making from one generation to the next.

# Consider the following in your Plan

- What are your living expenses (meeting the NEEDS)
- What are your recreational expenses (meeting the WANTS)
- What are your taxes (meeting Uncle Sam's WANTS)
- Savings and Investing for the future
- What is your current relationship situation?
- Will this situation be the same 5 years from now? 10 Years?
- Will there be off farm income from you or significant other?
- Kids? How many?

Ok Lets Break it DOWN! Take 2 minutes to mark Need or Want

# What are your living expenses

(meeting the NEEDS)

- Home Mortgage/Rent
- Insurance
- Home Repairs
- Utilities
- Auto
- Gas/Fuel
- Groceries
- Eating out
- Household Supplies
- Clothing
- Health Insurance
- Co-Pays
- Child Expense (Child care, school, lunches, clubs)

# What are your recreational expenses

(meeting the WANTS)

- Phone/Cell (May be a Need)
- Satellite/Internet(bundle)
- Eating out
- Farm Animals for pleasure
- Entertainment/Habits(DVD's, hunting, sports, cigarettes.)
- Recreation (Weekends, vacations, big boy toys, sporting events)
- Pets
- Gifts/Donations
- Continued Education
- Hired Professional/Service fees

# What are your taxes

(meeting Uncle Sam's WANTS)

- Real estate taxes
- Income taxes
- SS Taxes



# Savings and Investing for the Future

- Future farm expansion
- College education
- IRA/Retirement saving
- New/remodel house
- Unexpected medical
- Holiday savings

# Family Living Expenses

Looking to the future what will you need/want going into your pocket?

Year	Age Less than 31	Age 31-40	Age 41-50	Average All Age Farm Family Living Expense	Avg. Nonfarm Income
2010	33,349	54,399	61,665	53,536	26,069
2011	40,841	60,825	69,881	61,139	26,796
2012	41,580	65,704	75,173	64,347	29,903
2013	46,378	65,764	77,704	66,466	30,119
2014	45,385	64,995	79,628	66,740	31,376

Source: FINBIN Farm Financial Database

Family Living Expenses of All Farm are Dairy, Beef, Hog, Crop, and all Crop combinations.

# Lets Get Started

- Determine your current situation on the FRONT
  - Use the Monthly and Annual Household Spending Plan
  - Put your pencil to paper!
- Determine your future situation on the Back (5-10 years from now)

Question: What do you believe is a reasonable level for family living withdrawal from the farm?

# Know your Table Manners

(Young and Old)

- “Miss communication and egos effect a farms bottom line more than markets and weather” – Mark Andrew Junkin, Farm Mediator Specialist
  - Let Do some MATH
  - Trust = Respect + Responsibility + Active Listening + Honest Sharing
    - Roger T Williams, Consultant/Mediator

Use these elements in your day to day communications!

# Respect

- Take the “Team” approach
- Acknowledge other intelligence, talents and schedules of others
- Address others on the “Farm Team” as an adult.
- Increase farm profitably by 10% in 3-5 years = earned respect
- Treat the older generation as a mentor or trusted advisor until the day they die!



# Responsibility



- Be Accountable
- Help out to cover the tasks that are not delegated
- Do your “Fair Share” of the work

<5% of farms pass onto the 4th generation due to family drama or bad joint family business decisions creating economically unviable farms.

Source: Agriculture Strategy

# Listen

- Listen to the thoughts and concerns of others
  - Transfer of Wisdom from one generation to the next
- “I hear you saying” or “That sounds good and” = Active listening
- Feelings are often expressed behind words



# Honest Sharing

- Express your hopes, wishes, goals and expectations in a caring way.
- Share areas of concern
  - ID a production improvement
  - ID a way to improve chore efficiency
  - ID a way to make the farm safer for children



# Focus on Management

- With more people on the farm, you have more room to specialize
  - Become the calf expert, feed manager, milking manager, breeding manager, master mechanic, crop manager, accountant, human resource director, ect.
  - Use your skills/training to maximize the benefit to the farm business
  - With specialization of tasks, comes more accountability!

# Stick with the PLAN

- As development of the specialized tasks evolve, you may feel it is hard to get away from the farm. Develop a schedule for “Time OFF” and **STICK TO IT!**
  - If it is your weekend off, you take it!
  - Older Generation Especially
- Create agreements on who will be making important management decisions

# Lets Review

- Farm Transfers take TIME!
  - Both parties must be ready
  - Know what you need for your plan
  - Open the communication door
- Use your best table manners
- Focus on Management

# Questions



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