



Estate and Transition Planning for Agricultural Producers

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Project Introduction

Expended Amount: \$22,416

The Estate and Transition Planning for Agricultural Producers Workshop was an educational program held in five Texas locations (Abilene, Stephenville, Fredericksburg, McKinney and Waco). The six-hour workshop was developed to cover estate planning terminology and essential considerations, the unique issues involving retirement planning for agricultural producers and transition planning for the agricultural business. The workshops included equal time dedicated to lecture and hands-on exercises and case study examples. The goal of these programs was to present thought-provoking information and a framework for individual agricultural producers to develop their own estate, retirement and/or transition plan and to better prepare them for substantive conversations with family members and their professional team. The objectives were to create individual plans and begin or complete the implementation process.

Project Participants

Estate and Transition Planning Workshops were attended by 154 agribusinesses that represented 357 family members, partners or shareholders who also had a working interest in the operation. The aggregated management tenure on the present farm/ranch by participants was 5,440 years. Of farms/ranches represented, 87% were individually

or family owned, 7% were partnerships, 3% LLCs, 2% corporations, and 1% trusts. The average age of attendee was 64.5 years of age with 4% under 44, 40% between 45 and 64, 36% between 65 and 74, and 20% over age 75. With respect to the operations represented, 18% of farms/ranches had been in operation for less than 10 years, 24% had operated for 11 to 29 years, 27% had operated for 30 to 49 years, and 31% had been in operation for over 50 years. When ranking the priority of their estate and transition plans (i.e., the reason for attending the workshop), participants ranked the following alternatives as their primary focus: (31%) maximize wealth to be passed to heirs, (23%) keep land holdings intact and/or preserve the family's agricultural legacy, (21%) ensure the financial wellbeing of a surviving spouse or family member, (20%) avoid family strife by distributing property equitably among heirs, and (5%) maintain privacy of personal assets and minimize administration costs.

Project Area

Although the workshops were held at five locations, participating producers traveled from around the state of Texas to attend. Participants owned/managed 77,970 acres in 58 Texas counties and also owned properties in Oklahoma, Iowa and Colorado. Materials and resources developed during this project have also been used to support additional Extension programming activities at Texas A&M AgriLife Extension programs.

Project Outcomes

As a result of attending the workshop, 98% of participants indicated they were more familiar with estate planning terminology, 94% indicated they were more likely to communicate their estate plans with family, 98% indicated they now knew what information they needed to compile to discuss estate planning with their professional team, and 73% indicated that they planned to visit with their attorney to revise/modify their will as a result of what they learned at the workshop. In a follow-up survey of participants four months after the program (43% response rate), workshop participants indicated they were making progress in using the information gained in implementing their individual plans. Specifically, 88% of respondents indicated they were more comfortable about the status of their estate/transition plans, 88% had taken a detailed inventory of their estate value, 85% had reviewed their retirement income needs and sources of income, 62% had reviewed their insurance coverage, 56% had met or scheduled a meeting with an attorney, and 79% of respondents indicated they still had some work to do to complete their estate/transition plans.

Quotes

Stephenville Estate and Transition Planning for Agricultural Producers Workshop participants:

“I wish this material was available on a website. I could refer my customers to it when they begin planning their estate, retirement planning and the transition. I’m an officer at a bank in the area and come in contact with individuals who need this information on a daily basis.”

“Just the suggestions about sitting down with my children and discussing needs, wants and possibilities. I count among my blessings that this was a time of empathy and cooperation.”

Estate and Transition Planning for Agricultural Producers Workshop participant responses to four-month follow-up survey:

“We (dad and daughter) had a second meeting with estate lawyer to divide land equally among three heirs creating three separate LLCs with rights of first refusal if one heir wishes to buy out the other two.”

“My husband and I have a will and medical directives in place with the assistance of our attorney. This program provoked some critical questions about the succession plan. Also reminded me that we need to follow through with designations of who will receive our personal property. This process seems to be a work in progress.”

Project Success Story

One of the comments provided anonymously by participants four months after the workshop was:

“We have made plans for our children (young adults) to prepare a will, and I plan to revise my will. The lectures were very helpful in identifying this. I am developing a file of all the essential estate planning paperwork to keep it all together. I am also setting some goals for saving for later years.”

This statement supports the idea that the objectives of the Estate and Transition Planning Workshops were successful. Opening the lines of communication between family members, setting concrete goals, evaluating options and beginning the implementation process were all explicit goals for this project. The actions taken by this participant (and others) illustrates that as a result of these workshops, participants are approaching their unique objectives for estate, retirement and transition planning as an intertwined process and working with their chosen professional team to implement those plans.

***Sandra Martini, H. L. Goodwin** and **Ronald L. Rainey**, Grant Coordinator and Co-Directors, respectively, of the Southern Risk Management Education Center, serve as editors of this report series. To learn more about risk management education programs and resources, visit the Southern Center website (<http://srmec.uark.edu>) or the Extension Risk Management Education Program link (www.extensionrme.org).

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