



Farm and Ranch Succession Planning CHECKLIST

Larson, Brown & Ebert, PA



Owning and running a farm or ranch is a unique way of life that intricately mixes business and personal goals, family members working together, assets, and family land. Many families have worked on the same farm or ranch for generations, creating a special subset of society that work hard for their land and for their communities. The land that farmers and ranchers own is as important as a family member, and they want to ensure it is protected, nurtured and passed down to loved ones for the farm or ranch's continued operation.

This is what makes farm and ranch planning an equally unique area of the law that takes expert estate planning knowledge from an experienced attorney. Larson, Brown & Ebert, PA can help you build a plan to fit your needs when passing on your farm or ranch to the next generation. We make comprehensive and customized farm and ranch planning easier for you and your loved ones.

This checklist will help you better understand how and why you will want to transfer your farm or ranch onto future generations before your death to help avoid estate taxes.

Take the first step and protect your assets with our farm and ranch succession planning checklist.

Here are the primary things you should consider when engaging in farm and ranch succession planning:



Determine the Purpose of Your Plan and Put It into Words.

- Is your primary purpose to find a way for those family members who want to maintain the farming operations and the lifestyle that goes with it to have a way to do so, while at the same time finding a way to treat family members who do not desire to farm with a fair inheritance?
- Is your purpose to provide family members or descendants with equal shares by dividing up the land into separate pieces.

Understand Your Family Member's Interest and Expectations.

- For those who are involved in the farming operations or who desire to be involved, what are their interests and what are their expectations? Differing assumptions among family members is one of the greatest causes of problems and disharmony between family members.

Talk to Your Family About Your Plan for Long-Term Operations.

Start establishing expectations about the business succession and estate plan well before it is drafted. Communication is everything. It is possible that your beneficiaries may not want the plan you are designing.

Do You Have a Family Member (Next Generation) Interested in Taking Over Your Property?

YES

Discuss farm succession planning with family members who express an interest in managing the farm.

When discussing your successor ask yourself these questions:

- Who are they?
- Are they capable?
- What are their personal expectations?

NO

- If you do not have a successor in the family, seek a next-generation successor that would be a good fit by networking with other farmers.
- OR, set up an internship or limited farm manager position as an introductory period with no long-term commitments. You may need to work with several potential successors before you find the right fit.
- OR, find a professional, like Larson, Brown & Ebert, PA, that can assist in putting together a plan that will ensure your farm or ranch's success beyond your lifetime.

Ensure the Health of the Farm or Ranch Business.

Evaluate the Value of Your Farm or Ranch?

Determine the farm's value by making an inventory and an estimate of the value of each asset. Also, inventory non-farm assets for your personal estate planning purposes.

- What are the income needs for your retirement?
- What are the income needs of the next generation and their family?
- What are the farm or ranch's cash-flow and investment needs?



Establish a Limited Liability Company (LLC) for Your Farm or Ranch.

Do You Have an LLC for Your Farm or Ranch?

YES

- The Operating Agreement is the most important document. Consider the LLC owners' rights so that they have clear boundaries between owners' authority and management's authority. The Operating Agreement should be reviewed, and if necessary, restated so that it accomplishes what you want it to accomplish and so it addresses the issues that should be addressed.
- Determine which family members should have the right to be an LLC owner
 - We can help you write an operating agreement that outlines clear rights and responsibilities for everyone involved

NO

- The experts at Larson, Brown & Ebert, PA, can help you establish an LLC or review and rewrite your operating agreement. We have done this for many farm and ranch clients. Creating an LLC and supplemental business agreements as part of your business succession plans will ease the succession and estate planning process down the road.



Decide Which Other Estate Planning Legal Documents are Right for You.

Some common documents in an estate plan include (but are not limited to) a will, trusts, powers of attorney, and other documents to address specific concerns.

Do You Need a Trust?

This type of document details:

- A contract between you (the Grantor) and the Trustee (in some instances you can be Trustee, in other instances, it must be another person). A well drafted and funded trust can cover most contingencies and concerns. It can solve almost all of the issues that are foreseen.
- This type of document can lead to avoiding probate in Kansas and avoid probate in other states.

Which Type of Trust Do You Want?

Revocable or irrevocable trust?

Each type of trust serves a particular purpose and comes with its own advantages, depending on your situation.

- Revocable Trust: This type of trust can be modified after the document is created.
- Irrevocable Trust: This type of trust cannot be modified after creations, or it isn't easy to modify.

Ensure You Have Proper Asset Ownership and Beneficiary Designations in Your Estate Plan.

- Contact us and we will provide directions as to what information is needed in order for us to assist in providing you with sound advice as to what needs to be done to have a plan in place that accomplishes your goals when planning for the future of your farm or ranch.



Together, the attorneys at Larson, Brown & Ebert, PA have more than 65 years of experience in planning for families with farm and ranch interests. We have farm or ranch clients with land in most counties in Kansas. We also have several clients in North Central Oklahoma.

We can help gain control and peace of mind knowing your farm or ranch is taken care of after you pass and your age with dignity in your golden years of life.

Schedule an appointment today! We welcome the opportunity to discuss your farm succession planning to protect your legacy for you and your loved ones.

Larson, Brown & Ebert, PA, will work with you to create a customized and complete farm or ranch plan to protect your legacy for future generations.



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