

Planning for the future of your farm is never easy, and it has unique challenges when there is not an identified next generation. There are many causes for not having a next generation identified. Perhaps, you didn't have children or your kids aren't interested in coming home to the farm.

But, it is possible to successfully find someone that is right for your farm. Below is a series of steps to take to help you develop a farm transfer strategy and position your farm to have a next generation.

Understand your priorities. Understanding and articulating your values and long-term vision for your farm are necessary first steps in determining who will succeed you on your farm. Establishing goals will lay the groundwork for that succession. Basic questions to ask yourself include:

- a. Do you plan to retire from farming? If so, when do you hope to make this transition?
- b. Do you plan to live on the farm if you retire?
- c. Is it possible that a family member may want to come back to the farm in the future?
- d. Is it important that your family continue to own the farm after you stop farming?
- e. How much money will you need for your retirement and will you need income from the farm to fund your retirement?
- f. How will you divide your assets among your heirs? Will they need to be divided equally?
- g. Is it most important to you to have your farm protected from development?
- h. Do you value providing another farmer with an opportunity to succeed on your farm?

Assemble a farm transfer planning team. All farm transfer planning requires some of the most important family, business, financial, legal and tax decisions you will ever make. Decide who you want on your planning



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team. Choose advisors who can support your decision-making process. Common participants can include attorney, lender, tax advisor, financial planner, mediator and staff from a land trust.

Start the dialogue. Many farm transfer plans fail because they never get started. Some families use farm transfer workbooks to start the discussion, other families will look to a farm advisor, extension educator or other professional to help initiate discussion. Schedule a specific meeting time and find a location that is comfortable for all participants to start the discussion.

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Resources

Farmland Information Center (www.farmlandinfo.org)

- *Farm Link programs*

International Farm Transition Network
(www.farmtransition.org)

Land for Good (<http://landforgood.org>)

- *Successful Farm Transfer Planning for Farmers Without an Identified Successor*

New York FarmLink

(www.nyfarmnet.org/farmlink/new-york-farmlink.org)

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From these discussions, create a plan and be clear about your intentions and needs. Provide specific details about your farm and what will be made available for a new farmer. Is the farm available for lease, sale or other arrangement? Are you making available land, equipment, animals, housing or other assets?

Make a plan to find a successor. Consider who you would like to succeed you and who might be interested in your farm: immediate or extended family members, employees, beginning farmers, a neighbor or established farmer. The result of your considerations will help determine your approach to finding a successor.

Family, employees and neighboring farmers can be asked directly, before any public notice of a farm transfer or sale is made. Public notice can be made in newspapers, trade newsletters and magazines, on websites and through farm link programs. This process can take time, and farmers may consider temporary changes to the farm while a successor is being identified. These may include changing farm enterprises or commodities, short-term rental of some or all of the farm's land or buildings, or hiring additional farm labor or contractors.

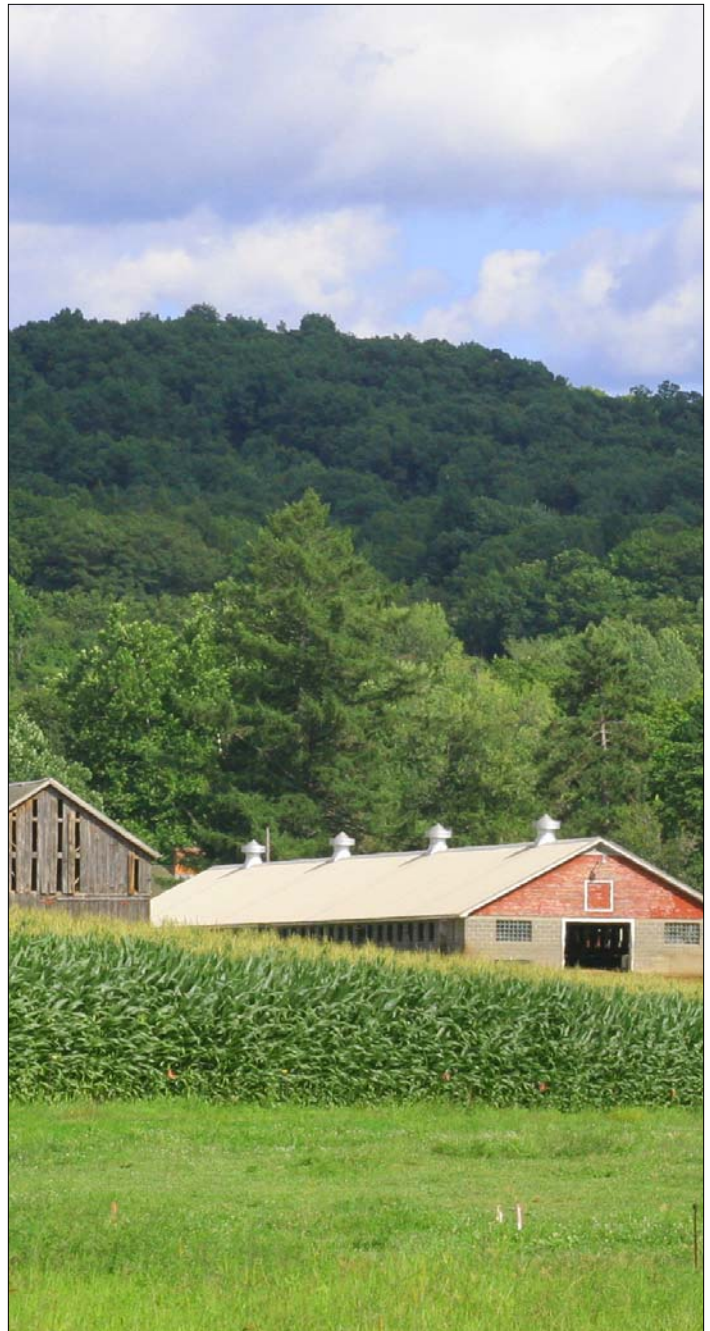
Once you start receiving inquiries, you need to have a plan for screening, interviewing and selecting a prospective successor. Asking for proposals or written plans is a good way to find a successor whose goals for a farm transfer align well with yours. This can also help you narrow the pool of interested individuals that you choose to interview. Be sure to take notes during interviews to help you when making your final selection. Keep in mind that finding the right successor for your farm will likely involve compromise because the plan needs to satisfy his/her intentions and needs as well as your own.

Incorporate a successor into the farm operation.

Once you have selected a successor, you'll need to come to agreement on terms that can protect both parties' legal and financial interests. These terms will need to be put into writing in a legal document with the assistance of an attorney and possibly an accountant.

If the farm transfer strategy involves a lease or ongoing business relationship, there are specific items to consider when making the agreement:

a. How will you communicate and handle conflicts that arise?



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- b. What are your management styles?
- c. How will you build trust in each other and should the transition be gradual?
- d. Are there family relationships that need to be considered?
- e. What is an appropriate exit strategy from the agreement?
- f. What are the timetable and benchmarks for transition?