

YOUR LAND IS YOUR LEGACY

estate planning for farmers and ranchers



American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Would you like
to save your
land for future
generations?

Have you
made
retirement
plans?

Do you have
heirs who want
to farm and
some who don't,
or none who do?



Have you planned for the future of your farm or ranch?

You've made a lifetime investment in your land. It's been hard work—sometimes even blood, sweat and tears. And in return it has given you and your family a good life. What happens to your farm or ranch when you retire? Or if you become disabled, need long-term care or die?



Are you—like many farmers and ranchers—land-rich and cash-poor? This can make it hard to plan for retirement and the future. With sound farm transfer and estate planning, you can give your family and your farm or ranch financial stability, without having to cash in on your land.

A sound transfer and estate plan should accomplish three primary goals:

- Develop and transfer management skills and responsibility
- Transfer ownership of the agricultural operation, land and other assets
- Ensure financial security and peace of mind for all generations

Creating a sound transfer and estate plan will require an investment of time and money. But leaving your family and your land without a plan will eventually cost much more—maybe even cost you your farm or ranch. So call a trusted advisor, convene a kitchen-table meeting, put together your planning team and get started—the sooner the better.

What are your values and goals?

Farm transfer and estate planning are important—for your family, your business and your land. It is one of the most personal things you will ever do. A critical start to the process is to figure out what your goals are so you can develop strategies to accomplish them. And your goals will be based on your values—your priorities for the future.

Some initial steps in the process:

- *Inventory your assets.* You will need to know what you own, what you owe and how it is owned (individually, jointly, with or without survivorship rights).
- *Identify issues.* Based on your values and goals, what do you want to see happen? What needs to be done?
- *Build your team.* Generally, it takes a team with different skills and expertise to get this done—from your lender to your tax advisor to your attorney and others who know your family and your business.



Choose your transfer and asset protection tools...

- **Business structures.** Limited liability companies (LLCs), limited partnerships and corporations can allow for separation of management and ownership as well as asset protection.
- **Buy-sell agreements.** These can help ensure an equitable and orderly transfer of the farm and ranch assets.
- **Agricultural conservation easements.** They permanently protect farmland and ranchland from development and can facilitate transfers from one generation to the next.
- **Gifts.** Well-planned gifting can help transfer the business assets and reduce transfer taxes.
- **Life insurance.** It can provide money at death to fund buy-sell agreements, establish trusts, provide for non-farming heirs or pay estate settlement costs.
- **Living will, health care proxy, power of attorney.** These documents allow others to make financial and personal decisions on your behalf and in your interest in case you can't.
- **Trusts.** These can provide asset protection and financial security for surviving spouses, children and grandchildren.
- **Will.** These are your instructions about how you want your estate assets to be distributed and should be updated periodically as circumstances change.

Your Conservation Options

Long-term land protection and farm transfer and estate planning go hand-in-hand. Both focus on the long-term horizon, including the transfer of the farm or ranching business to the next generation. Land protection options like agricultural conservation easements can often be integrated into the transfer and estate planning process.

- *Agricultural Conservation Easements.* As described above, an agricultural easement is a deed restriction that landowners voluntarily place on their property to protect valuable resources such as agricultural land, ground and surface water, wildlife habitat, historic sites or scenic views. Agricultural easements are specifically drafted to keep land available for agriculture. In general, they limit subdivision, nonfarm development and other uses of the land that are incompatible with farming or ranching.
- *Other Conservation Options.* There may also be circumstances when a farm or ranch owner has no successors or heirs and wants to ensure that their land stays in agricultural production beyond their lifetime. Some additional options in these situations include:
 - * Donation of a farm or ranch to a conservation organization
 - * Life estate: donation while retaining lifetime use of farm or ranch
 - * Charitable remainder trust
 - * Charitable gift annuity





Where to get help?

American Farmland Trust

AFT is the only national conservation organization dedicated to protecting farmland, promoting sound farming practices, and keeping farmers on the land. AFT has long recognized the strong connection between sound estate planning and farmland protection. We are committed to strengthening this connection and assisting farmers and ranchers with our expertise in both. Although AFT cannot serve as a personal estate planning advisor, we can familiarize you with some of the key issues and options, and help you move down the right path.

Contact Jerry Cosgrove, Farm Legacy Director, at (518) 281-5074 or jcosgrove@farmland.org. www.farmland.org

AFT's Farmland Information Center

FIC is a clearinghouse for information about farmland protection and stewardship. The FIC is a public/private partnership between USDA's Natural Resources Conservation Service and AFT.

Contact FIC at 1 (800) 370-4879 or www.farmlandinfo.org



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Get Started—the Sooner the Better!

So, what are you waiting for? Your decision to act, or not, will affect you, your family and your farm or ranch. Successful farm transfer and estate planning require effective communication and a team effort—including financial, farm management, tax and legal expertise. Because plans must be tailored to individual circumstances, they must be designed to meet a variety of unique situations. Make sure you find the professional assistance you need to accomplish your goals.

One thing is certain: you can't take it with you. The question is, do you want to take action to move the process forward?

It's your land and your legacy. So get started today!