



Passing on the Family Farm by Scott D. Abel

To be a successful farmer requires more than good luck with the weather and high commodity prices. As with any other business, it requires planning and forethought.

We cannot control the weather, the price of grain or cattle or border closings for exporting of cattle. What you can control is the amount of planning and forethought you give to your farming operation, whether it be grain, cattle or mixed.

This is even more true when one begins to consider the transition from parent to child who wishes to take over the family farm. For years, the farm has supported the parents and the children of one family. However, what happens when one of the children grows up, is married, and wishes to take over the family farm? Now that same farm must support two families by providing sufficient income to allow two separate families to save money and service debt.

Do the parents have to leave the farm to allow the child to take over? What if the parents are

not ready to give up farming? What if the child wants mom and dad to stay to help? Does the entire operation need to grow by purchasing more land to try and generate more income?

Matters become even more complicated when the farm is to be the parents' source of funds for retirement. How then is the child to pay mom and dad for the farm? Do mom and dad have to fund the payments over time? Will the bank, credit union, FCC or MACC be prepared to fund the purchase?

All of these issues and more need to be considered. There is no one source for the answers, nor is there one right answer. Each circumstance will be different, requiring different solutions. The key is to begin planning for these issues at an early stage. It is never too late to start planning, but the sooner one begins to plan, more options are available to consider.

Start by speaking to your lawyer, your accountant, your financial advisor, or anyone

who may be able to provide some answers, or direct you to someone who can help. No one person will have all the answers. The important point here is to begin talking about those issues. Each person you talk to will have a different point of view, and will bring a different background and point of view to the discussion. It is only when you have input from a number of sources, being legal, financial and emotional, that a plan that is tailored to your circumstances and your wishes can begin to take shape.

We are all often too busy in our day to day work to take the time to try and see the bigger picture. However, if we took the time to step back and plan what we want to do and where we want to go, rather than just going, the end results will be that much better.