Farm Succession Planning & Making Your Land Available for Farming

Jason Silverman, Massachusetts Field Agent
Land For Good
Our mission is to ensure the future of farming by putting more farmers more securely on more land in New England and beyond.
Who We Work With

- Farming Landowners
  - Exiting farmers, farm families

- Farm Seekers
  - New & Established

- Non-farming Landowners
  - Looking for farmer (lease or purchase)
What type of landowner are you?

**Private Non-farming**
- On-site
- Absentee
- Investor entities

**Retiring farmer**
- Part of transfer plan
- “Spin-off”

**Institution/organization**
- Schools
- Religious entities
- Conservation groups

**Public landowner**
- Municipal
- County
- State (by agency)
- Federal
New England farm transitions

• Over a third of farmers will exit farming in the next 10+ years

✓ 33% of acreage (1.3 mil acres)
✓ $6.45 billion assets
New England farm transitions

- Over 90% do not have a younger operator (under 45) working with them
What is farm succession planning?

• A **process** to determine how a **farm** will pass to the next generation operator or to a non-family transferee

  – **Multiple stakeholders**
    • “Senior Generation”
    • “Jr. Generation”
    • Other Family Members
    • Unidentified successors

  – **A process not an event**
    • Planning: 1-2 years
    • Implementation: up to a decade

  – Planning for succession doesn’t mean it’s time to retire!
Farm Transfer Plan

Asset Transfer
Spell out how farmland, buildings, and other assets are conveyed from one party to another.

Goal Setting & Family Communication
Set forth personal, family and business goals as well as ways to ensure constructive communication among all involved.

Management Transfer
Lay out how management tasks, responsibilities and income shift over time from one farm operator to another.

Business Plan
Sets out strategies for farm operations, personnel, marketing, finance, and business entity formation.

Estate
Direct the eventual transfer of assets, usually with the goal of preserving as much of the estate value as possible for the beneficiaries.

Land Use
Map out land use options that address agriculture, forestry and recreation uses as well as conservation and development.

Retirement
Address how and where the retiring person(s) want to live, their anticipated income and health care costs.
Why is succession planning important?

“I want to die with my boots on.”
—FOCUS GROUP PARTICIPANT, ON RETIREMENT

Why is succession planning hard?
Why is succession planning important?

- Legacy – land, business, family
- Avoid family, legal, financial tangles
- Retirement - vision & post-farming security
- Next generation needs to know and prepare
- Need time to identify & transition a new owner
- Taxes (not the driver)
Why is succession planning hard?

• **Emotional**
  – Aging, Health, Death, Money, Legacy

• **Family dynamics**
  – communication
  – Equal v. equitable

• **Other priorities**

• **Cost** (real and perceived)

• **Who can help?**
Where to start?

- **Take stock**
  - **Goals** (Personal, Family, Business)
  - **Business Viability / Planning**
  - **Who** needs to be involved?
  - **What** has been done & decided?
  - **Gather information** and documents

- **Get clarity on desired outcomes**
Lifestyle Values and Choices—A Survey for Retiring Farmers

Directions: Please rate the importance—for you—of each item listed below (1 = not important; 2 = important; 3 = very important). Then discuss each item with your spouse and/or other family members. Use the survey to become clear about what is most important to you and your family in the farm transfer process.

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It Takes A Team

• Most families cannot plan for succession on their own

• Team approach
  – Professional advisors
  – Trusted personal advisors
  – Stakeholders – family/others

• Who is the driver?

• Planning takes time and effort!
Your advisor team

- **Facilitator/coach**
- **Attorney** (real estate, conservation, estate, tax, elder care...)
- **Financial advisor**
- **Business consultant**
- **Accountant/tax planner**
- **Land use planner**
- **Land Trust**
- **Lender**
- **Insurance agent**
- **Realtor**
- **Appraiser**
What are your goals as a landowner?

• Land Use / Management
  – Improvement?
  – Legacy
  – Aesthetics

• Monetary
  – “Cover costs”
  – Income?
  – Taxes

• Other
  – Environmental
  – Local Food / Support Agriculture
  – Personal?
Farm Seeker’s Perspective – Land Tenure

Tenure means “to hold”

To have secure land tenure, a farmer needs:

• Access to land

• Security to hold it

• Clear division of rights and responsibilities
Finding a Farmer for your Land—What do to FIRST

Be ready for inquiries! Make sure you know what you’re offering:

• **Land**: Acres, soils?
• Infrastructure? Housing?
• Rent?
• What kind of farming? (possible / desired)
  – (Livestock, Crops, Perennials, Other?)
  – Any restrictions? (Organic? IPM? No-till?)
• Are all family members / interested parties in agreement?
• **Rough Draft Lease**? (“Plain English” working draft)
Acreage: Google “My Maps”
Guidance from a Land For Good Field Agent

Farm succession/transfer planning (land & business)

- **Farming Landowners**
  - Exiting farmers, farm families
  - How to pass on or transitioning the farm & business
  - Junior generation on the farm

- **Farm Seekers**
  - Both New & Established Farmers—land access, leases,

- **Non-farming Landowners**
  - Finding a farmer to lease, purchase or otherwise use your land
Resources

• Land For Good
  – Farm Succession School
  – Field Agent “coaches”
  – Guides (e.g., “No Successor”)
  – Website toolbox

• New England Farmland Finder
  (www.NewEnglandFarmlandFinder.org)

• Farm Transfer Network of New England
  (www.FarmTransferNewEngland.org)
Toolbox

Browse our Land Access Toolboxes to get outfitted with resources to learn about and take action on farmland access, tenure and transfer issues. Whatever your situation, taking a minute to find the right tools can help you take next steps.

- Leasing Farmland  Updated!
- Farm Seekers
- Farm Transfer Planning
- Landowners
- Educators & Advisors
- Communities

“I am grateful that Land For Good has put together so many resources on land access, and also really grateful that staff are available to talk me through a specific situation.”
LFG’s Build-a-Lease Tool

In this Tool, please use these buttons (not your browser) to move or save.

Previous  Next  Save for Later

* To view or email your document, go to "Finish."

Introduction

Welcome!

Our Build-a-Lease Tool is designed for you to learn about the most common sections of a farm lease. You can also generate, save and print your own working lease document after filling in the Tool's online template.

This is an educational tool. It is not intended to replace guidance from your advisors.
**Available Farms and Land**

**USING THE MAP:** Click on the icons for a link to more information about each posting. Use the filters to narrow your search. Note that the map excludes some properties at the owners' request; all properties are listed (by state) below the map.

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Thank you!

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www.landforgood.org