FARM SUCCESSION AND ESTATE PLANNING WITH PERSONAL COACHING FOR PARTICIPATING FAMILIES

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Susan Kerr, WSU Extension
Brian Tuck, OSU Extension Service
Situation

- Average age of PNW farmers is 57 years; 60% die without a will
- Feedback from producers revealed high interest in farm succession planning education
- Formed team for WA and OR
- Awarded $32,488 from Western Center for Risk Management Education
Participants and Collaborators

- Diana Roberts, PI and Team Leader
- Brian Tuck, Oregon PI
- WSU Extension faculty (5)
- OSU Extension faculty (3)
- Austin Family Business Center, OSU
- WSU Farm Family Support Network
- Mary Merrill, Small Business Development Center
- Columbia Gorge Community College
- Blue Mountain Community College
- Spokane County Association of Wheat Growers
- MSU Extension
- UI-Boise Extension
- Washington Ag Forestry Foundation
Project Goals

Participants will minimize land transfer risk by:

1. Improving intergenerational communication

2. Writing succession plans that minimize estate taxes and provide for the best interests of surviving spouses and the next generation of farmers
From Nov. 2006 to Jan. 2008, we held a series of three farm succession planning workshops at each of six locations across eastern Oregon and Washington.
Farm families:
- Do you have a farm succession plan?
- Have you updated your will?
- Do you know who will manage your farm when the current farming generation retires?
- Have you talked with your parents about assuming responsibility for the farm?
- Have you decided what share of the farm income will go to non-farming children who have city jobs with paid benefits?

If you answered “No” or if you have other questions about Farm Succession and Estate Planning, then this workshop is for you!

Be sure to bring all family members who have a vested interest in the farm!

Each family will receive FREE help from a WSU-trained coach!

Workshops sponsored by:
WASHINGTON STATE UNIVERSITY EXTENSION

OSU Oregon State University Extension Service

CSREES USDA

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Farm Succession & Estate Planning Workshops for Farm Families

Spokane WA
November 2

Walla Walla WA
November 29

Hermiston OR
November 30

The Dalles OR
November 30

Ritzville WA
December 13

Wenatchee WA
December 14
Workshop I Topics (Fall 2006)

• Realizing the need for a farm succession plan
• Communicating successfully with all family members involved
• Identifying appropriate professional input
• Understanding relevant state laws

150 families participated (coaching offered)
Workshop II Topics (Winter 2007)

- Understanding estate laws and writing wills
- Conducting successful family meetings
- Overcoming challenges encountered in the process

148 families participated (coaching offered)
Workshop III Topics (Winter 2008)

- Making good use of attorney time
- Specifying inheritance of treasured personal items
- Making provisions for the family and business in the event of a sudden death
- Discussing obstacles and getting motivated

104 families participated
Program Resource: “Ties to the Land” Workbook

Oregon State University’s Austin Family Business Center
Coaches Key to Project Success

• Premise: mentoring farm family participants is essential for successful completion of an FSP

• Free coach assigned to each family that committed to the process

• Coaches provided
  – support via regular phone calls, e-mail, home visits
  – help with goal setting
  – meeting facilitation
  – resource materials
  – useful contacts
  – encouragement to complete project evaluations
WSU Farm Family Support Network Coaches

- Professional backgrounds in banking, lending, ag production, supervision, management
- Coaching experience via working with employees and bank and Farm Family Support Network clients
## Project Participants and Outcomes

<table>
<thead>
<tr>
<th>Participant Data</th>
<th>Projected Number of Participating Families</th>
<th>Actual Number of Participating Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance</td>
<td>90</td>
<td>321 (378 individuals)</td>
</tr>
<tr>
<td>Signed Commitment Forms</td>
<td>45</td>
<td>86</td>
</tr>
<tr>
<td>Completed FSP</td>
<td>30</td>
<td>10 to date</td>
</tr>
</tbody>
</table>
Program Evaluation Results

- 47% set goals and priorities for succession plan
- 74% discussed the workshops with family members who didn’t attend
- 60% held a family meeting
- 54% consulted attorney, CPA or financial planner
- 43% updated wills
- 14% completed farm succession plan
Coaching Evaluation

- 88% of survey respondents said coaching was very or somewhat useful
- 73% call frequency just right, 27% not enough
- Positive comments: coaches kept participants on task and provided motivation, moral support, unbiased info, deadline reminders and encouragement
- Big obstacles interfered with some families: death, finances, transportation, time constraints, etc.
Coaches’ Suggestions for Improvement

- Communication via Internet forum between consultants with input by supervisors and other coaches

- **Analyze** and **counter stumbling blocks** early

- Have basic guidelines for how to **intervene** when the FSP process comes to a halt in a family

- Charge a **refundable fee**

- Coaches should be knowledgeable about **state-specific issues but not offer legal advice**
Additional Training Needs Identified by Coaches

- How to facilitate and develop **agenda** for multi-family meeting
- How to keep family **focused** on goals while allowing open discussion
- **Small group dynamics**
- **Telephone skills** for getting to know and motivate families
- How much to **persist**/when to quit when family plan not progressing
- **Mediation** skills
Challenges

• Events in individual families’ lives (death, financial stress, etc.)
• Using non-local experts
• Effective coaching takes $$$ and time
• Having grant funds for more than one year…
• Time constraints for families and coaches
• Large area of service for workshops and coaches
• Universally-relevant workbook and resources
Strategies to minimize the impact of sudden death

Diana Roberts, WSU Spokane/Lincoln County Extension

Margaret Viebrock, WSU Douglas County Extension
YOUR LAWYER AS A TEAM MEMBER...WHAT DOES A LAWYER NEED TO KNOW

INFORMATION FROM
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PRESENTATION DESIGNED BY
JOHN FOUTS, WSU
AARON ESSER, WSU

PRESENTED BY
AARON ESSER, WSU
January 17, 2008  Wenatchee, WA
Successful Family Meetings

Family, Farming and Communication - Part 2

Margaret A. Viebrock
WSU Extension
Farm Succession Planning

- About the Farm Succession Planning Project (PDF)
- The Farm Succession Planning Workbook (PDF)
- Essential Life Data List, Excel Spreadsheet
- Estate and Succession Planning for Family-Owned Businesses - Jim Baumgartner, 2006
- Farm Family Letter Jan 07, PDF
- Farm Family Agreement, PDF
- Farm Family Communication & Succession, Margaret Viebrock, 2006 (HTML and PPT)
- Farm Succession Planning - Roberts OKC, April 2006 (PPT, PDF)
- Passing the Farm to the Next Generation, Mark Green, 2006, PDF
- Strategies to Reduce the Impact of Sudden Death, Diana Roberts, 2008 (HTML and PPT)
- Successful Family Meetings, Margaret Viebrock (HTML and PPT)
- Who Gets Your Property When You Die, Marsha Goetting 2007 Washington (HTML and PPT)
- Who Gets Your Property When You Die, Marsha Goetting 2007 Oregon (HTML and PPT)
- Who Gets Grandma’s Yellow Pie Plate, Margaret Viebrock (HTML and PPT)
- Your Attorney as a Team Member, Aaron Eber (HTML and PPT)
- Your Important Papers, What to Keep and Where - Goetting, 2006
Questions?

Photo by John Aeschliman