

## **Failing to Plan is Planning to Fail**

### **AGRI-VIEWS**

by Chuck Otte, Geary County Extension Agent

I wise man that I respect once said that failing to plan is planning to fail. It sounds somewhat trite but it is true. As a society, we are adopting more and more of a “live in the minute” type of lifestyle. While I admire spontaneity, there comes a time when you have to realize that eventually all things change and there are consequences for failing to plan. Whether it’s not backing up your computer hard drive or not planning for a natural disaster or not planning on what you’re going to do with your property or business when you are gone, there are problems looming on the horizon.

Losing my mother-in-law and mother in a short period in recent months really brought home the importance of having things arranged and having a plan. Over the Independence Day holiday I was visiting with some ag background friends and we were discussing the challenges of passing the farm on to the next generation. We all knew of several cases of where things worked out well and where things went very badly because there was no advance planning and way too many assumptions.

So the important thing first. If you own a farm (or any business) of any size, especially if you have more than a few acres of ground, you need to go and visit with an attorney about getting a plan in place. There is an assumption of far too many people that land/property is automatically going to go to their spouse or their children. In some cases it may, but there are so many variables that can come into play that you just can’t assume anything. Work with a lawyer and get things laid out exactly like you want them to be. If you don’t have any paperwork in place it’s a lot like an oral agricultural lease; you are at the mercy of the courts as to what happens.

You also need to involve your family in this planning process. What are the expectations of you and your family members? My Father was a farmer because his two old brothers left the farm and told him to stay on the farm and help my grandfather. They never asked my Dad if he wanted to farm. He wanted to be an electrical engineer. So when it came time for my Dad to triple the size of the operation or quit farming, he quit farming. He quit because he didn’t want me to feel “forced” into taking over the farm. He never asked me, he just assumed, like his brothers had done. Neither of my older brothers were coming back to the farm. The problem was that I did want to farm. But I didn’t get the chance. In hindsight it probably worked out for the best, but I never got the chance to choose. Start talking early and don’t assume what anyone may want. Sit down, talk about expectations, dreams and ambitions. It’s better to figure this out now, than later.

The other part of the planning process is dealing with tax liabilities. If it is a small farm then the tax liabilities are going to be limited. But it doesn’t take that much land anymore to start to reach into some tax liabilities in excess of 30% of the value. If a plan isn’t put in place, land may have to be sold to pay those taxes. There are alternatives that your lawyer and accountant can help you work through. Instead of paying taxes to the federal government, you may be able to support a local foundation or the foundation of your favorite university. You basically can make the choice of sending money to a “black hole” or someplace where you can see it doing some good!

Life is full of choices and consequences. It’s never too early to start talking and then keep talking as you work through the planning process. Transitions are tough, but if you plan for them, it can soften the blow.