

Successful Succession

RESOURCE GUIDE

Preparing for your farm business transition



A Starting Point

Who’s going to fill my shoes? Putting pen to paper for a farm business succession plan can alleviate worries for individuals currently running the business and lessen the burden on those faced with handling business matters following the loss of a loved one.

Knowing the first steps to take in making a succession plan can be daunting, if not overwhelming - especially for those of us that are not armed with a legal degree. This resource guide aims to assist Texas farmers in knowing where to start and gathering the information they need before they even step foot in a lawyer's office to draft a will. In just a few steps, farmers can feel prepared in developing a succession plan that leaves a clear path of direction for the future of the legacy they've built over decades.

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CONTRIBUTORS

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EDUCATION**



United States Department of Agriculture
National Institute of Food and Agriculture

Step 1: Flight Plan - Where You Are Now

Developing a flight plan involves compiling important information and documents so they can be easily referred to and found by successors.

GENERAL INFORMATION

YOUR INFORMATION

Your Name:

Previous Name and/or Name(s) Used When Completing Legal Documents:

Address:

City, State & Zip Code:

Phone Number(s):

Email Address(es):

Birth Date:

Birth Place (City & State):

Social Security:

Driver's License Number:

Military Branch:

Military Number:

Power of Attorney:

SPOUSE'S INFORMATION

Spouse's Name:

Maiden Name and/or Name(s) Used When Completing Legal Documents:

Address:

City, State & Zip Code:

Phone Number(s):

Email Address(es):

Birth Date:

Birth Place (City & State):

Social Security:

Driver's License Number:

Military Branch:

Military Number:

Power of Attorney:

Location of Marriage/Divorce Documents:

Date of Death, Divorce, Annulment or Legal Separation:



1ST CHILD'S INFORMATION

Child's Name:

☐ Biological ☐ Stepchild ☐ Adopted

Address:

City, State & Zip Code:

Phone Number(s):

Email Address(es):

Birth Date:

Birth Place (City & State):

Social Security:

Driver's License Number:

Military Branch:

Military Number:

Power of Attorney:

Location of Birth, Adoption and/or Death Certificate:

If Deceased, Date of Death and Resting Place:

Grandchildren's Name(s), Date of Birth, etc.:

2ND CHILD'S INFORMATION

Child's Name:

☐ Biological ☐ Stepchild ☐ Adopted

Address:

City, State & Zip Code:

Phone Number(s):

Email Address(es):

Birth Date:

Birth Place (City & State):

Social Security:

Driver's License Number:

Military Branch:

Military Number:

Power of Attorney:

Location of Birth, Adoption and/or Death Certificate:

If Deceased, Date of Death and Resting Place:

Grandchildren's Name(s), Date of Birth, etc.:



YOUR PARENTS' INFORMATION

Father's Name (& Spouse, if applicable):

Address:

City, State & Zip Code:

Phone Number(s):

Email Address(es):

Birth Date:

Birth Place (City & State):

If Deceased, Date of Death, Resting Place & Certificate:

Social Security Number

Power of Attorney:

Mother's Name (& Spouse, if applicable):

Address:

City, State & Zip Code:

Phone Number(s):

Email Address(es):

Birth Date:

Birth Place (City & State):

If Deceased, Date of Death, Resting Place & Certificate:

Social Security Number

Power of Attorney:

YOUR SPOUSE'S PARENTS' INFORMATION

Father's Name (& Spouse, if applicable):

Address:

City, State & Zip Code:

Phone Number(s):

Email Address(es):

Birth Date:

Birth Place (City & State):

If Deceased, Date of Death, Resting Place & Certificate:

Social Security Number

Power of Attorney:

Mother's Name (& Spouse, if applicable):

Address:

City, State & Zip Code:

Phone Number(s):

Email Address(es):

Birth Date:

Birth Place (City & State):

If Deceased, Date of Death, Resting Place & Certificate:

Social Security Number

Power of Attorney:



BUSINESS CONTACT INFORMATION

ACCOUNTANT

Name & Company:	
Address:	City, State & Zip Code:
Phone:	Email:

ATTORNEY

Name & Company:	
Address:	City, State & Zip Code:
Phone:	Email:

BANKER

Name & Company:	
Address:	City, State & Zip Code:
Phone:	Email:

BROKER - COMMODITIES

Name & Company:	
Address:	City, State & Zip Code:
Phone:	Email:

BROKER - FINANCIAL / OTHER

Name & Company:	
Address:	City, State & Zip Code:
Phone:	Email:



INSURANCE AGENT - CROP

Name & Company:

Address:

City, State & Zip Code:

Phone:

Email:

INSURANCE AGENT - HOME & AUTO

Name & Company:

Address:

City, State & Zip Code:

Phone:

Email:

INSURANCE AGENT - LIFE & MISCELLANEOUS

Name & Company:

Address:

City, State & Zip Code:

Phone:

Email:

USDA - FARM SERVICE AGENCY (FSA)

Name & County:

Address:

City, State & Zip Code:

Phone:

Email:

USDA - NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Name & County:

Address:

City, State & Zip Code:

Phone:

Email:



FLIGHT PLAN CHECKLIST

	BANK ACCOUNT INFORMATION
	BIRTH CERTIFICATE(S)
	BURIAL PLOT LOCATION & POLICY
	BUSINESS CONTACTS
	COMPUTER & ONLINE PASSWORD(S)
	CREDIT CARD INFORMATION & PAY SCHEDULES
	CROP INSURANCE POLICIES
	DEBT INFORMATION - & PAY SCHEDULES
	DEEDS
	EMAIL & PASSWORD(S)
	ESTATE PLANNING DOCUMENTS
	FSA CONTRACTS
	FUNERAL INSTRUCTIONS
	HEALTH INSURANCE POLICIES
	IRA/401(K)/PENSION/RETIREMENT PLAN
	LEASES
	LIFE INSURANCE POLICIES
	LIVESTOCK, STORED CROPS & MARKETING CONTRACTS INVENTORY
	MARRIAGE LICENSES AND/OR DIVORCE PAPERS
	MILITARY DISCHARGE PAPERS
	PERSONAL PROPERTY INVENTORY
	REGISTRATIONS
	ROYALTIES
	SAFETY DEPOSIT BOX INFORMATION
	SOCIAL SECURITY CARDS
	STRUCTURES, EQUIPMENT & VEHICLE INVENTORY
	SURVEYS
	TITLES
	WATER PERMITS



Step 2: Communicate & Strategize

Gather the stakeholders to discuss the future of the farm business and estate. Together, determine interests, values, goals, and willingness to participate in the ongoing business operation. Give careful consideration the best time to have this important conversation, and recognize it will likely be an ongoing discussion.

GOALS

IDENTIFY YOUR GOALS

GOAL CONSIDERATIONS:

- What are you going to do with the farm?
- Are there long-term care concerns?
- How should estate, gift or capital gains taxes be addressed?
- When should assets be transferred?

WHAT'S THE MOST IMPORTANT GOAL?

COMMON GOALS:

- Keep the land in the family.
- Divide everything equally between the children.
- Keep the land in farming.
- Keep the greedy relative's hands off the place.
- Preserve children's relationships through the process
- Determine how to equitably divide the farm.
- Do not lose everything we have worked for to taxes.
- Ensure parents qualify for Medicaid.



Step 3: Design Business Succession

WHAT ARE YOU GOING TO DO WITH THE FARM?

SELL

If you plan to sell, who will you sell to?

LEAVE ALL TO ONE HEIR

Who will it be left to? Who else should be considered?

DIVIDE EQUALLY

How do you want the farm equally distributed?

DIVIDE EQUITABLY

How could the farm be equitably distributed?

PLANNING CONSIDERATIONS:

- Who will be involved in...
 - Daily operations
 - Strategic decisions
 - Financial stake
- How will new roles be created?
- How will existing roles be changed?
- What type of training, education and/or experience does the new generation need?
- Is the founding generation willing to release control?

BUSINESS CONSIDERATIONS:

- Is entity formation necessary and/or beneficial?
- What tax implications could there be both now and in the future?
- How should liability and crop insurance be adjusted?
- What's necessary to meet farm program payment guidelines?
- Are there legal considerations such as liabilities, contracts, royalties, hunting, etc.?



Step 4: Develop Estate Plan

WHAT YOU NEED

WILL

Document that states how property is distributed at death.

ADVANCED DIRECTIVE

Instructs physician to provide or withhold artificial life sustaining procedures in the event of a terminal or irreversible condition.

MEDICAL POWER OF ATTORNEY

Designates an agent to make medical decisions if principal is incapacitated.

DURABLE POWER OF ATTORNEY

Gives authority to an agent to manage property on principal's behalf.

HOW TO PREPARE A WILL:

- Under Texas law, a will may be handwritten or typed.
- A typewritten will must have two witnesses

IMPORTANT TO REVIEW AND/OR UPDATE ALL DOCUMENTS IN THE EVENT OF:

- Marriage
- Birth of Children
- Death of Family Members
- Divorce

ADDITIONAL DOCUMENTS YOU MAY NEED:

- Trust
- Out of Hospital Do Not Resuscitate Order (DNR)
- Document Providing for Care of Dependent (minor or adult with special needs)



Next Steps & Notes

Additional Resources

- **“GETTING YOUR FARM & FAMILY AFFAIRS IN ORDER” FROM THE OHIO STATE UNIV.**
AGNR.OSU.EDU
- **“FARM TRANSITIONS” FROM OKLAHOMA STATE UNIVERSITY**
AGECON.OKSTATE.EDU/FARMTRANSITIONS
- **FARM JOURNAL LEGACY PROJECT**
AGWEB.COM/FARM-BUSINESS/SUCCESSION-PLANNING
- **AG DECISION MAKER FROM IOWA STATE UNIVERSITY**
EXTENSION.IASTATE.EDU/AGDM/WDBUSINESS.HTML
- **ANNIE’S PROJECT**
ANNIESPROJECT.ORG/RESOURCES
- **SUCCESSFUL SUCCESSION RESOURCES:**