

Farm Transitions Introduction

Welcome to the Farm Transitions Toolkit! A “farm transition” means that the responsibility for a piece of agricultural land is changing hands. Maybe the ownership of the land will change. Maybe that ownership will move from one generation to the next in the same family. Maybe ownership will move from one family to a different one. Maybe ownership of the land will stay the same, but different people will be in charge of operating the farm and making the day-to-day decisions. The transition might happen quickly, or it might happen gradually over a period of months or years.

Whatever the case, this *Farm Transitions Toolkit* offers information, advice, and help to plan those changes. It’s a complex project that takes effort and communication from family members and others, but planning for the farm transition just might be the most important thing you can do for your land. What’s it all about and how can this *Toolkit* help? We’ll start with the basic “5W+H” questions: Who, What, When, Where, Why and How?

Who?

Who are you? Are you a:

- Retiring Farmer
- A farmer who isn’t ready to retire yet
- Spouse of a farmer
- Child or other heir of a farmer
- Non-farming owner of agricultural land
- Spouse of a non-farming landowner
- Child or heir of a non-farming landowner
- Legal or financial adviser to a farmer or landowner

All of these kinds of people have a stake in the process of transitioning a farm into new hands. Any one of these folks can be the champion, or the “spark” that starts the process.

What?

What should you do?

Farmers and farmland owners should create a plan for the passing of farm property into new hands. The plan should ensure that both the elder generation and the heirs are treated fairly; that the new farmers starting out on the land have a reasonable chance to make it financially; and that the land will be cared for in the way that your family wants it to be cared for.

When?

When should you make a plan?

It's never too early to start educating yourself and family members about the options for farm transitions. Even if the family isn't ready, yet, to put a formal plan in place – even if no one else wants to talk about it – RIGHT NOW is a good time to start learning and laying some groundwork for future discussions. There is no time that's too early, but there are times that are too late. Some of our stories of farm transitions situations are cautionary tales about what can happen if planning is delayed too long.

Where?

Of course, your plan will focus on your family's farm property and wherever that happens to be located, but it's useful to take a look at that property through the lens of farm transition planning. Where does that property lie in relationship to major urban areas, to recreational areas, to farm infrastructure and services (such as co-ops and elevators), and to human services (such as schools, grocery stores, and hospitals)? All of these things have an impact on the value of the property, how interested a younger generation may be in carrying on the farm operation, and what sort of programs you can access to help with financing the farm transition.

Why?

Why go through sometimes difficult family conversations to try to put together a farm transition plan?

The more you can communicate with family members and with advisers (legal and financial), the more likely that the farm transition can be accomplished satisfactorily, without anyone being caught by surprise. Worthy goals like keeping the farm in the family, or keeping a lifetime of conservation practices intact when the farm changes hands, aren't likely to happen by accident. They take some work, and they take some level of agreement from all of the parties with an interest in the property, and in almost all cases they take some legal documents.

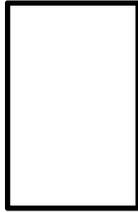
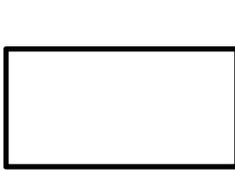
How?

How should you get started on your Farm Transitions plan?

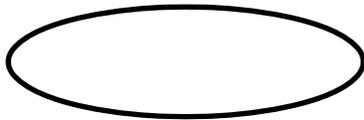
There's not really a wrong place to start. Every family is different. Take a look at the diagram on page 8, pick a question or an idea that seems like it would resonate with your

family, and start from there. You don't have to read this document straight through from start to finish. It's set up so that you can start in various places and jump around.

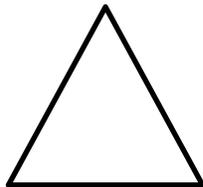
Key to the Graphic on page 8:



Rectangular boxes contain things that need to be discussed within families.



Ovals show resources that can help with your farm transition – human resources, and online and print sources of information.

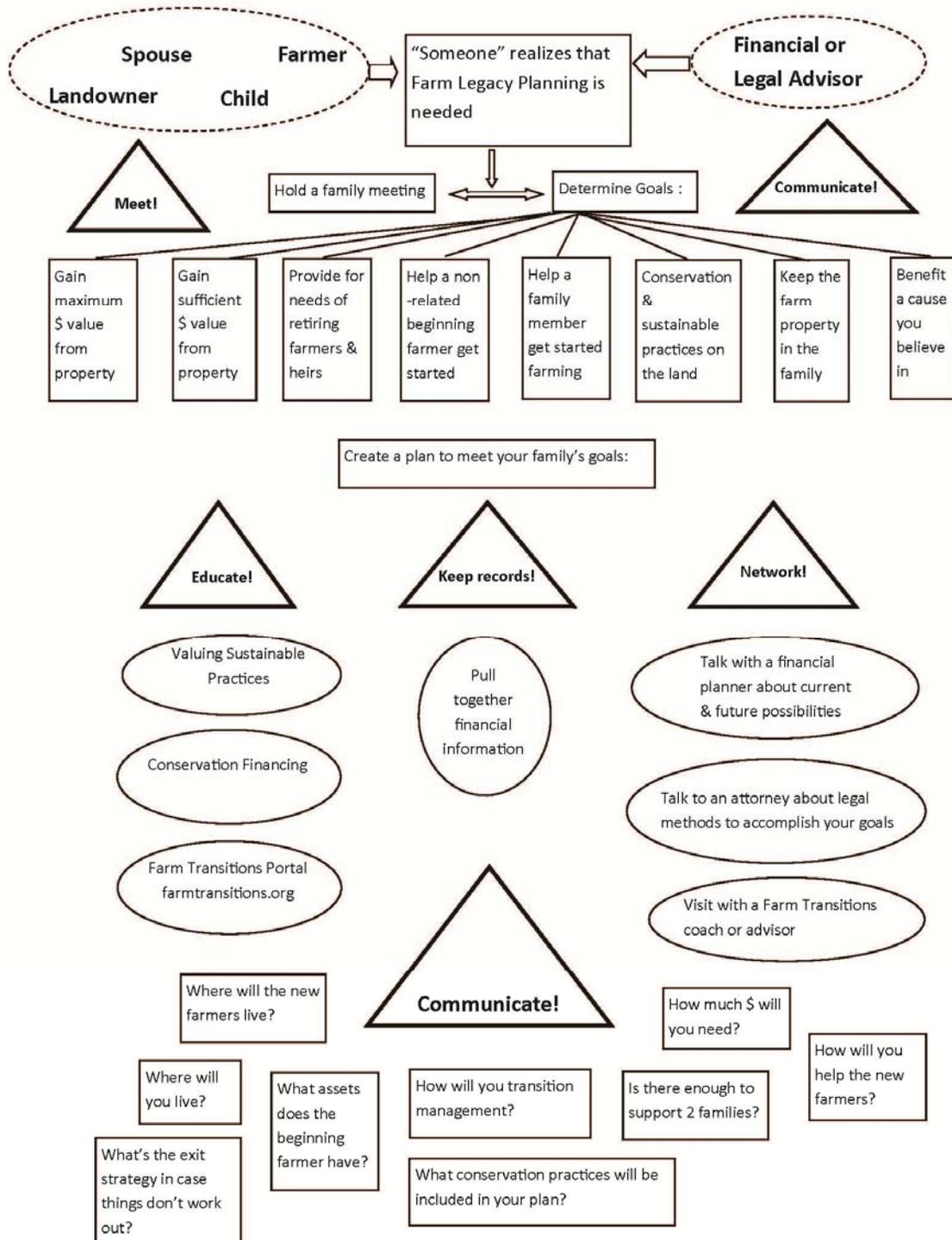


The triangles show things to especially attend to throughout your farm transition process. Failure to do them can slow down or stop the process.

Don't know where to start?

If you're feeling overwhelmed and need to talk to a real person instead of reading fact sheets and looking at charts, there's help available! Visit the Farm Transitions Portal at www.farmtransitions.org to find a list of farm transitions coaches and advisers.

Getting Started with Farm Transitions: Pick Any Place to Start Your Family's Discussion



Family Conversation Topics

The farm transitions conversations are difficult for a lot of families. One farm adviser recommends starting the conversation over Thanksgiving dinner: "Please pass the potatoes. What's your plan for passing on the farm?"

Here are some questions that need to be asked and answered during the process of planning a farm transition. They don't all have to be answered at once. Pick the one that seems easiest to your family, and start there.

Also see the Getting Started Diagram for more ideas about Farm Transitions starting points.

Where will you live?

Where will the new farmers live?

How much money will you need?

Is there enough to support two families?

How will you help the new farmers?

How will the new farmers help you?

What assets does the beginning farmer have?

What is the exit strategy in case things don't work out?

What conservation practices will be included in your plan?

How will you transition management of the farm operation?

Family Goals

Part of the family conversation should include a discussion of goals for the farm transition. Different family members are going to have different needs and desires. Whether your family makes decisions by consensus, or by a vote with input from all members, or by a decision of the senior generation; it is still important to understand the varying goals that family members may have.

Also see the Getting Started Diagram for more ideas about farm transition starting points.

Some possible farm transition goals:

- Gain maximum dollar value from the property
- Gain sufficient dollar value from the property
- Provide for needs of retiring farmers & heirs
- Help a family member get started farming
- Help a non-related beginning farmer get started
- Conservation and sustainable practices on the land
- Keep the farm property in the family
- Benefit a cause you believe in

Family goal-setting activity:

It can be hard to start up a family conversation about goals and have everyone comfortable about being honest. One fun and painless method to get started is to have people vote anonymously, using colored dot stickers.

Here's how:

At a family gathering --perhaps over the holidays -- print out these goals on sheets of paper. Put them someplace where people can get to them easily, perhaps on a bathroom wall, and give everyone a set of dot stickers. Ask your family members to "vote" by putting stickers on the goals of their choice.

Forming a Farm Transitions Plan

If your family's goal for your land includes some conservation practices, or some sustainable agriculture practices, then the rest of this publication will show and describe some tools that can help you put together a plan that will work.

Conservation Financing describes legal mechanisms and financial arrangements that will allow you to take your family's goals and ideas for their land, and turn those into reality.

FLAG Fact Sheets – from Farmers' Legal Action Group – provide details about two common legal methods for dealing with transfers of farmland and farm operations: contracts for deed and long-term leases.

Valuing Sustainable Practices provides detailed information and sample calculations on ten common conservation and sustainable agriculture practices. This background information will help you decide what practices make sense and are affordable for your situation. Worksheet tables in each section allow you to calculate the costs and benefits of each practice for your own land, which can create the basis for a fair farm transition plan that will meet your family's goals.

Farm Transitions Profiles are stories of beginning farmers and retiring farmers who found innovative ways to accomplish the transfer of land and farming operations.

All of the information in this publication is intended to support, not to replace, conversations that you need to have with professional legal and financial advisers. Use this Toolkit to learn about the tools that are available, to learn some of the language used by legal and financial advisers, and to develop the outlines of what you want to see happen with your land – but then take your plan to the professionals who can help you make it happen.

Contact the Land Stewardship Project for assistance in finding a legal adviser, financial adviser, or Farm Transitions Coach:

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