

Farm Business Transition

Day Two

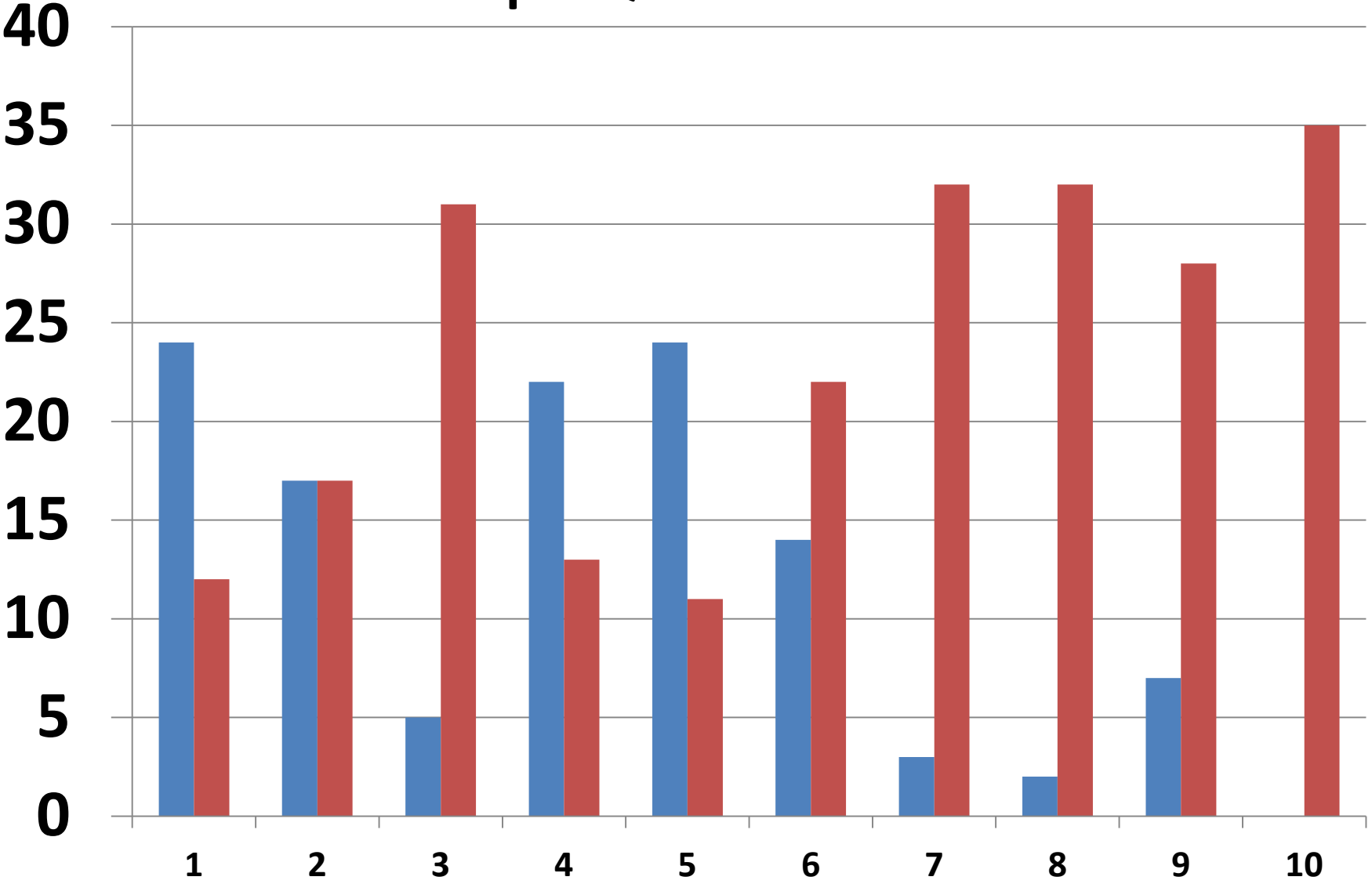
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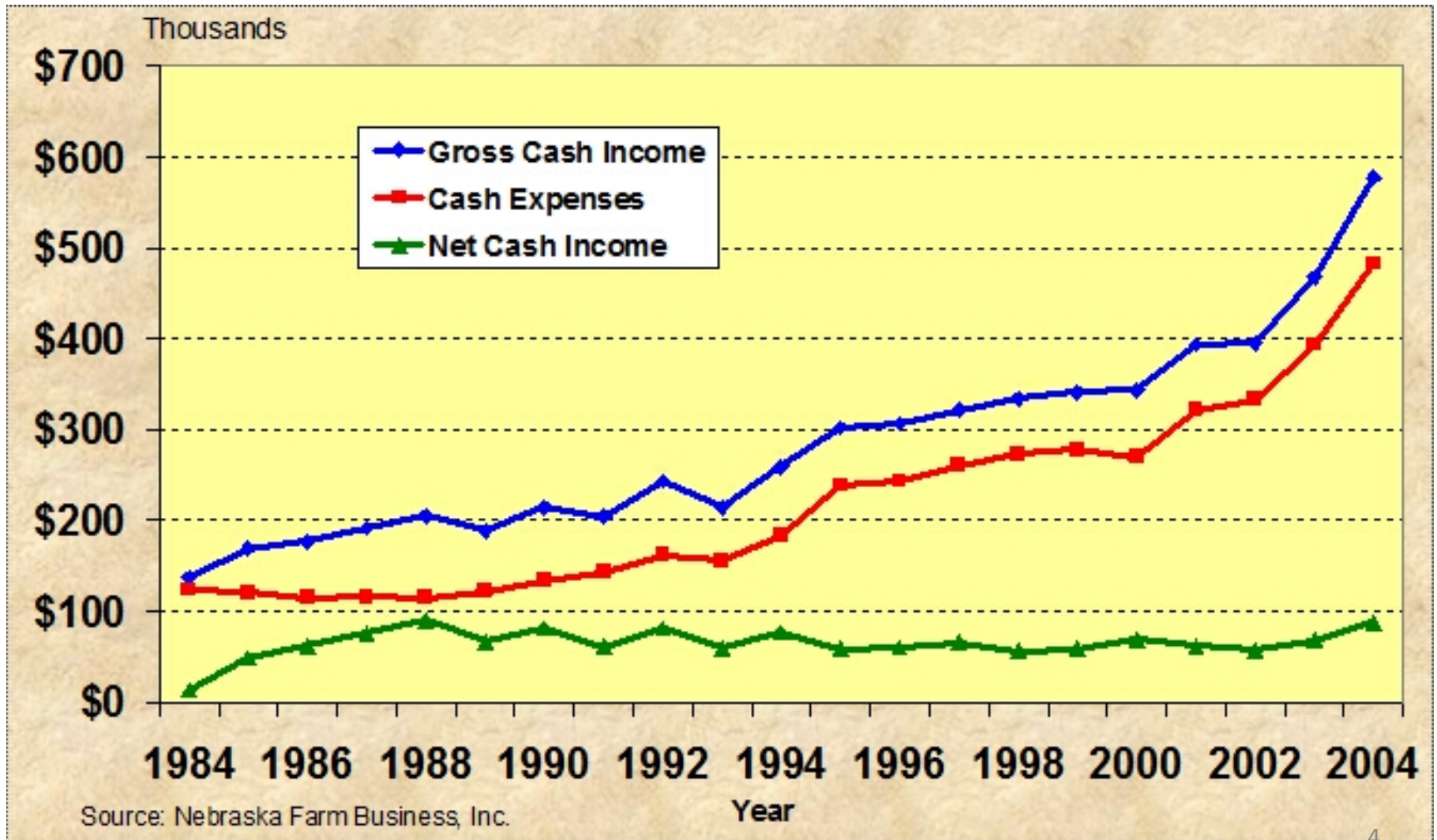
Day One Homework

- Start the development
 - Household budget
 - Simple inventory
 - Balance Sheet necessary for multi- member businesses
 - Goals, (short & long term) Vision, Mission
- Transition/ Retirement needs
 - A written plan that can be shared
 - Business, Transition & Estate Plans

Group Quiz Results



Family Living



- Transfer of assets
 - What do you have and who owns it
 - Non-recorded gifts
 - Lost inventory records
- Transition plan can help frame
 - Goals, Vision, Business direction, Family situation, others & Agreements
 - SWAT analysis

Successful Farm Transitions

Ownership Transition Plan

- **Gift**
- **Sales**
- **Inheritance/will
or trust**
- **Timeline**



Fair may not be equal

- What is the farms current configuration?
- What is your individual/ joint assets?

FARM

Business

Assets

**Succession
Plan**

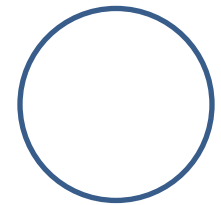
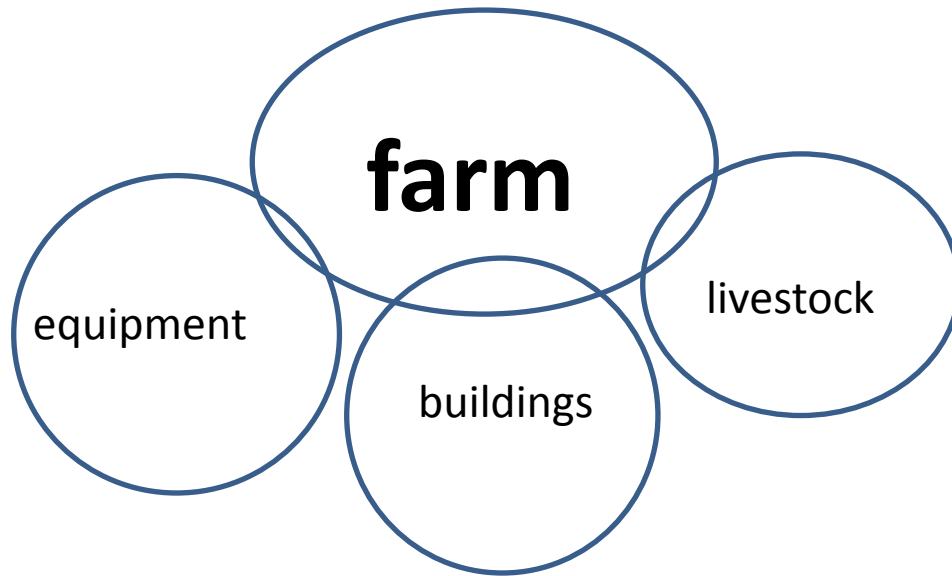
**Financial
Viability**

Goals

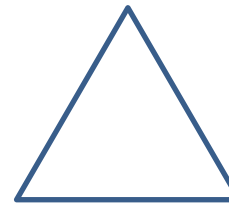
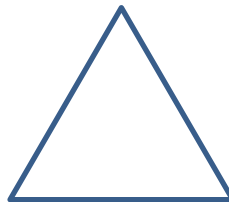
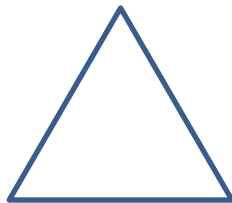
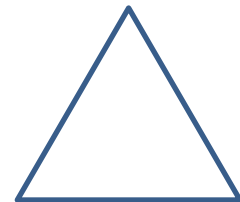
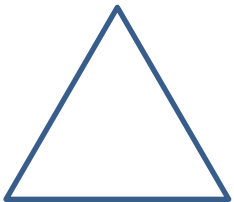
**Retirement
Plan**

**Estate
Plan**

**Estate
Plan**



Business Type - Business Arrangements



Do we work to keep the farm in the family?

- Who is the successor?
- What do the financial projects tell you?
- What business arrangement will suit your situation?
- Can the senior generation move forward in the transition process?

De we keep the farm outside the family?

- Who could be the successor, do they have buy-in?
- What do the financial projects tell you about the farm/business need to change?
- What business arrangement will suit your situation?
- Can the senior generation move forward in the transition process?

Management

- Do you have a management transition or contingency plan?
- If the manager is unable to continue, who will replace him or her?
- Transition Plan in place?

Successful Farm Transitions:

Financial Viability

- Cash Farm Income
- Debt
- Family living needs

Successful Farm Transitions

Income/Labor Transition Plan

- How will income & labor be split?
 - Enterprise
 - Shares
 - Wage
 - Combination
- Timeline for split income and labor
- Job description

Successful Farm Transitions

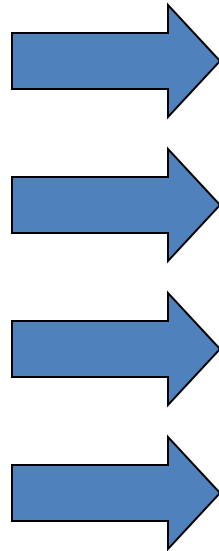
Goals

- Older Generation
 - Retirement lifestyle (money needed)
 - Nonfarm heirs
 - Residence
- Younger Generation
 - Lifestyle (money needed)
 - Growth of business
 - Attitude toward debt
 - Ownership vs. renting
 - Family time vs. work

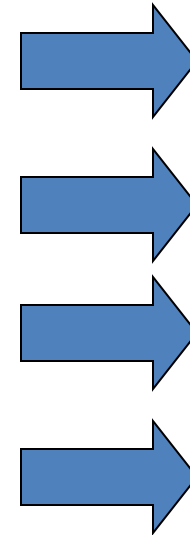


Business Succession Plan

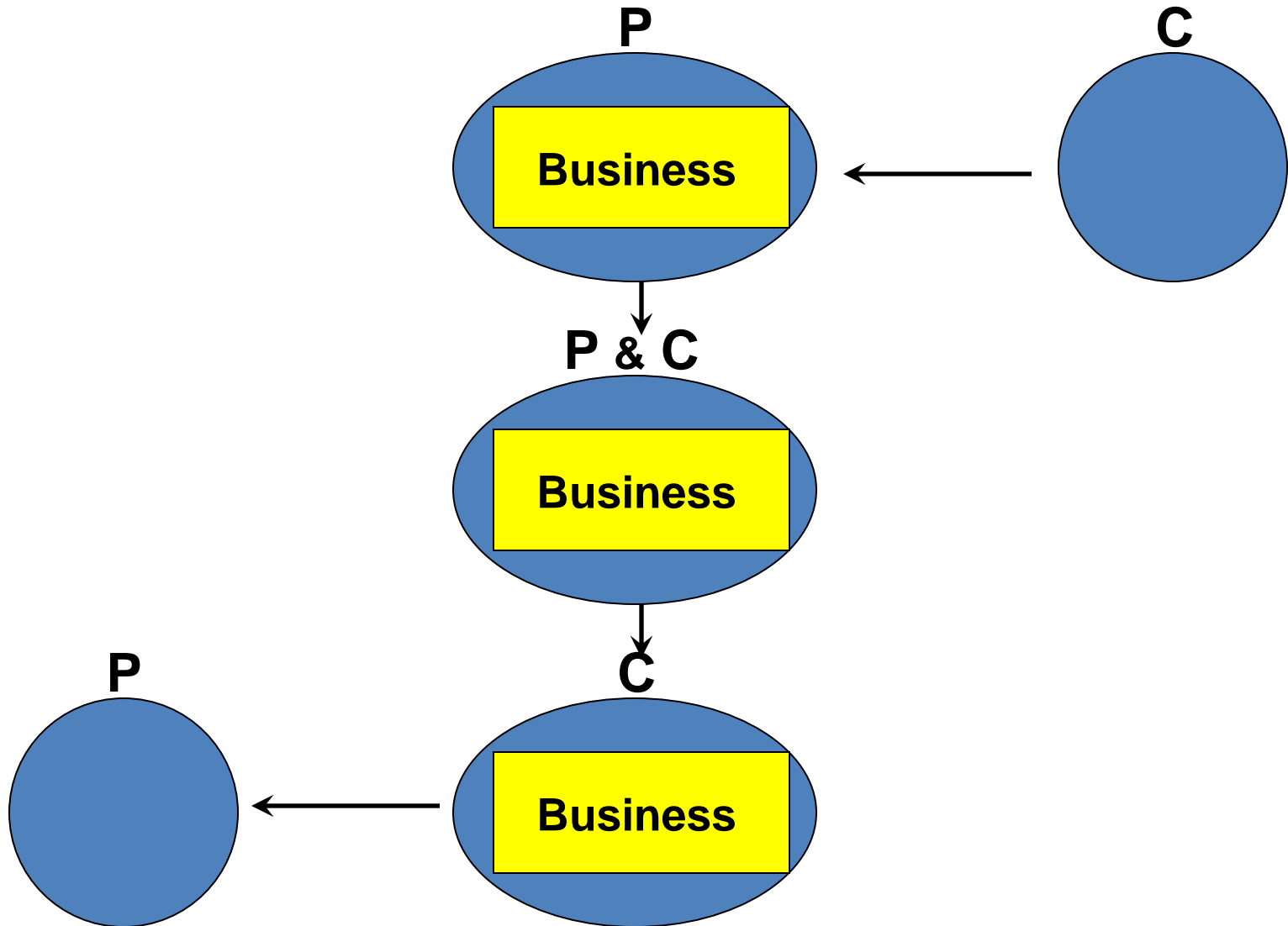
The Transfer Process



Ownership
Management
Divide Income
Labor



MULTI-PERSON APPROACH



Contact Links

Northwest Hort. Research Station

- <http://www.nwmihort.org>

Farm Management Web Page

- <http://firm.msue.msu.edu/>

