



## FOLLOW THE WINDING ROAD

**Farming is a journey with the inevitable ups and downs, smooth roads, pot holes, straight stretches and the odd blind corner. The process of succession planning, on the other hand can lead to a destination, be it good, bad or ugly.**

Every farmer will experience succession and in many cases twice during their career. Succession can occur when coming on to the farm and again when leaving the farm. This topic is often avoided by many farming families until they have no choice but to confront the issues. Far flung families often only get together over Christmas, but it can be difficult to have a business meeting whilst in a festive mood.

Succession planning becomes a more serious discussion when a child wishes to return home to the farm or there is a relationship breakdown or worse still, after the funeral. There are countless war stories and after 40 years of working with farmers, I can safely say I have seen or heard most of them.

There is no doubt that family farming is different from many other business operations, mainly because in most cases the farm is also the "home"

**This creates confusion between business and lifestyle decisions.**

By definition family farms are close relatives in business together and making tough decisions can be difficult when they affect family members who may or may not be involved in the farming business.

There is a need to start somewhere with any planning process. Discussing the future means accepting that our lives will change. Most people feel concerned when they think about growing old, dying, being replaced or having unfulfilled expectations.

The secret of successful planning is that all family members know the overall situation regarding the farm and their own position. Secrecy between family members on this important subject breeds distrust, a breakdown in relationships and disharmony in farming operations.



Communication can sometimes produce surprises. Many a parent has assumed that a particular child would return to the family farm after spending time away from home, only to discover that influences outside the family farm have led to a career change. Conversely, through a course of events, children who showed minimal interest in farming in previous years can be highly interested in seeing what will happen to the farm in the future.

Discussions about transferring the family farm can give rise to family jealousies, arguments and the individual desire for a "bigger slice of the cake". Where communication gets bogged down or too difficult a facilitator or counsellor could be used.



As the discussions evolve you will find a need to seek more information from at least two professional advisers with expertise in this field. Often it is the specialist accountant working in conjunction with a specialist lawyer that gives the best result.

When choosing advisers it is important to select people you relate well to, display empathy and understanding of family farm issues and have extensive knowledge and experience with all facets of farm succession.

Professional fees can be expensive especially in complex situations. However, there can be a high emotional cost of not resolving a succession planning issue and professional fees should be viewed in the context of sorting out a \$2, 5, or \$10 million problem.

Not only is the business of farming challenging, but the assets involved are increasing in value and there is no guarantee of viability for one or more of the younger family members to take over the farm business.

Succession planning includes both estate planning and retirement planning. Estate planning involves planning for what should happen to your assets if you are incapacitated or die.

It will often include planning for the future control of assets that you do not legally own and the management of the farming enterprise.

**Important:** This is not advice. Items herein are general comments only and do not constitute or convey advice per se. Also, changes in legislation may occur rapidly. We therefore recommend that our formal advice be sought before acting.

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