DATES TO REMEMBER

Margin Protection Program (MPP) - Dairy

Deadline to enroll - December 16th

Annual Forage (spring planted):

- December 15th

Spring-planted crops sales deadline:

- March 15, 2017

Noninsured Crop Disaster Assistance Program (NAP)

Deadline for springseeded forage and all other crops

- April 1, 2017

For more information see: http://www.rma.usda.gov http://www.fsa.usda.gov

RIGHTRISK NEWS

Planning For The Succession of Your Business

re you ready to turn over your farm or ranch business to the next generation? Has your family discussed who will be your successor and how the transition might happen? Or are you like many farmers and ranchers who struggle to think about business succession?

Succession is a process, not an event. It is a process of continuous planning, researching, deciding, and documenting. It is the transfer of knowledge, skills, labor, management, control, and ownership of the business from one generation to the next generation. A good succession plan is a well thought out, fully discussed, and written plan that meets the needs of the farm/ranch family.

There are many issues that should be discussed by the family before a succession plan is developed. The family's responses to these issues will determine to a process, the need and complexity of the succession plan.

1. Does the family want the farm or ranch business to transfer to the next generation? Or

does the family want to divest themselves of the business and some or all the assets.

2. If the family wants the business to continue, it will need to select a successor or successors. Consider that the best successor may or may not be a family member.

3. What is the timing for the transition? A longer time period will allow a smoother transition and allow the successor(s) to become trained or learn particular new skills.

4. Is the business profitable and viable? Alternative strategies may be needed to address any shortfalls.

5. What is the financial status of the retiring business operators? If they do not have sufficient monies available to fund their retirement, the transfer of assets may require selling assets rather than gifting those assets.

A written succession plan documents the decisions made by the family in regard to how labor, management, and ownership will transition from one generation to the next generation. There are differing formats, but all succession plans will have some common components:



Photo credit: Grant Wood
https://commons.wikimedia.org/w/index.php?curid=22730836

Executive Summary: A brief overview of the current business, goals, strategies, action points, and the timeline to implement the plan.

Business Overview: A clear picture of the business, including size and location, what is produced, who is involved and their roles and responsibilities, and the type(s) of business arrangements.

Strategic Plan: A description of the business and personal goals and expectations of the founder (retiring) and the successor (next) generations in both the short and long term.

Retirement Plan: A plan for what retiring family members will do in retirement and how the activities will be financed.

Management, Control, and Labor Transfer Plan: A description of how the transfer of management, control, and labor (decision-making and workload) to the successor will take place.

Ownership Transfer Plan: An outline of how the business is currently structured and how it will change during the transfer process.

Financial Plan: A description of how the farm business will meet the needs of both the retiree(s)

HIGHLIGHTED COURSES

A set of courses entitled *A Lasting Legacy* was developed by RightRisk specialists and is designed as a comprehensive tool for families to define their legacy for their life and family. Clearly, there is much more to estate planning and defining someone's legacy than simply making decisions about assets or management transition. Sometimes the highlights

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making decisions about assets or management transition. Sometimes the highlights about someone's life not be material in nature, such as beliefs, history, and wishes for the future. A Lasting Legacy courses can help document this and much more.

A second series of courses is entitled Management Succession: Where Are We?, Where Do We Want to Go?, and How Do We Get There From Here? The series is designed to help farm and ranch families develop a plan for transitioning the business to the next generation. The courses include electronic tools to help understand where a

family is in the process, worksheets, links to other materials, and a resource workbook to tie it all together.

To read more see: http://RightRisk.org > Courses > < select > Lasting Legacy OR Management Succession

PLANNING FOR THE SUCCESSION OF YOUR BUSINESS CONTINUED FROM PG. 1

and the successor(s).

Action Plan and Implementation Timetable: A list of all the key activities to implement the overall plan and a timetable to complete them. These key activities need to be prioritized with deadlines.

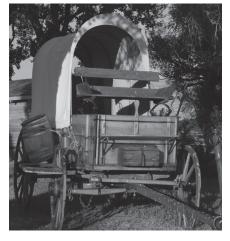
Supporting Documents: This section includes the business and financial documents (e.g. mortgages, wills, and financial statements) necessary to obtain a complete and comprehensive picture of the farm business.

Training and development plan for successor: An outline of the necessary skills and knowledge needed, including a current "skills profile" of the successor(s), identification of any missing skills, and an action plan for addressing any deficiencies.

Communication Plan: A description of how the family will communicate about transition and succession planning and an outline of the basic "rules" of family business meetings.

Contingency Plan: An outline of what will happen and who will ensure the implementation of contingency measures, in situations such as illness, death, disability, divorce, disagreement, disaster, and business downturn or failure.

Good communications throughout the planning and implementation phases of the process are critical to a successful transfer of a farm or ranch business from one generation to the next. Further, all components of the business succession plan must fit together to form an integrated and comprehensive plan for successful transfer of the farm business.



Values and

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of Emotional Value



RightRisk helps decision-makers discover innovative and effective risk management solutions.

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How much risk
is right for you and your operation?

