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RIGHT RISK NEWS

Estate Succession: What are Your Goals?

DATES TO REMEMBER

Forage Insurance
- September 30th

RI-PRF Coverage
November 15th, 2020 for 2021
crop year coverage

Acres Reporting
- November 15th

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How Much Risk is Right for You?

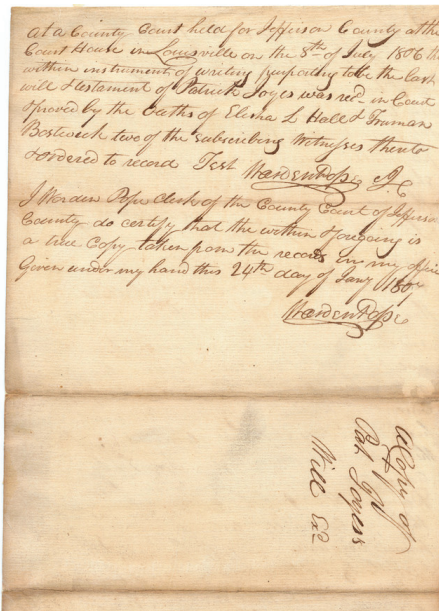
People keep saying, “You need an estate plan.” They say, “You need to protect your farm or ranch, minimize taxes, provide for your children, etc.” But, what are your *goals* for all the assets, both business and personal, that you have accumulated over your lifetime?

An estate plan is a set of legal documents to prepare for a person’s death or disability. The specific documents within an estate plan or succession plan depend on a number of factors, including: family complexity, business size, net worth, personal health, how one wishes to spend his or her retirement years, and overall estate planning goals. Estate plan goals are different for everyone. We each have different wealth and family situations, our health situations vary, and we have differing dreams and desires. We each need an individual estate plan that helps us achieve *our* goals for distribution of wealth, provides for our care during our latter days, and helps us leave our lasting legacy.



What are your goals? Knowing what you want from your estate plan will help your professional counsel (coach, attorney, accountant, and other advisors) design and construct a plan that will help you reach your goals. While your goals are unique to you, there are a number of common goals which likely influence the details of your and your spouse’s estate plan.

1. Provide for Loved Ones. Married couples often want to ensure that their partner is provided for should one or both of them become incapacitated or pass away. Parents of minor children and guardians of family members with special needs also need estate plans – and all the applicable documents – in order to provide appropriate care for the dependents. In addition, many individuals want a significant amount of liquid assets at the end of their life and upon their death. Cash may be needed to cover assisted living and medical costs, maintain the family’s lifestyle, pay bills, repay outstanding loans, and cover any income and wealth transfer taxes. A sufficient amount of cash will also reduce any loss in value that might otherwise occur from selling valuable assets at fire sale prices.



2. Transfer Farm/Ranch Land to Heirs. Most farmers and ranchers have a strong desire to keep the farm or ranch in the family. They hope to protect their assets – especially the land – from passing to a non-family member or being sold to pay for their retirement or cover the costs of assisted living. Unfortunately, a significant number of farmers and ranchers do not transfer ownership of the business and its assets in a timely manner. The older generation commonly wants to maintain control or needs income from the business to cover their living expenses. Consequently, some farms and ranches must be *sold* to members of the next generation or to buyers outside the family.

3. Grant Powers of Attorney. Estate planning involves providing for your own care and protection in the event that you suffer a long-term illness or injury at some point during your life and become unable to manage your own affairs. Your family will have a difficult time if you come to be incapacitated without first granting powers of attorney. Some of those challenges may include expensive and hassle-filled proceedings to establish guardianship or

Lasting Legacy Workbook

AG LEGACY Materials can help...

The Lasting Legacy Workbook provides worksheets, checklists and readings that families can use to plan for and document their own legacy issues, a companion to the free online Lasting Legacy 2-course series.



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conservatorship or involve dealings with expensive and ongoing probate court oversight. With proper planning, however, selected individual(s) can assist with your health care and financial concerns without the cost or hassle of court oversight required for guardianship or conservatorship. Powers of Attorney can be granted to manage asset-related and financial affairs. An Advance Directive for Health Care can be used to address health care concerns.

4. Minimize or Avoid Conflict and Confusion at the Time of Death. Family members may be confused or conflicted about your final wishes and instructions without proper planning and documentation. Misunderstandings can increase the costs of estate administration and possibly jeopardize the future of the farm/ranch business. An effective estate plan will name and appropriately empower a Personal Representative (formerly called Executor) to carry out the wishes of the decedent as directed in the decedent's Will or as authorized by the court and statutes when there is no Will. The Personal Representative can be granted unrestricted or limited levels of power and flexibility. Beneficiaries may be granted a specific level or value of distribution or restricted with no right to benefits at all.

5. Select a Guardian for Minor Children and Family Members with Special Needs. An estate plan allows you to select the person or persons who will raise your minor children if both you and your spouse die prematurely. A Probate Court will determine who raises your children and will make this decision without the benefit of your wisdom and perspective if you fail to draft a proper estate plan. Minor children or other dependents could even end up living in foster homes if you have not provided for a guardian via a properly prepared Will in a worst case scenario.

6. Minimize Wealth Transfer Taxes. Many people want to minimize the taxes imposed on the transfer of their wealth to the next generation. However, estate taxes, gift taxes, and similar wealth transfer taxes might be viewed as penalties imposed for poor planning, ignorance of the law, or even a lack of willingness to implement an effective estate plan. Conversely, good estate planning can maximize the value of an estate transferred to the next generation and help ensure that the business is successful into the future.

Estate planning takes time and energy when done properly and may be costly. However, when compared with any savings in taxes, assistance to the family, or increased likelihood that the farm or ranch business will stay in the family, the professional fees for good estate planning services are usually insignificant.

It would be a serious waste not to invest an appropriate amount of time and effort to ensure that your assets pass to and for the benefit of your desired beneficiaries, at the right time, while protecting your family, under the care of the your desired fiduciaries, with the least amount of confusion, tension and difficulty, and with the minimum estate tax and administration expenses, after spending a lifetime accumulating that estate. An effective, timely, documented, and fully-implemented estate plan increases the likelihood that you will leave the lasting legacy outlined in your goals.



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How much risk is right for you and your operation?

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

RightRisk News is brought to you by the RightRisk Team

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