

Farm Transition Planning

an accountant's perspective

April 6, 2016



Michael Evanish, Manager
MSC Business Services

What is MSC Business Services?

- Farm Management Service and RFD Tax
- PFA FACCTS® and Write-up Service
- Certified QuickBooks® Pro-Advisor
- Payroll Service Program
- Consulting Services
- REAP Credit Resale
- Benchmarking



What about Today's Presentation

Farm Transition Planning



Concerns that must
be addressed:

- The Business
- The Generations
- Pulling it all Together

The Business

The Financial Health of the Business Today and in the Future Matters!



As the Son of a Client once told me:

“If I want to start out a Million Dollars in Debt, I’ll borrow the money myself.”

The Business

What is the Financial Health of the Business?

Need 3 Years of Financial Statements:

Balance Sheets
Income Statements
Cash Flow Statements
Financial Ratios
Budgets



The Business

What about other Farm Business Factors?

Housing

Labor Situation

Production Records

On-Farm Infrastructure

Management Structure

Off-Farm Infrastructure

Land and Market Availability



The Business

What about Legal Business Factors?



Entity Agreements

Rental Agreements

Operating Agreements

Employment Agreements

Easements and Leases

Non-Traditional Loan Agreements

The Retiring Generation

What is the Financial Health of the Retiring Generation?

Need a Recent Set of Financial Records:



Outstanding Personal Debts

Outstanding other Personal
Obligations

Retirement Income Needs
and Non-Farm Sources

Legacy Wishes

The Retiring Generation

Their Personal Attitudes?

Intend to Keep Working?

Willing to give up Control?

Are there Travel Plans?

What about the “Other” Children?

Is it a Mixed Family, are there
Expectations?



The Retiring Generation

What about Other Personal Factors?

Health and Expected Longevity

Insurance Policies in Place

Special Family Situations

**Remember this is a Multi-Spouse, perhaps
Multi-Generational Discussion**

The Succession Generation

What is the Financial Health of the Succession Generation?

Need some Recent Financial Information:



Outstanding Personal Debts
Other Outstanding Obligations
Non-Farm Income Sources
Family Cash Flow Needs

The Succession Generation

What about Other Personal Factors?

Health, Education and
Experience
Life Insurance in Place
Special Family Situations
and Needs



Remember this is a Multi-Spouse Decision

The Succession Generation

Spouses' Individual Attitudes?



Everyone willing to make the Necessary Sacrifices?

Are there Short/Long-Term Goals?

What about Housing?

Is it a Mixed Family?

Can this all Fit Together?

Vast Majority of Issues must be Resolved

Every Operation/Family is Different

Can only be Solved, One Situation at a Time

Where Can Help Be Found?

Transition Planning is the Latest Hot Topic

Lenders, Banks, Law Offices and Others are
all Looking to Help

How MSC Business Services can Help?

MSC Business Services has been doing this work for Members for over 40 Years.

All Business Planning is at the Heart of what We Do. And Transition Planning is Business Planning.



*Farm Succession and Retirement
Planning*

Questions?

*Farm Succession and Retirement
Planning*

Thank you!