



EXTENSION

## ***Do you have a Transition Plan for your Farm/Ranch and an Estate Plan for yourself?\****

Owners of farms and ranches in Montana spend a considerable amount of their time making day-to-day, month-to-month and year-to-year decisions that often determine the success of their operation. This focus on immediate and intermediate challenges often serves to ensure the financial success of operation by addressing marketing, production, equipment and other similar issues. However, one significant risk to the long term success of the operation is often overlooked by many very successful operations. This risk is the implementation of a thoughtful farm/ranch transition plan and a related estate plan for the current owners.

### **Transition between Generations**

Montana has many family farms and ranches. Family owned farms and ranches often envision a successful transition to a younger family member at some point. Although, this might sound simple there are many complications that can arise. Some questions that must be considered include:

- When should the current generation retire?
- What will retirement look like for them?
- How many family members will take over the operation in the future?
- Are there family members in the next generation who will not be part of the operation after a transition?
- Does everyone in the family agree on the plan?

This list could go on but you are probably starting to think about how some of these issues could play out in your family operation. Many of these issues can be addressed by following a relatively straight forward process.

### **Creating a Transition Plan**

A good transition plan is going to require open communication between the family members involved.

It is also going to require some time to develop and implement. A good plan probably can't be developed over coffee on Saturday morning and put in place on Monday. Every family is unique and each family's timeline will be different. However, communication between family members will be essential for all families.

### **The Process**

The first step is to identify the people (family members) and assets (land, equipment, financial accounts, etc.) that are going to be involved in the process.

The next step will be setting goals and identifying the roles for each of the family members involved.

Another step is to identify what knowledge and expertise exists in the family and what professionals you need to bring in to help create your plan. Some of the knowledge that will be needed is to understand the basics of contract law (property ownership, beneficiary designations, etc.), Intestate Succession statutes (these are the Montana laws that apply when a person dies without a will), wills, trusts and other tools to implement a transition and/or estate plan.

Transition and estate planning is planning for the future. The future contains many unknowns. A good transition plan will account for possible health issues, unknown life spans, marriages, divorces, births, and other life events.

The final step is to take the actions needed to implement the plan you have created. Without this step, all of the prior steps become much less important.

### **Opportunities to Get You Started:**

Over the course of the next year, MSU Extension in Gallatin, Park and Sweet Grass counties will provide series of workshops, articles and other resources for you to participate in to help you develop a transition plan for your operation and an estate plan for yourself.

The first session in Big Timber will be October 28, 2019 in the evening.

For more information on what events are scheduled in your community, please contact.

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