

**CFAES**

# Leaving Your Legacy & Affording Your Inheritance

2022 Woodlands Wednesday Series  
January 12, 2022



**THE OHIO STATE UNIVERSITY**

COLLEGE OF FOOD, AGRICULTURAL,  
AND ENVIRONMENTAL SCIENCES



**CFAES**

2022 “Planning for the Future of Your Farm” Workshops  
[go.osu.edu/farmsuccession](https://go.osu.edu/farmsuccession)



# Objectives

- To provide an overview of farm planning and estate planning.
- This presentation is offered as an educational session. It does not offer legal or tax advice. All participants are encouraged to consult their accountant and attorney with specific tax and legal questions.



## *Acknowledgments*

*Peggy Kirk Hall- OSU Ag & Resource Law Program*

*Robert Moore, Wright & Moore Law Co., LPA*

# Planning for the Future of Your Farm Workshop

## Virtual Workshop

January 31, February 7, 21, & 28

6:30 to 8:00 p.m. via Zoom

\$75 for family with materials

## In-Person

February 10: Greene County

February 25: Wayne County

March 4: Wood County

\$85 for 2 persons (9 a.m. to 4 p.m.)



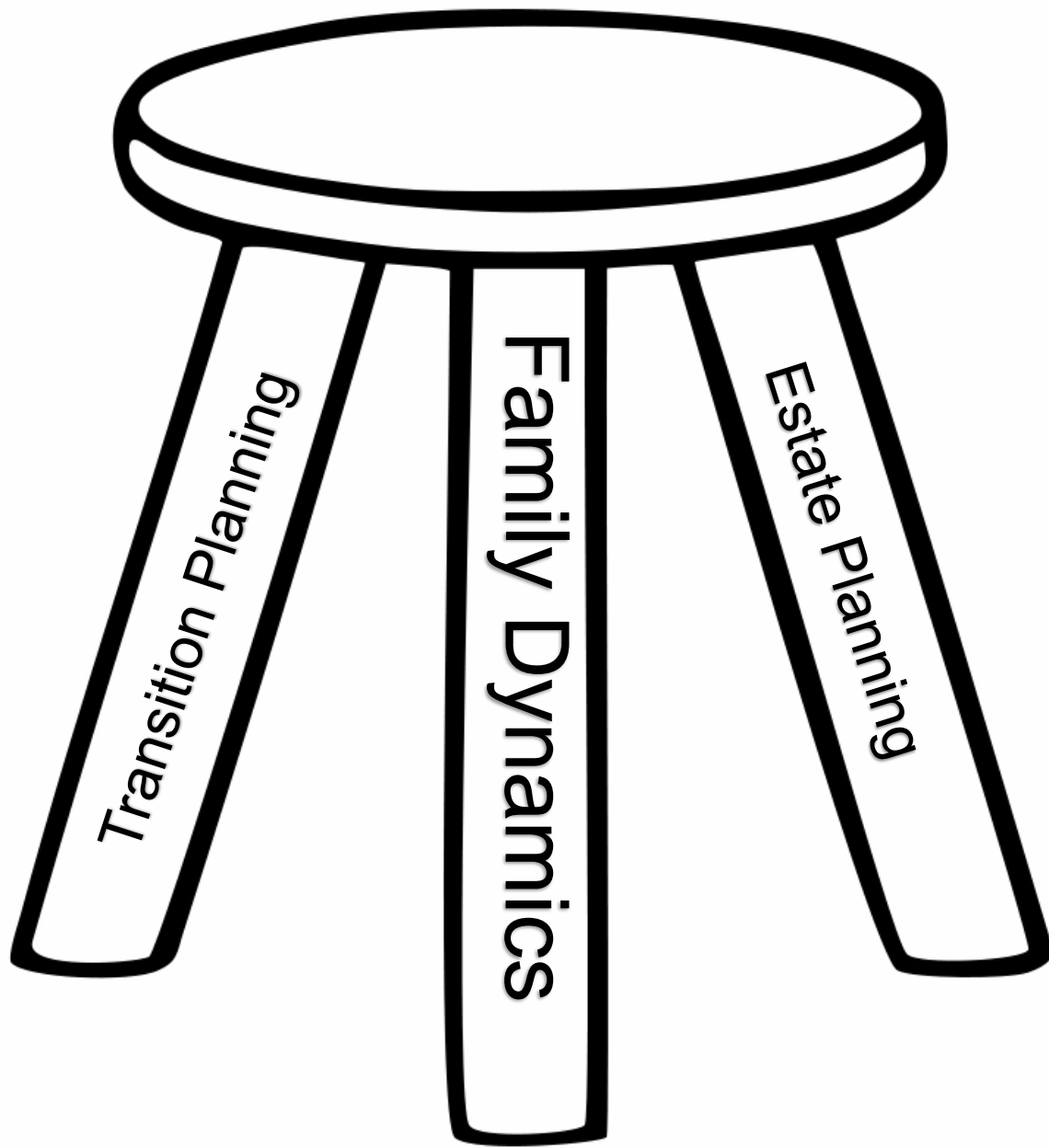
<http://go.osu.edu/farmsuccession>

# What is Farm Succession (or Farm Transition) Planning?

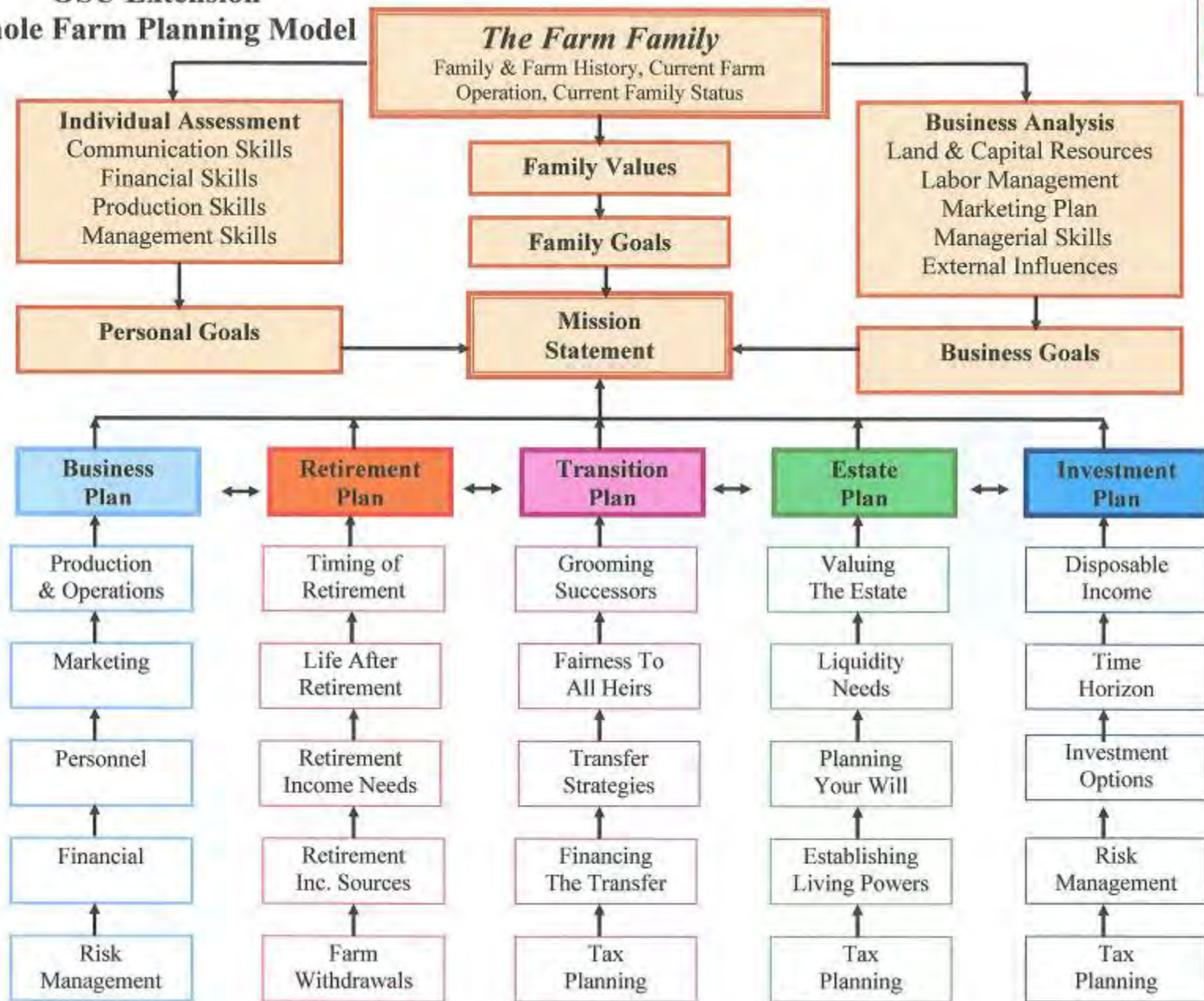
Farm transition planning is the process by which the ownership and the management of the family business are transferred to the next generation.

# What is Farm Estate Planning?

Farm estate planning is determining how farm assets (i.e. land, buildings, livestock, crops, investments, land, machinery, feed, savings, life insurance, personal possessions and debts owed to or by them) will be distributed upon the death of the principal operator(s).



# OSU Extension Whole Farm Planning Model



Adapted from: Manitoba Agriculture and Food



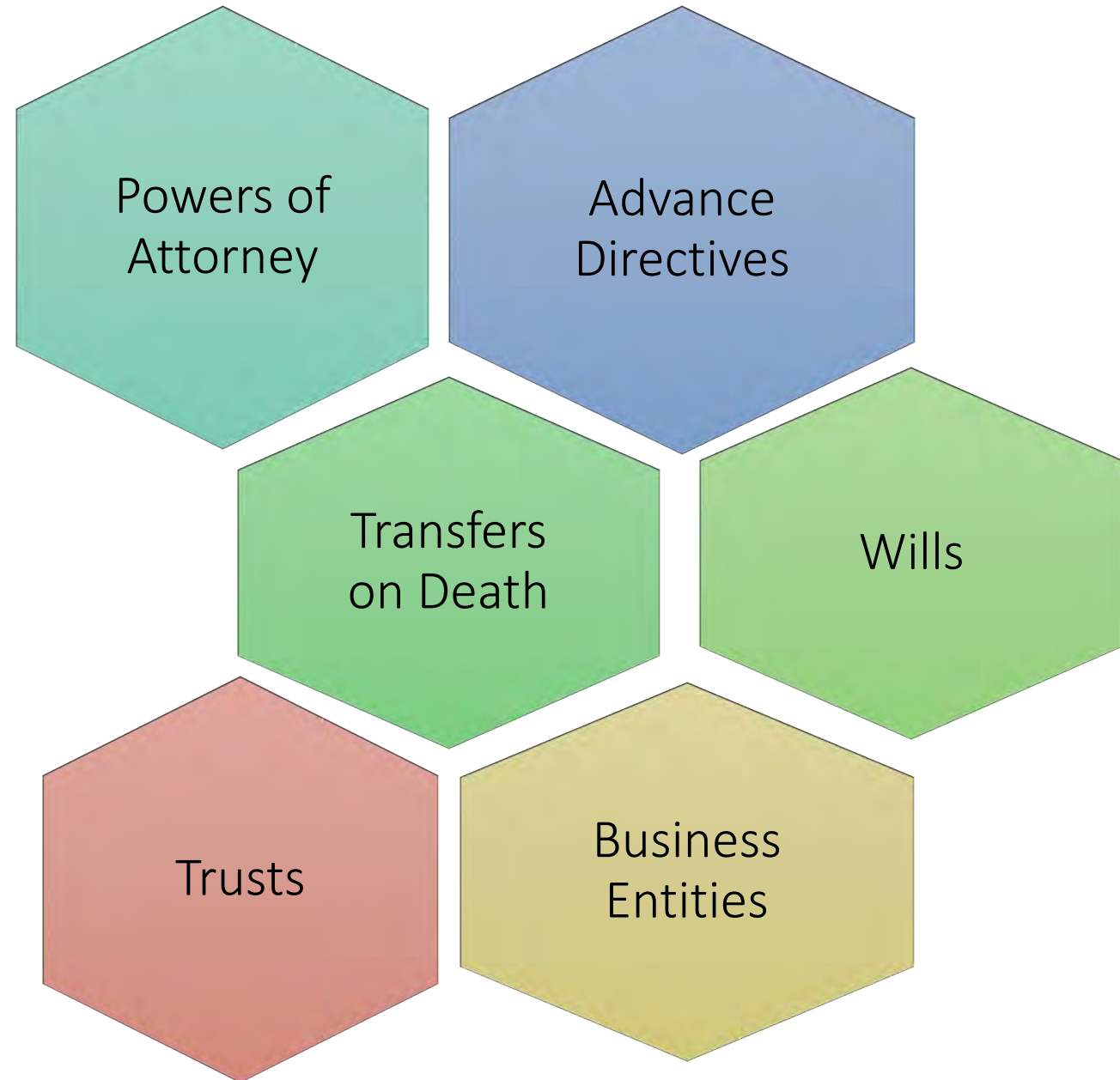
# What is Your Goal for Your Farm and Woodlands?



# Estate Planning



# What's on the legal side of farm transition planning?



# Who are your Heirs?



# What will your attorney be thinking?

- Is there a federal estate tax issue?
- What's the financial situation for the operation?
- What assets are farm versus non-farm?
- What special needs must be addressed?
- What pieces are already in place?
- What needs to be changed?

*And more .....*

# What does your attorney need from you?

**CFAES** PLANNING FOR THE FUTURE OF YOUR FARM

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OHIO STATE UNIVERSITY EXTENSION AGRICULTURAL & RESOURCE LAW PROGRAM

## Meeting with your attorney

Gather the following information or to share with your attorney. If you've completed our "Getting Your Farm & Family Affairs in Order" guide, you'll already have this together.

- \_\_\_\_\_ A balance sheet showing personal and farm assets and debts.
- \_\_\_\_\_ A list of how assets and accounts are titled, including beneficiary designations.
- \_\_\_\_\_ A list of heirs, their relationships to you, and their birthdays and addresses.
- \_\_\_\_\_ Business entity(s) you own or have an ownership interest in.
- \_\_\_\_\_ Existing estate planning documents such as wills, powers of attorney, etc.
- \_\_\_\_\_ List of advisors: accountant, insurance, financial planner, other attorney.

Consider the goals you've established for your farm so that you can share them with your attorney.

List details about your farming operation such as how you make decisions, whether you have or want other family members or heirs in your operation, whether everyone gets along—these are important details that will help your attorney guide you.

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- List of advisors: accountant, insurance, financial planner, other attorney.

# Federal estate taxes

- Net worth is used for federal estate tax liability.
- \$11.7 million per person and \$23.4 million per couple is exempt from federal estate tax.
- Portability rule allows using a couple's combined exemption on second death.
- Strategies can reduce value of the estate to minimize estate tax risk.

Year	Individual	Couple
2021	\$11.7 M	\$23.4 M
2022	\$11.7 + inflation	\$23.4 + inflation
2023	2022 + inflation	
2024	2023 + inflation	
2025	2024 + inflation	
2026	Back to \$5,000,000 per person adjusted for inflation	

# The role of the federal estate tax exemption

- **Net worth** is used to assess estate tax liability.
- Portability rule allows to use up couple's combined exemption.
- But exemption is subject to changes by Congress.
- **Plan as if it's at the lowest possible exemption level.**
  - *Strategies to reduce the net worth of the estate...*

Year	Exemption
2017	\$5,490,000
2018	\$11,180,000
2019	\$11,400,000
2020	\$11,580,000
2021	\$11,700,000
2022	continued increases, with adjustments for inflation
2023	
2024	
2025	
2026	Back to \$5,000,000 adjusted for inflation

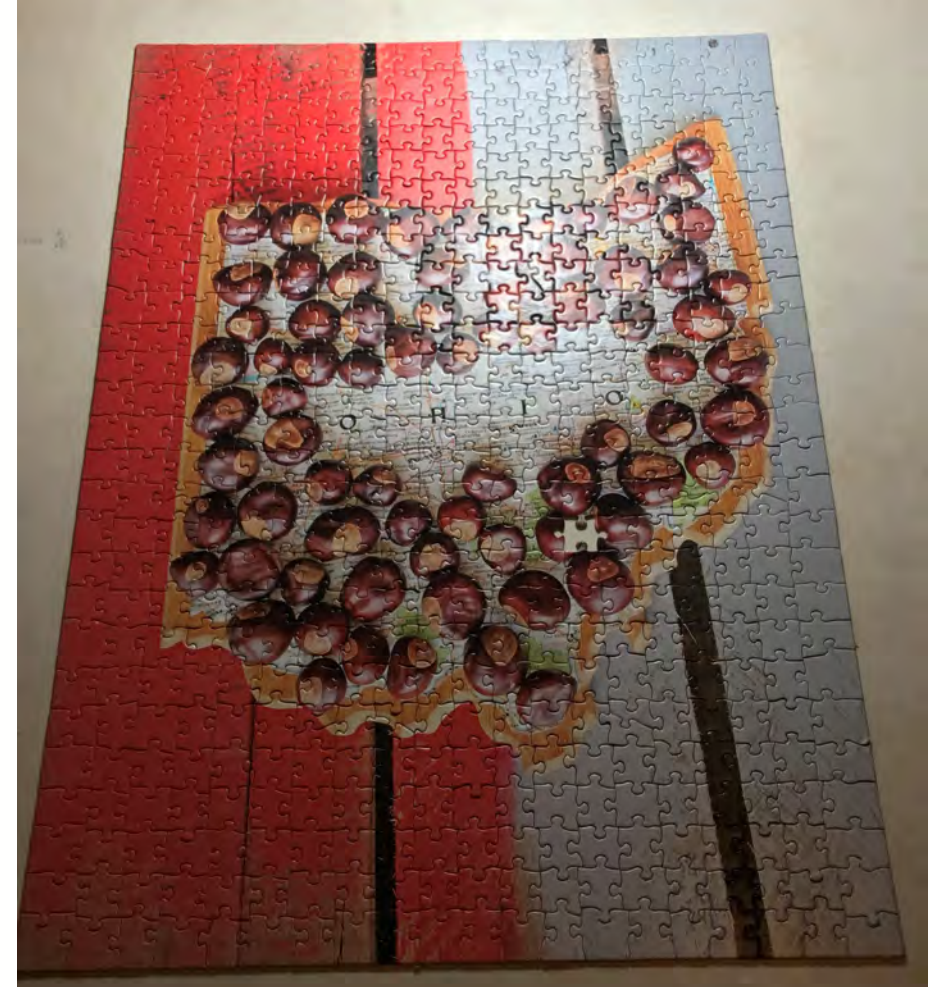
Back to  
here now?

Tax Cuts  
and Jobs Act  
of 2017

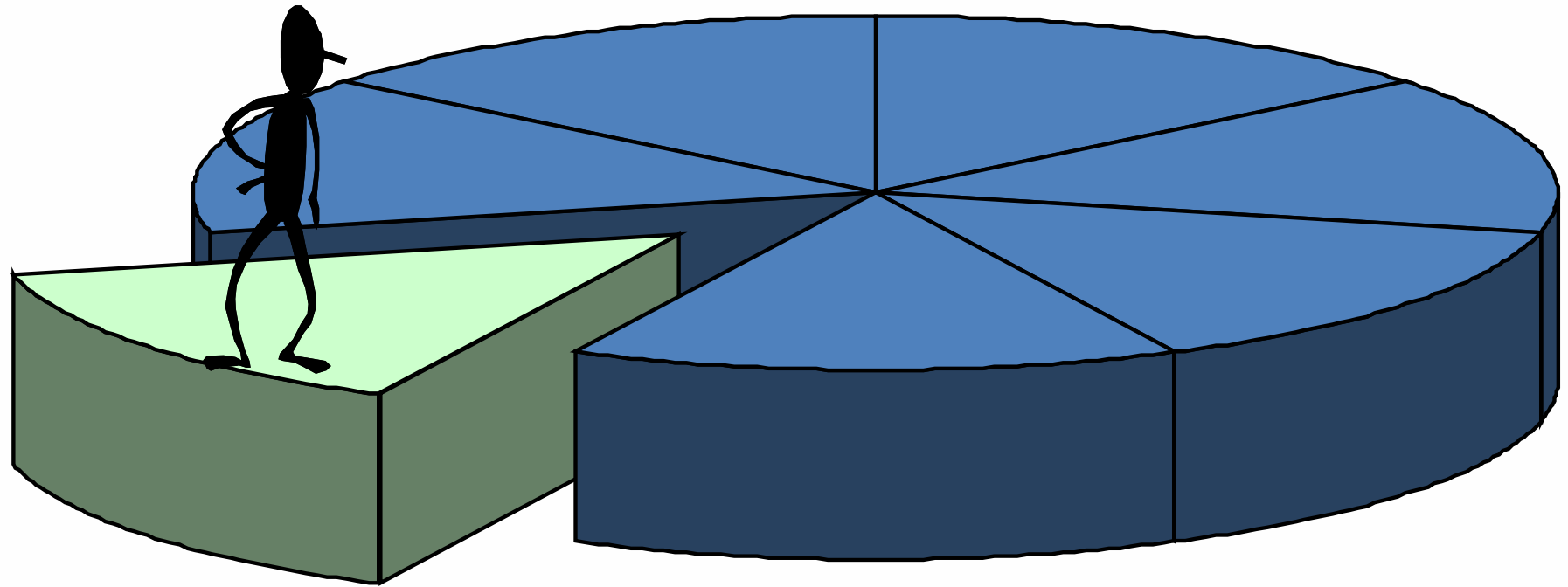


# Which pieces do you have?

- Will
- Power of Attorney
- Health Care Power of Attorney
- Living Will
- Trust
- Gifting plan
- Easements
- LLC, partnership or corporation
- LLC Operating Agreement
- Buy-Sell Agreement with heir(s)
- Leases with heirs



# Should heirs be treated equally in an unequal situation?



### Getting Your Farm & Family Affairs in Order David Marrison, Associate Professor

The emotional loss of a loved one is an extremely difficult time for families, especially for farm families. We can make it easier by having all our important information summarized in one document.

This planning document allows you to summarize your assets and how each is owned, valued, and titled. This information along with liabilities will be needed by your attorney or estate planning professional as you plan your estate.

The location of important documents and agreements can be listed as well as a summary of farm and personal advisors. Your personal wishes for your funeral can also be expressed. The information also will be helpful to your executor(s) as they settle your estate.

#### Inputting Data

The document has been designed in a writeable format. To complete the forms, simply click inside the boxes and type in the appropriate information. You may also print the forms off and fill them in by hand.

#### Saving the Document

To save your work, go to the **File** Menu and select **Save As**. Rename the file using a unique file name with the date the document was updated. By renaming the file, you will still have access to a blank copy for future recordings. Save the document to a secure location on your desktop or to a jump drive. It is recommended that you

save the file in two locations for backup purposes. It is also recommended that you password protect the document.

#### Safeguarding the Information:

When you are finished with your entries, print the completed document. Due to the confidential information contained in the document, it is recommended it be placed in a secure location such as your lawyer's office or a safe deposit box.

It is important that your spouse and ancestors know where the document is and have been given permission to access it in the case of an emergency or death.

#### Questions:

For questions on this document or to have an electronic copy mailed to you, contact your local OSU County Extension office or email David Marrison, OSU Extension at [marrison.2@osu.edu](mailto:marrison.2@osu.edu) or 740-622-2265.

#### Acknowledgements:

The author would like to thank the Wright & Moore Law Company, LPA in Delaware, Ohio for their technical assistance and review of this document.

#### References:

Estate Planning: Your Records and Personal Information. University of Kentucky: FCS5-422. Hunter, Jennifer. <http://www.ca.uky.edu/agc/pubs/fcs5/fcs5422/FCS5422.PDF>

Estate Planning Information. Wright & Moore Law Company.

# Getting Your Affairs in Order



Email [marrison.2@osu.edu](mailto:marrison.2@osu.edu) to get copy

# Succession Issues



# Items Which Can Derail Your Intentions

- Poor Family Communications
- Death (dying out of turn)
- Disability
- Divorce & 2<sup>nd</sup> Marriages
- Long Term Care
- Lack of Retirement Accounts
- Buying Out Business Partner
- Unexpected Lawsuit
- Global Issues



# Questions for Next Manager(s)

1. If you had to take over the farm/woodland management today, what would you be the most concerned about?
2. What do you need to know to best operate the farm & woodland in the future?



So, if passing on your woodland to the next generation is your goal, when is a good time to start the conversation?



# Sample Timeline

- Attend Extension events.
- Develop your goals.
- Develop the farm succession plan.
- Write/update will.
- Write/update advanced directives.
- Complete “Getting My Affairs in Order.”
- Hold a family meeting.
- Complete estate planning.



***Don't leave the burden of making decisions to the surviving spouse or next generation.***



# The Last Word

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- Procrastination is not just avoiding a task. It is also avoiding the emotions that accompany an uncomfortable task.
- The measure of one's character is not what they get from their ancestors but what they leave their descendants.
- I still find the days too short for all the thoughts I want to think, all of the walks I want to take, all the books I want to read, and all the friends I want to see. (J. Burrows).



# Contact Information

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**Thank you!**