Transitions in Agriculture:

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University of Nebraska-Lincoln

Rural Population Loss (Total Residents)
Nebraska 2000 - 2010

- Net Population Gain + 115,113
- 69 Rural Counties Lost – (27,999)
- 24 Urban Counties Gained + 143,112
Under Age 19 Residents (Gain/Loss) Nebraska 2000 - 2010

- Net Population Gain + 8,713
- 82 Rural Counties Lost – (22,500)
- 11 Urban Counties Gained + 31,213

Age of Nebraska Farm Operators

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</thead>
<tbody>
<tr>
<td>Under 35</td>
<td>13,436</td>
<td>12,609</td>
<td>8,877</td>
<td>5,531</td>
<td>3,782</td>
<td>3,353</td>
</tr>
<tr>
<td></td>
<td>22%</td>
<td>21%</td>
<td>17%</td>
<td>11%</td>
<td>8%</td>
<td>7%</td>
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<tr>
<td>35 – 64</td>
<td>38,030</td>
<td>37,056</td>
<td>32,735</td>
<td>33,532</td>
<td>33,390</td>
<td>31,297</td>
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<tr>
<td></td>
<td>63%</td>
<td>61%</td>
<td>62%</td>
<td>65%</td>
<td>68%</td>
<td>66%</td>
</tr>
<tr>
<td>Over 65</td>
<td>8,777</td>
<td>10,839</td>
<td>11,311</td>
<td>12,391</td>
<td>12,203</td>
<td>13,062</td>
</tr>
<tr>
<td></td>
<td>15%</td>
<td>18%</td>
<td>21%</td>
<td>24%</td>
<td>25%</td>
<td>27%</td>
</tr>
<tr>
<td>Total</td>
<td>60,243</td>
<td>60,502</td>
<td>52,923</td>
<td>51,454</td>
<td>49,375</td>
<td>47,712</td>
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<td></td>
<td>100%</td>
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Source: Census of Agriculture, NASS
### Age of Nebraska Farm Operators

<table>
<thead>
<tr>
<th>Age</th>
<th>1982</th>
<th>2007*</th>
<th>%</th>
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<tbody>
<tr>
<td>Under 35</td>
<td>13,436</td>
<td>3,353</td>
<td>25%</td>
</tr>
<tr>
<td>35 – 64</td>
<td>38,030</td>
<td>31,297</td>
<td>82%</td>
</tr>
<tr>
<td>Over 65</td>
<td>8,777</td>
<td>13,062</td>
<td>149%</td>
</tr>
<tr>
<td>Total</td>
<td>60,243</td>
<td>47,712</td>
<td>79%</td>
</tr>
</tbody>
</table>

Source: Census of Agriculture, NASS

### Business Life-Cycle

- **Business Phase: Introduction**
  - Strategic Effort: Penetrate & Grow
  - Time: Time

- **Business Phase: Growth**
  - Strategic Effort: Protect & Defend
  - Time: Time

- **Business Phase: Maturity**
  - Strategic Effort: New Opportunities
  - Time: Time

- **Business Phase: Decline**
  - Strategic Effort: Divest
  - Time: Time

Source: Wadsworth
KEY QUESTIONS

Is there a successor?

✔ Farm/Ranch Income may leave the area
KEY QUESTIONS

Is there a Successor?

- Farm/Ranch Income may leave the area

- Unintended Consequences:
  - Community
  - Businesses
  - Churches
  - Schools

What to do with the Farm/Ranch?

First question to consider:

*Do you want to transfer the ranch/farm as a “viable business” or simply as a “group of assets”?*

A. Transfer Plan
B. Estate Plan
The Need for Planning
Contribution = Compensation?

- 1990 Networth = $300,000/3 kids = $100,000
- 2013 Networth= $3,300,000/3kids=$1,100,000
- Contribution/Compensation
- 50%/50% Partner and Founder
- $3,000,000 Partner & Founder $1,500,000 ea
- Partner’s share
  - $ 100,000 from 1990
  - $1,500,000 from growth and appreciation
  - $ 500,000 from Founder growth and appreciation
  - $2,100,000 total for Partner $600,000 each for siblings

KEY QUESTIONS

Is there a successor?

Will you pass on your farm assets as a business or a pie?

How long will the transfer period be?
Business Succession Plan
TRANSFER PERIOD

Short Transfer Period

Long Transfer Period

owner

successor

time

owner

successor

time
KEY QUESTIONS
Is there a successor?
Will you pass on your farm assets as a business or a pie?
How long will the transfer period be?
Super Farm vs Spin-off?

Business Succession Plan
TWO BASIC CHOICES

- Multi-Person Arrangement
- Spin-Off Arrangement
Business Succession Plan
The Transfer Stages

Testing
Commitment
Established
Withdrawal

Business Succession Plan
The Transfer Process

Ownership
Management
Divide Income
Labor
# Business Succession Plan

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<tr>
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<th>Testing</th>
<th>Commitment</th>
<th>Established</th>
<th>Withdrawal</th>
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<td><strong>Labor</strong></td>
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<tr>
<td>Timeline</td>
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<tr>
<td><strong>Management</strong></td>
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<td>Timeline</td>
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<td><strong>Income</strong></td>
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<td><strong>Ownership</strong></td>
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<td>Timeline</td>
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## Resources

- **Joe M. Hawbaker, Hawbaker Law Office**
  - Phone: 402-558-3540
  - Email: mjbaker@radiks.net
- **David Goeller, UNL Farm Transition Specialist**
  - Phone: 402-472-0661
  - Email: dgoeller@unl.edu
- **Nebraska Farm Hotline**
  - Phone 800-464-0258
Resources

- **Don Hofstrand**
  - Iowa State University
  - Co-Director, Ag Marketing Resource Center
  - Phone: 641 423 0844

- **John Baker, Attorney at Law**
  - Iowa State University
  - Director of the Iowa Beginning Farmer Center
  - 800 447 1985

- **Roger A. McEowen, Attorney at Law**
  - Iowa State University
  - Associate Professor of Agricultural Law
  - Phone: 515 294 4076