

impact

University of Idaho Extension programs that are making a difference in Idaho.

Succession planning workshop impacted farmers and ranchers in the Magic Valley

AT A GLANCE

With the average age of the Idaho agricultural operator being 58, University of Idaho Extension needed to educate operators on succession planning.

The Situation

With the aging population of operators in the agricultural industry, estate and succession planning becomes a large priority. According to USDA, over 70 percent of farmland will transition before 2028 and 50 percent of the agricultural operators do not have a plan in place. Estate and succession planning can be very stressful for many reasons including tax laws, communication issues and mortality.

Our Response

University of Idaho Extension educators provided a four-week workshop geared towards families who are interested in learning more about succession planning. The workshop was available in three locations: Buhl, Shoshone and Burley. Each workshop provided a licensed lawyer, accountant and financial planner for insight into how to create a smooth transition. Along with the licensed professionals in each workshop, the University of Idaho Extension educators provided information on personality types (Color Code), mission statements and goals, job descriptions, business structures, generational differences and transition of management.



Farm and ranch operators increase their knowledge in succession planning for their farming business.

Program Outcomes

After the workshop, we sent the participants a follow-up survey to see if they have increased their knowledge of succession planning from taking the workshop and if they have implemented/discussed their succession plan with their family.

From the survey results, we found that our average age of class participant was 58 years old which is the exact age as the average Idaho agricultural producer. Additionally, we asked about their occupation within the agricultural sector. Of the respondents, 50 percent were ranchers, 25 percent were farmers and the other 25 percent considered themselves both. From our respondents, we had a total of 8,900 acres with 440 head of beef cattle. Since succession planning deals

with passing assets to the next generation, we surveyed respondents to see if they even planned on retiring. Only 67 percent of respondents said they planned on retiring, 25 percent didn't know if they would retire and 8 percent did not plan on retiring. Out of those that are planning to retire, 58 percent of respondents think it will be within the next five years.

According to our survey results, we found that 92 percent of respondents felt an increase in knowledge in personality types, initiating dialogue with family, developing farm mission statement and goals, succession planning and transition management, use of estate planning tools and the difference between will and trust. 100 percent of respondents increased their knowledge of retirement planning. 67 percent of respondents increased their knowledge of managing resource inventories.

The first step in planning is to evaluate the assets. Since attending the workshop, 58 percent of respondents have evaluated their estate's assets. From the evaluation of assets, families should conduct meetings. We found 58 percent of respondents have conducted a family meeting since participating in the workshop. Inside the family meetings, everyone can share their goals and objectives for their operations. We found 67 percent of respondents have developed a mission statement and set of goals for their farm business since participating in the workshop.

With different business types, there are different succession plans. We found 38 percent of respondents had sole proprietorship, 31 percent have S-Corps and 31 percent have LLCs.

Since we conducted a follow-up survey, we were able to determine if the workshop influenced participants' actions. We found 58 percent of respondents have started to develop/update their farm business success-

sion plan since attending the class. Out of the respondents that have started to develop/update their farm business succession plan, 57 percent are 75 percent complete and the other 43 percent are 25 percent complete.

The survey also showed how participants would be changing their operations in the future to accommodate their succession plans. After implementing their succession/retirement plan, 33 percent of respondents said they will decrease their operation size, while 67 percent of respondents will have no change in size.

By completing their succession and estate plan, our respondents have protected \$32 million worth of assets. Our respondents are also investing for their retirement. 50 percent of the respondents are putting \$10,000/year into retirement accounts, 17 percent of putting \$15,000/year, 17 percent are putting in \$20,000, 16 percent stated another amount.

Participants were provided strategies for retirement within the workshop such as selling farm to family, non-family, renting land and gift to charitable institution. We found 63 percent of respondents plan to use multiple retirement income strategies. However, within the respondents with multiple strategies and single strategies, we found 73 percent plan to rent their farmland for continued income stream and sell farm to non-family member.

The Future

The University of Idaho Extension farm management team is planning for the next round of farm and ranch family succession planning workshops with the feedback giving through our survey results. As the average age of farm and ranch operators increase, we will continue to see the need to provide these classes to help aid in the transition.

FOR MORE INFORMATION

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