



Transferring the Family Farm

What Worked, What Didn't,
for 10 New Jersey Families



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Introduction

There is no question that transferring the family farm or farm business to the next generation can be a challenging task. Legal issues, tax laws and personal differences are some of the many issues that families must confront when determining how and when to transfer farm assets and business control.

While many farmers are aware of the work necessary to plan for a successful farm transfer, many farmers also know stories of farm transfers gone awry. It is not unusual for a lack of planning to cause families to sell all or part of the farm to cover inheritance taxes, ensure a distribution of a farm estate among the heirs or address other needs. In some cases, the absence of planning has also resulted in permanent, emotional rifts among family members. By planning for an orderly transfer of the farm, all generations can enjoy peace of mind knowing that the future of the farm is secure and that there is a plan in place for everyone to be treated fairly.

Supporting such planning is also important to sustaining a strong agricultural industry. Preserving farms means more than permanently protecting the land. It also means ensuring that families who want to pass their farms to the next generation have the knowledge and resources they need to accomplish this important goal.

The purpose of this booklet is to provide farm families with information and ideas to consider as they evaluate their own situations and embark on their own farm transfer processes. The booklet features 10 real-life farm transfer case profiles that describe the successes, challenges, and resources and learning experiences of New Jersey farm families. In three cases, the names have been changed at the families' request to protect their privacy.

The profiles are not intended to provide legal or tax advice. Families should contact professionals to assess their individual situations. The profiles, however, offer strategies that families may find helpful when developing and updating their own farm transfer plans. With the help of these strategies and additional resources, we can help keep New Jersey family farms in business for generations to come.

Suydam Farms, Franklin

This profile describes the transfer of a family farm from the family's older generation to its younger generations. To facilitate the transition, the family created a partnership and transferred the farm's business separately from the farm's land. According to the family, maintaining close family relationships and working with professionals have been key.

The Suydam family, (from left) Lucas, J. Paul, Ryck and Abe, on their Franklin farm



Farm Background

Suydam Farms and the Suydam family are rooted deep in the history of the United States. Emigrating from the Netherlands in the 17th century, the family settled in Brooklyn in 1663. Fifty years later, a few members of the family left New York and resettled in New Jersey. These family members purchased 400 acres in 1713 and started the family's original farm known as Ryck's Clover Fields, or Rycklaver in Dutch.

Different family members would start their own farms nearby. The tradition held and was generally followed that the oldest son inherited the land. The farm described in this profile, Suydam Farms, dates to about 1840. It was around this time that a Suydam male, who was not the oldest son, purchased some land in Franklin (Somerset County) about two miles from Ryck's Clover Fields to start his own farm.

At its outset during the 19th century, Suydam Farms was a diversified operation similar to Ryck's Clover Fields. It produced general fruits, vegetables, and beef and dairy products. Over time, the focus of the farm evolved to address changing markets and opportunities. Breeding and raising pigs became the farm's focus around the turn of the 20th century. Selling certified raw milk became its concentration during the 1920s and 1930s. Raising Brown Swiss dairy cattle was central in the following decades. A period of producing mainly beef followed that.

By the late 1970s and early 1980s, when Suydam Farms was developing its latest farm transfer plans, the farm had shifted again, becoming primarily a hay producer. The two decades since the start of this last transfer have witnessed a return to the farm's diversified roots. Today, the farm raises pigs, produces straw and hops, and is a direct marketer of pick-your-own pumpkins, Christmas trees and the general farm experience.

Farm Transfer Process

For the Suydams, keeping the farm in the family and maintaining the farm in agriculture have been two longstanding goals. The family worked to meet these goals during the most recent transfer from Abram and Eunice Suydam, members of the family's 10th generation, to their children and grandchildren. Key figures in this story are Abram and Eunice, their son Abe and their grandson Ryck.

During the mid- to late-1970s, members of the family's younger generations, particularly Abe, realized that a transfer plan needed to be developed. Abram and Eunice were approaching their 80th birthdays. Were they to have passed away without a transfer strategy, saving the farm would be difficult. The family needed to address who would own the farmland, how the farm would be managed and how the farm could be transferred within the family to minimize the damaging impact of estate taxes.

To address these issues, the family created a Family Limited Partnership (FLP) to control the farmland and buildings. They also decided that Ryck would continue to be the farm manager and that Abram and Eunice would gift the farm's assets to the younger generations over time.

Challenges

The process of reaching these decisions took time. Although Abe started talking with his parents in the late 1970s about transition issues, the FLP wasn't created until 1982. One reason for the delay was that careful planning was required to create the partnership and legal documents. An accountant and a tax attorney had to be consulted, and these professionals needed time to do their work. A greater reason for the family's five-year planning period was that Abe's parents were reluctant to change how they controlled the farm.

When asked to describe the biggest challenge of the farm transition, Abe said it was persuading his parents they needed to address the family's transfer issues. Abe described one instance in which he had invited a well-versed tax attorney to speak with his parents. The meeting produced no change. Abe has seen similar scenarios with other farms. "With farm families, where you run into problems is when the older generation doesn't want to give up control," he says. "When I'm gone, you figure it out,' they say."

Maintaining a sense of control was important to the older generation of Suydams. This concern was addressed in part by the family's trust in one another and by the governing/ownership structure created by the FLP. Although Abe became the FLP's general partner and primary decision-maker, Abe's parents trusted that Abe would properly oversee the farm, consider their advice and keep his promise to never make them leave the farm.

Transferring the Land

When the FLP was created, it assumed control of Suydam Farms' most valuable asset – the land. Abe became the general partner while Abram, Eunice, and Abram and Eunice's other children and grandchildren became the limited partners. In becoming partners, each family member was assigned a stake in the partnership and thus a stake in the value of the partnership's land. Abram and Eunice's percentage stake was set higher than the stakes of their children and grandchildren.

As the general partner, Abe retained full decision-making control. He could decide which partners were given which assets or liabilities. On the advice of the family's accountant and tax attorney, Abe transferred most of Abram and Eunice's value in the partnership over time to the younger generations. The method they used was annual gifting below the taxable thresholds.

Transferring the Business

Abe also decided who would farm and manage the partnership's land. Following his parents' advice, Abe decided that Ryck, his son, should continue as the farmer. Ryck had been doing much of the work and farm management, so choosing Ryck made sense. This decision sat

Abe Suydam decided who would farm and manage the partnership's land



well with the rest of the family. Ryck took control of the farm business and continued to operate Suydam Farms, becoming a tenant at a favorable rate on his family's now partnership-held land. To facilitate the business transfer, Abe transferred to Ryck the partnership's control of the farm equipment and machinery.

The Future

The Suydams recognize that to keep the farm in the family, they will have to continue addressing transfer issues over time. The process described here may have begun with Abe and his parents' discussions about what course to take, but it did not end with the creation of the partnership. Abram and Eunice gifted assets for close to 20 years. Now Abe has begun the gifting process with his children and grandchildren. Ryck is in his forties and is beginning to think about his role in future transfers, too. He and his siblings will become the partnership's next general partner as part of a new

C corporation. As a family, the Suydams are also considering farmland preservation and more formal education as options for keeping the farm viable, in agriculture and in the family.

Resources

The assistance of an accountant and a tax attorney has been important. These professionals, after working with the Suydams to understand their transfer goals, created the Family Limited Partnership. Looking back on the partnership's beginnings, Abe notes how they essentially "took a model from industry and applied it to a farm situation." The family also used an accountant and tax attorney to guide their annual gifting. Ryck says that because tax laws keep changing, using these experts is critical. They "have their rates," Abe says, but the family views employing knowledgeable people as a necessary expense.

Advice for Other Farmers

Abe and Ryck emphasize the importance of starting the transfer process as soon as possible. Planning ahead is particularly important with the gifting of assets. Professionals should also be consulted, and the transfer mechanism created should identify who will control the farm, and how, across the generations. For the Suydams, the FLP established this structure. This has helped the family sidestep conflicts and maintain close ties. "If you or your family love the farm and want to see it remain as a farm, then developing a method of transfer to avoid the penalty of inheritance taxes is a worthwhile effort," Abe says. Ryck echoes his father's advice, saying, "It's not easy, but boy is it worth it If we hadn't done it, there'd be bulldozers out there."

JD Smith Farm

This profile describes the transfer of JD Smith Farm from Jorge and Jane Smith to their son John. The Smiths' transfer was successful thanks to careful financial planning and a natural transition in management. John has now started thinking about how to transfer the farm to the third generation, his son Matt. At the family's request, names have been changed to protect privacy.

Farm Background

The Smith family has been farming in Hunterdon County since 1941 when Jorge and Jane Smith moved from their suburban home to Readington Township. In 1955, Jorge and Jane moved the farm and family, which then included three children, from Readington to Franklin Township. Son John lives on the Franklin farm today.

Over the years, the farm has changed quite a bit. When Jorge first bought the land, the family began by operating a dairy business. Now the farm is predominantly in hay and grain production. The farm has been transferred to John, and John has begun planning the next transfer to his son, Matt. John's father never completely relied on the farm as his sole source of income. He maintained an off-farm job, as both John and Matt have. These jobs have provided not only retirement plans and pensions, but also health insurance for the family.

While growing up, John was always more interested and involved in the family farm than his siblings and parents. Jorge recognized this, and though Jorge continued to participate in running the business, John was essentially the farm's manager even before he owned the land. John built a second house on the land and raised his children there. He and his father ran the farm together until his father retired. In 1987, a year after John's father passed away, John's son Matt bought into the business by purchasing half of the farm equipment and stepping in as half of the farm management team. Today, John and Matt run the farm as a partnership. The family hopes that in the future, one of Matt's children will wish to continue in the family farm business.

Farm Transfer

John grew into the untitled position of "manager" of the farm as he became an adult. His mother and father, meanwhile, remained the owners of the farm. Because of this, the farm transfer from the first to the second generation mainly involved the transfer of financial responsibilities, and not particularly the transfer of management.

John's mother and father began planning for the transfer of their assets far in advance. In the late 1970s his parents set up a tax-saving trust upon consulting a lawyer with a degree and experience in accounting. John now advises that the key to a successful financial transfer, one that successfully minimizes taxes, is to have a good lawyer with an accounting background. He says that the success of the transfer directly depends on it.

The money that John's parents put into the trust was spared inheritance taxes when Jorge and Jane later passed away. When John's father died in 1986, half of the parents' estate was transferred into the established trust for the three children. This half was not taxed, and it remained in the trust until both parents passed away. The remaining half of the estate,

including the land, still belonged to John's mother. The trust enabled John's parents to safely maintain their own financial security while protecting half of the estate from inheritance taxes.

In the early 1990s, John's mother began to transfer the remaining half of the estate. She accomplished this through another form of asset transfer – gifting. John's mother began gifting money to her children and grandchildren. The family's attorney suggested that she transfer the land and her other assets to the family in portions because, as he explained to them, up to \$10,000 per person could be gifted at one time without being taxed.

The family successfully minimized taxation by managing their assets through a tax-saving trust and gifting

The family was also able to extract a large percentage of the value of the farmland by enrolling the farm in the Farmland Preservation Program. Once the family preserved the farm, John's mother was able to gift the money received from preservation in \$10,000 portions over time. John and his siblings agreed that John was the farmer in the family and that John would solely inherit the land. But money from farmland preservation, along with other family assets, allowed the Smiths to pass on the family estate in an equitable manner.

The financial transfer of the farm was completed through a variety of methods. The trust maintained Jorge's portion of the estate after he died but before his wife passed away. Once Jane passed away, the money in the trust became available to John and his siblings. This portion did not suffer inheritance taxes. Also, John's mother extracted much of the land's value through farmland preservation, gifting that money along with most of her share of the estate to her children and grandchildren before she died. When she passed away in 1994, her three children inherited the remaining portion of the estate. This portion unavoidably suffered inheritance taxes. John's mother and father had minimized this burden, however, such that the family retained most of the parents' assets. The family successfully minimized taxation by managing their assets through a tax-saving trust and gifting.

Future Transfer

After John inherited the farmland, he and his son Matt began investing in the houses and structures on the farm. They had previously invested in the less stationary components of the business, like machinery and crops. They had done this as a way of safely investing in the farm prior to owning the land.

Now that John owns the farmland and has other assets to manage, he and his family have begun planning the transfer of assets to the next generation. John's other three children are not partners in the farm business that John and Matt operate. Because of this, the farmland and John's half of the farm business will be transferred to Matt. John's other children will inherit other family assets. John's attorney advised him there is now a provision in the tax code that will allow for John's preserved farm to be passed down to Matt without inheritance taxes, as long as Matt actively farms the land for 10 years following the transfer.

Advice from John

When asked if he had advice to other families involved in a farm transfer, John had a few ideas to share. He felt that the senior generation should be attentive and respectful of the

younger generation's ideas and their insight into new technologies. Many farm families have a difficult time transferring the management of the farm because the senior generation does not want to give up control. John suggested that families involved in a farm management transfer involve a family counselor to help deal with family relations. A family counselor could perhaps help shape a relationship that enhances the long-term viability of the farm operation. John also warned that a controlling partner of a family operation could drive the operation into the ground.

For families involved in a financial transfer, John advised that the family hire a lawyer who is involved in accounting. A lawyer who has experience and a degree in accounting will have a greater insight on ways of minimizing inheritance taxes. John added that farmland preservation is an excellent tool for estate planning. Cashing in on part of the land's value through farmland preservation (selling the development rights) supplies the senior generation with money that can be equitably gifted, or safeguarded in a trust, for the younger generation.

Muth Farm, Williamstown

This profile describes the emotionally wrought transfer of a family farm from the older generation to the younger generation. Due to health issues, the Muth family was forced to quickly decide the future of the farm despite having given the topic little previous thought. To save the farm from development, the family reached an eleventh-hour agreement to create a family trust. One in-law disagreed with this decision and took legal action to force the sale of the farm. A rancorous process resulted, ending with the trust's creation after two long years. Bob Muth, the current manager of the farm, strongly advised farmers to begin planning transfers in their forties and to communicate openly and clearly with everyone throughout the process.

Farm Background

The Muth family farm has been in operation since 1956 when Nicholas and Martha Muth, both from south Jersey farming families, bought seven acres in Williamstown (Gloucester County). They chose the location because the price was right – \$6,000 for the land and a tar paper shack. Over the years, the Muths increased the farm to 45 acres as contiguous parcels became available. The Muths started their farm by growing a small variety of vegetables, but mostly okra. They later forayed into beef, once owning 45 head of steer. When market prices for beef fell too low to maintain the herd, they switched to another type of farming – growing hay for the pleasure horse market.

Today, the family farm is managed by Bob Muth, Nicholas and Martha's fifth child. Bob owns 15 acres a mile from the homestead, and he rents the family's 45 acres from the trust. Farming was not his first career choice, largely at the behest of his father. "You got a good education. Forget it," Nicholas told him. For a while, Bob did.

He graduated Phi Beta Kappa from Rutgers University with a degree in vegetable crop production, did graduate work in plant virology and worked as a cooperative extension agent in



South Carolina helping tobacco growers transition to new crops. In 1987, when Bob was considering graduate school, the pull of the family farm lured him home. Bob took over the family business in 1990, sealing his career as a second-generation vegetable farmer. He was the only one of Nicholas and Martha's seven children to become a farmer.

Bob grows a variety of vegetables, including cucumbers, summer squash, melons, tomatoes and bell peppers. Nine acres are certified organic, and he plans to transition more to organic over time. He sells his produce through a farm stand, wholesale markets and his own Community Supported Agriculture operation. He employs four seasonal full-time workers. His wife, Leda, serves as the farm's business manager.

Bob Muth manages the family farm in Williamstown (photo by Christine Markoe for the Sustainable Agriculture Network, www.sare.org)

Bob's farm income provides for his family's current needs, carries no debt load and generates enough income to enable him to save for retirement. Having recently completed the farm transfer, Bob, 48, plans to farm into his 60s. With development pressure showing no sign of letting up – the farm is bordered on two sides by single family homes, with more houses to be built nearby – Bob hopes to put the farm in the state's Farmland Preservation Program. If no family members, including his eight-year-old son, take an interest in farming, then another farmer could step in.

Farm Transfer Process

Saving the farm had been on Bob's mind since 1987 when he started farming part-time. "I remember telling Pa every year that went by that he should start thinking about how to pass the farm on. I could tell they (his parents) dreaded it," Bob recalls. Ten years later, when his parents were in their 70s, they hired an estate attorney and an accountant to undertake the farm transfer.

That year his father suffered a stroke. This catastrophic event propelled the family into a very stressful decision-making mode about the farm's future. "It was the low point of my life," Bob says. "Everything that could go wrong did go wrong."

The family had widely varying ideas about what should happen to the farm. The parents wanted their assets to be divided equally among their children, and some family members wanted to subdivide the farm. Bob disagreed. He wanted to continue managing the farm and needed to keep it whole to maintain his rotations. He could not sustain a viable operation on just the 15 acres he owned, nor could he afford to expand. "When land values get that high – \$50,000 to \$100,000 an acre – you've got to get creative. I couldn't look at buying ground," he says.

Eventually, Bob's parents saw things Bob's way. The professionals they had hired conducted a financial analysis of the farm and proceeded to place the farm into a family trust. They designed the trust to address the family's three priorities: honoring the parents' wishes to preserve the farm as long as possible, keeping the farm as an investment and enabling the one sibling who was already farming the land to continue farming it.

Without fully discussing the details of the trust with the entire family, Nicholas and Martha decided to make Bob the manager of the trust. That was a mistake, Bob says, because one family member vehemently objected to the way that the trust was set up. He accused Bob of coercion and hired an attorney to assist in undoing the trust and force the sale of the farm. Though this family member backed down in the end, the process was long and bitter.

"Until you've been through this, you have no idea," Bob says. "Let's cut to the chase. It's all about money. The minute there's money in the pot things can get pretty ugly. Mom and Pop should have taken the time to tell everybody everything." Bob still feels responsible for not pre-empting the tumult the transfer



Cool-weather crops on the Muth Farm (Photo courtesy of The Rodale Institute 2004 from www.newfarm.org)

caused. “It didn’t have to be this way,” he says. “I should have forced the issue in 1987. I didn’t want to upset my parents. I love them both. I should have left or threatened to leave. I could have had a lot more options. Instead, I hung on. Didn’t want to rock the boat. I paid dearly for it – the emotional stress.”

During the ensuing two years, Bob’s mother cared for his father. The family looked into long-term health care for the parents. At \$12,000 a year for private insurance – their only option – they said they did not need it. In 1999, while the trust proceedings were under way, Bob’s mother died suddenly from an aneurysm. A short time later, his father suffered a second stroke. The family pulled together and provided for three caregivers. One of Bob’s brothers took an early retirement option from his employer to care for his father, who lives on through the will of the family, according to Bob.

The trust buys the family time. “A trust was the only way we could take care of Pop, grant Ma’s wishes to keep the farm and keep income intact,” Bob says. Luckily, his father’s savings were sufficient to prevent the family from having to subdivide the land for additional income to meet their goals.

The trust included the transfer of the land and only the equipment that had some appreciable value. It enables the father to “maintain a life estate,” meaning he can live on the farm until he dies but must relinquish his assets to his children while he is alive. When he dies, the farm will be fully placed in the trust and its assets will pass on to the family. This approach decreases estate taxes.

Bob is in charge of the trust, rents the land from it, manages the farm, and pays maintenance, liability and fire insurance costs. He has already paid off his own long-term care insurance policy. Upon his father’s death, Bob has the option of renting the land every five years for a total of 15 years. At the end of that period, the family will decide the fate of the farm by majority rule. Their choices will include keeping it a working farm if a family member is interested in farming, selling it or placing it in the state’s Farmland Preservation Program. Bob is confident the family will not sell the farm to a developer.

Once the family understood their land would continue to appreciate, the family became more interested in considering the trust. “Our assets are locked in place,” Bob says. “We pulled together and will sell if and when the time is right for us. The worst time to sell is when you’re under duress or when it’s a forced sale. You don’t get full value.”

Challenges

The challenge for the family was trying to make rational decisions while under intense pressure about the fate of the farm and Nicholas’ medical care and psychological well being. Bob’s personal challenge was balancing his need to support his family as a farmer with the other family members’ competing interests to either keep or sell the farm. For everyone, it was a time of sorting out values about respecting parental wishes and about considering what everyone stood to gain or lose. A challenge for everyone was also weighing the philosophical, emotional and monetary worth of keeping the farm in operation as an investment versus selling it and gaining some personal wealth at the expense of Bob’s livelihood.

Resources

Bob credits the Cooperative Extension Service with putting his family in the right hands, having referred the family to an estate planning expert. Bob emphasizes the importance of hiring a specialist. “They can cut through red tape,” he says. “It cost \$11,000 but it was money well spent. They see every type of event that could unfold.”

Advice for Other Farmers

Bob said the transfer worked out well in the end and that his family is closer than ever before. “I’m delighted,” he says. “Everybody’s happy. We share food from the farm freely with the whole family.

Mom would be absolutely delighted at how we’ve pulled things together. Down the road when I’m ready to retire, I think I have enough clout to keep the farm in the Farmland Preservation Program. I think the family would opt for it. It’s what Mom wanted.”

Bob had the following advice for farmers:

- The time to start transferring the farm is not when you’re in your 70s or 80s. “My parents waited 40 years too long,” he says. “Do it in your prime, in your 40s, so your children can benefit. It may take you 15 to 20 years to implement a plan so that there is no forced sale. A forced sale is not the time to sell.”
- Start an open communication process at that time. “It’s OK to ruffle people,” he says. “Work out differences with everyone at the table. If you want to farm, you have to think creatively. Ask: What exactly do you want? Put all the cards on the table.”
- If there’s a teenager in the family who seems interested in farming, don’t rule him or her out.
- Buy and pay off a long-term care policy so as not to burden the family.
- Farmers should emulate the career tracks of Amish farmers, who have a high success rate for farm transfers. They farm from their mid-teens to their mid-40s. Then they take on another, less taxing career such as teaching or cabinetmaking, and turn over the farm to the younger generation.
- Ask the “Big Guy” for strength every day.

Bob is willing to speak with others about the farm transfer process.

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Maple Farm, Wantage

This profile describes the transition of a family farm from Bernard Steinetz to his children and grandchildren. To facilitate the transfer process, the Steinetz family created a limited partnership and enrolled the farm in the Farmland Preservation Program. Although some family members expressed concerns with the decision to preserve the farm, Bernard and his son, Scott, the current manager of the farm, feel confident the family made the right choice.

Farm Background

Bernard Steinetz's father bought the 112-acre Maple Farm in 1948 for use as a country retreat. A caretaker managed the Wantage (Sussex County) farm and planted vegetable gardens for the Steinetz family and friends. On an annual basis, local farmers also leased some of the land to grow corn.

When Bernard's father passed away in 1967, Bernard's mother gifted the farm to Bernard and his wife, Jane. The same caretaker continued to manage the farm by growing vegetables for the family and selling hay to area horse farmers. Not long after this transition, the family purchased a small herd of Black Angus beef cattle. Son Scott was a teenager at the time and enlisted the help of friends to fence the land for the first six animals. In 1971, an additional 50 acres was purchased from an adjacent farm, bringing the total farm acreage to 162 acres. Beef cattle remained on the farm until the mid-1970s when the operation became unprofitable due to feed-cost increases tied to the Arab oil crisis. At its largest, the herd consisted of 70 animals.

Today, about 25 acres are in crop production, and since 1992, Scott has leased the land to grow organic vegetables. Until recently, the vegetables had largely been marketed through a Community Supported Agriculture arrangement. Medicine Row, Inc., the name of Scott's corporation, offers organic lettuce, tomatoes, carrots, broccoli and beans, to name a few crops. Scott has been farming full-time since 1996, the same year the farm was certified organic. He entered into organic production because he felt it was a good niche. In addition to farming, Scott teaches music at a charter school to supplement his income. Bernard, 77, remains involved in the farm's management decisions but still enjoys a successful career as a professor at New York University Medical School.

The family enrolled the farm in the state Farmland Preservation Program in 2000. Bernard felt it imperative to do something long-lasting to preserve the farm, especially given its location bordering the Appalachian Trail. In the late 1980s, about 25 acres were "donated" (under threat of eminent domain) for a buffer zone to protect the trail. When the remaining farm property garnered more interest a few years later, Bernard persuaded his family that farmland preservation would protect their land once and for all. The proceeds from the sale of the development rights were placed in an interest-bearing account for future use toward the management of the farm. The family kept separate from the preservation process a three-acre parcel containing a house original to the property and dating back to 1774. This allowed the family to maintain an unrestricted, valuable piece of property.

Farm Transfer

The family began the farm transfer process in 1992 when Bernard and Jane decided to form a

limited partnership. Bernard and Jane retained control of decision-making matters as the general partners. Son Scott and his wife, Scott's sister and her husband, and Scott and his sister's total of six children became limited partners. This brought the number of limited partners to 10, with six of the partners currently between 9 and 18 years old. Over a period of five years, Bernard and Jane gifted the maximum amount possible per year to each limited partner. Today, they own just 1 percent of the farm (as Maple Farm Corp.), while the limited partners now own 99 percent. Bernard and Jane expect to transfer the remaining 1 percent of the farm in their lifetime.

According to Bernard, the farm transfer process was started because the property was increasing in value and he and Jane wanted to pass it on to the next generation. The transfer process has mostly involved the transfer of assets, since Bernard still helps make management decisions regarding the farm. When the "nest egg" from the sale of the development rights reaches a certain level, he and Jane will pass on the farm completely to their son and daughter and their families. In the meantime, the partnership pays Scott to manage the farm and grow crops. Scott feels Bernard's decision to start the transfer process was a prudent one. He also feels the family has made its share of difficult decisions.



Tomatoes growing on Maple Farm

The most contentious issue stemmed from the decision to preserve the farm. Several family members were opposed to the idea for fear of losing the development value of the farm and the ability to "cash out" if desired. Scott emphasized that family members need to sit down and talk about the ramifications of decisions such as these.

Despite the family's differences, Bernard stressed the overall positive aspects of farmland preservation in that the program protected their property from further potential eminent domain actions. At the same time, the family was able to maintain a valuable three-acre parcel that contains a farmhouse, pool, tennis courts, garage and pond.

Resources

Bernard employed the assistance of a variety of resources during the transfer process. An attorney helped put the limited partnership in writing, which took about one to two months. An accountant was also involved more than once, which Scott considered a smart choice. An investment counselor was utilized when it came time to invest the money received from the Farmland Preservation Program. Bernard also noted how helpful Donna Traylor from the Sussex County Agriculture Development Board had been in helping them move through the farmland preservation process.

Challenges

Bernard's main concerns involved how to give the farm to his family in the shortest amount of time and in the most cost-efficient manner. Scott said his father addressed their legal concerns by gathering as much information as he could. Bernard also approached it in a democratic

way by giving all family members equal shares. While Bernard described the transfer process as “not too difficult,” Scott felt it was contentious due to a difference of opinion among several family members regarding whether to enroll in farmland preservation.

Scott feels that because his father was determined to be fair and equal with everyone, it sometimes now causes disagreements about how the farm should be managed, especially with members who are not on the farm full-time. This is an ongoing challenge for Scott since he deals with the farm’s difficult production and management issues so closely while the other partners do not. He believes the farm must be managed as a business, and even then there is no guarantee the farm will turn a profit.

Keys to Success

Scott credits his father as one of the keys to success. He remarks how strongly Bernard made his feelings known that he wanted the farm to be preserved, despite objections from some family members.

In the family’s eyes, additional reasons for the success of the ongoing transfer have been the use of trusted advisers and the willingness of the adult partners to eventually reach compromises regarding how the farm should be transferred.

Words to Live By

Bernard feels it’s important to treat family members equally, which is why he made each family member an equal partner. “I feel we’ve done the right thing,” he says. “We’ve done our bit to preserve what we have.”

Scott shares similar thoughts, noting the process requires family members to ask themselves what they value most as they make decisions for the future. “The full impact may not even be seen in our children’s generation, but we know we’re doing something good for the future,” he says.

Scott is willing to speak to others about the farm transfer process.

Sun High Orchard, Randolph

This profile describes the transition of a family farm across three generations. Fred Bostrom started Sun High Orchard in 1945, and his son Don took over the farm in the 1990s. The next generation to control the farm will be Don's daughter, Brenda, and her husband, Kevin. Brenda and Kevin currently manage the farm with Don's assistance.

Farm Background

Don's father, Fred Bostrom, was a building contractor who decided to buy a 10-acre farm in Randolph (Morris County) in 1945. Don grew up working on the farm, where the acreage was largely devoted to fruit trees. Sun High Orchard was, in fact, named after a popular peach variety from that time. After Fred passed away in 1990, the farm was left to Don and his two brothers. Over the years, additional acreage had been purchased to increase the farm's size. The family purchased 13 acres in 1975 and another four acres in 2001, bringing the farm's total to 27 acres.



Don Bostrom, with daughter Brenda Torster, son-in-law Kevin Torster and grandson Mason

Looking back, Don describes the farm as purely a hobby farm until about 1994. He had always farmed the land in addition to his full-time career as a high school guidance counselor, from which he retired in 2001 after 41 years.

In November 1996, the family made the important decision to enroll in the Farmland Preservation Program through a county/township purchase of the farm's development rights. Don credits the preservation program with enabling the family to keep the farm, as it allowed Don to buy out his two brothers who were not active in the farm's operation.

Don's 40-year old daughter, Brenda Torster, grew up on the farm and has always loved it. Though she attended college and could have pursued other opportunities, her heart was always in the farm. She has worked at Sun High Orchard full-time since her early 20s. Today, Brenda and her husband, Kevin, have committed to operating the farm. They recently oversaw the construction of a new 70-foot by 60-foot farm stand. Brenda and Kevin knew that if they were going to stay in business, they needed to retire the original stand, an unheated three-bay garage, and replace it with a new one. The new stand was completed in 2002.

Farm Transfer

A love for agriculture is a common theme in the Bostrom family. Don had been the family member who had kept the farm going by helping his parents manage it, and he feels it is right that he and his wife, Joann, now fully own the farm rather than his two brothers. Plans for the future have been made also; one day Brenda will own the farm.

As for the present, clear responsibilities regarding farm management have been divided up. Brenda manages the farm stand, while Kevin handles crop production with assistance from Don. What is unique about the Bostrom family is that there is nothing in writing concerning the transfer of management authority. Don recognizes his daughter and son-in-law's commitment to the family farm, and he works alongside them with the knowledge that they are the next generation. "There has to be a commitment from both generations," Don says. "I have to be willing to work for the next generation and yield to them. I don't question their decisions." Any minor problems that have developed have been discussed by the family and worked out.

Don expects to always be involved in the farm but now puts his faith in the next generation to operate the business. He co-signed on the loan for the new farm stand, for instance, but is not involved in any of the financial or management decisions. Don's dream is simply to work on the farm for the remainder of his life. "The farm keeps me young and I don't have to join an exercise class to keep the heart in good condition," he jokes.

Resources

The Farmland Preservation Program was Don's avenue for gaining sole ownership of the farm. "Without farmland preservation, we wouldn't be here," he says. "Without the money, I wouldn't have been able to buy out my two brothers." Even with the help of preservation funds, Don also had to sell a house and a few stocks to raise enough money to get the farm.

Don utilized a lawyer to prepare his will/estate plan and he worked with First Pioneer Farm Credit when the family enrolled the farm in farmland preservation. Other than that, no other outside parties have been utilized since there is no formal transfer agreement.

Challenges

Brenda is familiar with the agriculture industry having grown up in it. Making the decision to preserve the farm was not difficult, she says, but determining how to make a living from the farm was. At one time, the family was involved in some zoning issues with the township when the business was rezoned as commercial/mercantile. They were unable to get an exemption from the town as an agricultural business. What this meant was having to conform to commercial/mercantile rules, which cost them much more to stay in business. Brenda says that at times, they all shared similar thoughts of "Did we do the right thing?" in deciding to run a farm business. Some days they were certain the answer was no, but other days they were sure it was yes. It always came down to what was in their hearts.

As a demonstration of their commitment to serving the community, the family built the new farm stand. Today, they have worked hard to diversify the farm enough to make a living from it. This includes offering fresh fruits and vegetables, bakery goods such as pies and cookies, and gourmet foods. Customers also can visit their petting zoo and children are welcomed onto the farm for educational tours. Autumn hayrides out to the pumpkin patch remain a customer favorite.

Don describes their role in the community as providing a "Kodak moment and a Disney experience" for people. They take their role in the community seriously and know that community members cherish their farm as much as they do.

Keys to Success

Don doesn't believe in surprises. "Everyone has to be aware beforehand – a will shouldn't be kept a secret," he says. In fact, he freely shared that upon his passing, the land will go to his wife, or if she is no longer alive, it will go to Brenda. Don also has a son, Chris, who chose to

pursue a career outside of agriculture. Because Chris is not involved in the family farm at all, Don felt that it should be Brenda to whom the farm is transferred. Brenda and Kevin's family expanded with the arrival of son Mason in 2004. Don said it remains to be seen if Mason will want to keep Sun High Orchard in the family as the fourth generation.

Brenda feels her commitment to the farm comes from spending time working on the farm as a child and a teenager. However, she says one of the best things she did was go to college to pursue another vocation, because it allowed her to discover that the farm was where she wanted to be. She also notes the importance of working for people other than family. She worked at several other farm markets in college and got to see firsthand the intricacies of other farms' operations. It gave her a fresh insight, new ideas and greater knowledge of the business.

Words to Live By

"Farming is a wonderful way of life that is much more than a job," says Don. "Be aware that it demands your attention 24/7."

Don also believes that a farm transfer won't work without someone in the family committed to carrying on the family farm. "I see our farm as Randolph's community farm," he says. "That's my vision for the future. When we enrolled in the Farmland Preservation Program, it became my legacy, my gift to the town."

Brenda describes the day her family preserved their farm as the second proudest day in her life. "I chose to stay on the farm because it was in my heart," she says. "It's a way of life."

Donaldson Farm, Hackettstown

This profile describes the transition of the Donaldson family farm from Lewis Donaldson to his sons, Gary, David and Greg. During this process, the farm changed from a dairy farm to a diversified operation. Each son helped shape the farm's development by focusing on his particular farming interest. The family created three new farm businesses, and Lewis allowed the management of the farm to pass gradually to his sons. The family's next step will be to transfer ownership of the land.

Farm Background

The Donaldson family has been farming in Hackettstown (Warren County) since 1906. The farm began as a small operation with some livestock and crops. Over two generations, the farm grew into a 114-acre dairy, hay and grain farm. The farm continued to grow as Lewis Donaldson, the third generation on the farm, gained control in the late 1960s following the passing of his parents. Lewis expanded the business to 260 acres with the help of his wife and four sons. During this time, the Donaldsons kept 100 dairy cows and grew hay and grain.

In the 1980s, the New Jersey dairy industry and the Donaldsons were struggling. The family decided to change the farm's focus, as selling milk was no longer profitable. During the decade that followed, Lewis' sons became more involved in the farm and it took on its current form.

No longer a dairy, the farm became a diversified operation that included field crops, a greenhouse/nursery, and fruits and vegetables. Gary continued to develop the field crop business and to grow wholesale fruits and vegetables. David focused on the greenhouses. Greg, meanwhile, expanded retail fruit and vegetable production and the farm stand. Each son continued to hone his production and management skills during this time. In the 1990s, the family created a business plan that established three separate, but still linked and cooperative, farm businesses. Today, Lewis still owns the land and remains active in the farm, but the day-to-day operation of the farmland and farm businesses is left to Gary, David and Greg. The

farm now consists of about 500 acres.

The Donaldson Sons

Each of Lewis' sons – Gary, David, Greg and Bob (who passed away as a young adult) – was involved in the farm growing up. As each son finished school and became of age, each chose his own path.

Gary, disliking cows, initially went his own way and rented 1,200 acres nearby. He raised mostly grain. David,



Lewis Donaldson and Greg, one of three sons who now manage the farm

liking cows, chose to stay with his father and continue dairying. David also dreamed of opening a greenhouse operation. Bob initially left the farm to become a farm loan officer, but he returned after David had developed a greenhouse operation on the side. Bob had the desire to become a nurseryman, too, but passed away after a sudden illness.

Greg was always involved in the farm growing up. At 14, he was given a small plot to farm as he pleased. He grew potatoes and sweet corn, using his father's pick-up truck as his first farm stand. Greg almost left the farm in the 1980s after completing high school. He took a part-time job with Ingersoll Rand, in part to explore an interest in mechanical drawing. The pull of the family farm was too strong, and after two years Greg returned to the farm full-time. "I got a good idea of what it was like," he says, "and I found out that I wanted to be on the farm and not in an office."

Farm Transfer Process

The Donaldson family's farm transfer involved two transitions: the transition of the farm from one type of agriculture to another, and the transition of the farm from one generation to the next. This process began in the 1980s as the dairy industry slumped.

Selling the herd was a hard fact to face, but the Donaldsons accepted it and moved forward. Lewis and his family may have been sad about parting with the time, commitment and passion they had given to developing their dairy operation, but the business had become unprofitable. The family decided to change gears.

This was a family realization, with Lewis, as the head of the farm business, making the ultimate decision to sell the herd. Lewis and Gary began growing more fruits and vegetables for the wholesale business. Greg continued to run and expand the farm market operation, and David spent more time with the greenhouses. The family also continued to grow field crops. According to Lewis, this transition to new crops and farming together was natural. "It just sort of grew that way," he says. The first several years of the farm's new approach went well.

Then problems began to arise regarding the management of time, labor and land. David wanted to concentrate solely on the nursery/greenhouse component of the business. Gary wanted to remain involved in the greenhouses, too (as he had invested some money there), and he also wanted to expand the wholesale crop business. Greg wanted to focus solely on the retail farm market. Over time, a tug of war developed between who would grow what and whose crops would take priority. The brothers began "bumping heads" more frequently. The farm's financial accounting systems also became an issue. As the business grew, it became difficult to divide up the farm's expenses and profits among the family members. Greg notes that some members "felt like they weren't getting their fair share."

The family endured this "shared" style of farming for almost 10 years. At one point in the 1990s, David announced it was too much and that he would be leaving the farm. A combination of poor communication, personality conflicts and the factors described above had pushed him to this point.

The year 1994 was a turning point for the farm. In wanting to keep family peace, his brother David and the farm, Greg proposed a new business strategy. Divisions were happening naturally due to the sharing nature of the farm, he said, so why not split the operation into three separate businesses on the same land? They could continue to focus on their interests and specialties, buy and sell from one another as would any businesses, and ease the tug of

war for labor, land and other resources.

After discussing the situation, the family went forward with Greg's idea. The Donaldsons created three separate entities, each owned and managed by one son. Donaldson Farms continues to operate this way today. Gary raises grain as well as wholesale fruits and vegetables. David focuses solely on his greenhouse business, and Greg grows fruits and vegetables to sell through his retail farm market. The public still recognizes the businesses as Donaldson Farms – there is a single sign along the road – but the family farm now has three independent businesses.

Successes

What worked about the Donaldson's new business strategy was that it formalized the divisions that were happening naturally. The creation of the three businesses also created a new independence. This was important to Gary, David and Greg. Each brother became his own boss and had the final say in how his business would be run. The family also appreciated the now separate accounting systems.

Overall, the farm has thrived thanks to the new structure. The brothers share equipment, cooperatively decide land use each season, and buy and sell from one another as occasions arise. If labor is shared, they make sure to make the expenses and other details clear. Lewis and his sons also benefit once each growing season ends. Rather than attending the same growers' meetings and conventions – as each family member had once felt obliged to do – they attend only the meetings that apply to their specific areas. Gary, David and Greg are thus able to focus on their specific interests, save time and avoid frustration.

Challenges

The process of establishing and implementing the farm's new business strategy came with its challenges. The family first had to discuss what was not working with their "shared" style of farming. Though the Donaldsons eventually had the open discussion and provided the give-and-take their situation needed, Greg says these steps often remain large hurdles for farmers. It may be difficult for farm families to talk freely about emotional topics. A workable solution may also require some type of compromise on the part of one or more family members.

With the Donaldsons, it was Gary who made a concession. He reluctantly agreed to give his investment interest in the greenhouse to David. Gary did not want to give up his interest, but after considering the situation from a business and personal perspective, he conceded the point. Greg notes that compromises such as this are essential for successfully moving forward. If egos get in the way, little can be accomplished.

A minor challenge that has come with the farm's new structure has been educating customers about the changes. Though the farm has three separate businesses, customers get confused sometimes. Some customers may try to use one of David's greenhouse coupons at Greg's farm market, for instance. Or someone may go to the farm market to get a refund for something purchased at the greenhouse.

When this happens, the brothers accommodate their customers and reimburse each other later for the gift certificates or refunds. Greg also is considering updating his point-of-sale software so that it matches David's system. Although this would be an expensive upgrade for Greg, it would allow the brothers to link their cash register programs and offer promotions that can be used at each business. One of David's current promotions that Greg could tie into is providing

discount key-chain cards similar to the ones used in supermarkets.

Transfer of Management

The transfer of management from Lewis to his sons was a gradual process during which the sons assumed more responsibility. This process began as the farm diversified in the 1980s. In the 1990s, the process continued as the farm developed its new business strategy. Lewis continued to oversee how his sons used the land and managed their businesses, but he progressively took more of a back-seat role in terms of day-to-day management.

Lewis plays an advisory role in the farm today. He helps out when needed but does not do as much physical work as he used to. He still runs tractors and grows hay and rye for straw. These developments were fine with Lewis. He did not want to farm full-time for his entire life, so he was willing to give up control. Furthermore, Lewis was proud that his sons were continuing in agriculture and keeping the family farm alive. “That doesn’t happen very often today,” he says, noting that if his sons had decided to pursue off-farm careers, he may have been forced to sell the farm. Lewis felt relieved once he knew his sons would succeed him.

Transfer of Ownership

When Lewis inherited the farm from his parents in the late 1960s, the inheritance was accompanied by onerous estate taxes. With this experience in mind, Lewis wanted to spare his sons from a similar burden. At one point in the early 1990s, Lewis saw that the New Jersey Farm Bureau was offering estate-planning seminars. Lewis attended several and took the information to heart. The seminars presented different options farmers could pursue. With the guidance of an attorney and a Farm Bureau staff person, Lewis and his wife laid out their transfer plans. They decided to put the land in a revocable trust and gift their assets over time to their children and grandchildren. Lewis and his wife are the trustees of the trust.

Part of the family’s plan involves the transfer of the land. When Lewis passes, the land will be transferred from the trust to a new Family Limited Partnership. This partnership was created by and consists of Lewis’ three sons. As everything is currently structured, the land will not have to go through probate and therefore will not be subject to inheritance taxes. There is also a clause that will keep the land from being divided. Additionally, Lewis has submitted an application to preserve the farm.

Advice for Other Farmers

Greg stresses that communication, discussion and compromise are essential when it comes to farm transfer and business planning. Communication is key before trouble erupts. Greg says that using a family counselor or mediator may help. The Donaldsons did not use such a person, but a counselor can help facilitate the type of discussion in which everyone feels comfortable expressing his or her feelings, allowing everything to get out in the open. Even if this process leads to disagreements, the conflicts will have been identified. Then, ideally, any issues can be worked out. “You need to see the big picture,” Greg says. “Acting catty will destroy a good thing.”

Lewis emphasizes the need to plan early and create a transfer plan that minimizes inheritance taxes. It has happened so many times, Lewis says, where the older generation passes away and has either no plan or a poor plan in place. The inheritance taxes are too great and the cash on hand is too little, and the family is forced to sell all or part of the farm.

Deecee Smith Farm

This profile describes the transition of Deecee Smith Farm from one generation to the next. The older generation in this profile is Dan and Cindy Smith. The younger generation consists of the Smiths' three sons, Charles, Brad and Bob. The family utilized a farm business consultant and transferred the management and ownership of the farm business over 20 years. At the family's request, names have been changed to protect privacy.

Farm Background

Dan and Cindy Smith started Deecee Smith Farm in 1949 when they decided to develop a poultry operation and purchased 40 acres of land. They started with 5,500 chickens and began to produce eggs and develop an egg route, selling eggs directly to restaurants and stores across New Jersey. The Smiths were able to grow the business through a high level of service and a commitment to hard work. The majority of the growth came from existing customers' referrals.

The family farm continued to expand its facilities as demand for its eggs increased. In the 1970s, Dan and Cindy's sons took an interest in the farm business. The family recognized early on that the business would have to grow if new family members decided to enter it. After discussing ways to accommodate this growth, the family decided to begin by obtaining more education and adding new product lines.

Charles and Brad went to college to enhance their knowledge of agricultural business. During this time, they continued to work on the farm. The family also started selling canned products, spices and other items that were easy to warehouse. Brad took an interest in managing this element of the business. This created a whole new enterprise for the family. Once Brad graduated from college, he took over the purchasing and selling of related products. Charles, meanwhile, took an interest in managing the egg production component of the farm. Bob took an interest in maintenance responsibilities.

During the 1980s as the business grew, the sons began taking on more management responsibilities. Each son focused on his particular enterprise, and before long the farm had added new buildings to house additional chickens and to stock and inventory the related products. The Smith family's transfer of management and ownership was eventually completed in the late 1990s.

Farm Transfer Process

Planning

Dan and Cindy began their farm transfer planning in 1982 when they formed a new corporation to control and own the farm's assets. This entity provided a vehicle for them to begin transferring shares of corporate stock to their sons. Dan and Cindy were confident that each of the boys wanted to stay in the family business. Each had worked on the farm his entire life and shown interest in continuing. "This is what we always wanted to do," says Brad. "We did not give much thought to working elsewhere."

As each son returned from college, Dan and Cindy began gifting ownership of the corporation

to their sons. In the mid 1980s, Dan had a heart attack. This would place an increased focus on developing a new business transfer plan. Cindy and Dan decided that due to Dan's health issues, Cindy (without Dan) should own the corporate stock along with their sons.

By 1991, Cindy owned 61 percent of the corporation while the sons shared the remaining 39 percent. It was around this time that the Smiths decided to enhance their business transfer plan. Dan's health was still a concern, and Cindy was ready to reduce her time commitment to the business. The Smiths decided to employ a farm business consultant to help them develop a plan that would take into consideration their many objectives.

These included addressing tax issues, retirement cash flow planning and transfer planning.

At this point, the family knew the sons could run the business and that Dan and Cindy were ready to relinquish management. "Our sons were very involved with the business their entire lives," Dan says. "Each one learned a different aspect of the business, and we had total confidence in their abilities. We ran this farm like a business, with each son having his own job description and responsibilities. There was a lot of give and take, but overall, the boys work well together."

Transfer Issues

During the 1980s, the growth in value of the corporation resided in the real estate. This was a big concern for the family because the real estate's appreciation was increasing faster than shares of stock could be gifted to the sons. The increase was creating a potential tax liability with which the family was not comfortable. According to Cindy, "We knew that our retirement plan included selling the real estate in some way, and the tax liability was only going to get bigger." With the help of their farm business consultant, the Smiths updated their business transfer plan. The plan created a new business structure and provided for a retirement income for Dan and Cindy.

First, the family focused on getting the real estate out of the corporation and into another entity. The remaining assets could remain in the corporation since they were not assets that increase in value. A unique opportunity to transfer real estate presented itself in 1991 when the real estate market was low relative to prior years. As advised by their consultant, the family completed this transfer in 1991. This move was considered a sale, but since the market was low in 1991, the Smiths' income tax liability was substantially reduced.

The Smiths' farm business consultant had recommended the real estate be sold out of the corporation for the following reasons:

1. It would allow the real estate's appreciation to occur in the next generation, especially since annual gifting is a slow process. (At the time, only \$10,000 per year per owner could be gifted to each son under the annual tax exclusion.)

"We knew that our retirement plan included selling the real estate in some way, and the tax liability was only going to get bigger"

– Cindy Smith

2. Some profits could be taken out of the corporation as rent payments and not harm the status of the C-corporation. (This helped the family manage tax liability.)
3. The family's gifting of the remaining corporate stock could take better advantage of the annual tax exclusion. (The corporation's remaining assets included everything but the real estate. With the real estate in another entity, the transfer of the corporation – the operating entity of the farm business – could be accelerated.)
4. The overall process would provide the sons with flexibility and tax savings should they ever want to sell the property and relocate.

To complete the transaction, the corporation sold the land to a new family partnership. The partnership was made up of Cindy and the sons. The sale consisted of two parts – the land sold subject to a private installment note and the agricultural buildings sold for cash. An appraisal was completed to determine the value of the real estate assets. The partnership paid for the real estate by raising money from each partner and borrowing the rest. Although there was tax due on the sale of real estate to the partnership, this tax was spread out over the term of the installment note.

Completing the Transfer

The partnership entered into a long-term lease agreement with the corporation. Through this agreement, the partnership earns rental income, which it has distributed to the partners (the family members) annually. This guaranteed a residual income for the parents once Cindy had gifted all of her shares of corporate stock to their sons.

The corporation's rental payments were divided into two parts – rent for the land and building, and a management fee for the maintenance of the buildings and livestock. The livestock was still owned by the corporation, but the corporation paid a fee for management of this livestock.

With the real estate out of the corporation, the growth rate of the corporation's equity then returned to a more normal pace. Cindy was able to use her annual tax exclusions of \$10,000 to more quickly gift ownership to her sons, who each received \$10,000 worth of corporate shares each year. Within a few years of the 1991 real estate transaction, Cindy had completed this gifting process with the corporation. The next step was to begin the process of gifting/selling her ownership of the partnership.

By the late 1990s, Cindy had sold the last of her interest in the family partnership to Charles, Brad and Bob. The sons paid for their mother's ownership interest with installment payments. As of today, the transfer is complete.

Resources

It was critical that the family decided to retain a farm business consultant to help with the transfer. This individual took into consideration the family's objectives and goals, and worked them into a written plan. He then acted as the quarterback to work with the family's attorney and accountant to set up the new business entities and make sure that all reporting to the IRS was completed.

Real Estate Transaction at a Glance

The following example outlines the fiscal shape of the Smiths' real estate transaction in 1991. (At the family's request, the numbers have been changed to protect privacy.)

Prior to the transaction, the family owned and managed the farm through a corporation. The total equity in the corporation was \$900,000:

Farm Corporation assets:

| | |
|--------------------------------|-----------|
| Real Estate | \$250,000 |
| Buildings | \$250,000 |
| Inventory, equipment, supplies | \$400,000 |
| Total Equity | \$900,000 |

The family then created a new family partnership, which purchased the real estate and buildings. The partnership's assets equaled its payments for the assets, so the partnership's initial equity was zero.

Partnership assets:

| | |
|--------------|-----------|
| Real Estate | \$250,000 |
| Buildings | \$250,000 |
| Total Assets | \$500,000 |

| | |
|---------------------------------------------------------|-----------|
| Payment for land (gave installment note to corporation) | \$250,000 |
| Payment for buildings (borrowed money from bank) | \$250,000 |
| Total Equity | \$0 |

The corporation received \$250,000 in cash and a \$250,000 installment note from the partnership, as outlined above. The corporation continued to operate the farm, paying rent to the partnership (the new landowner). At this point, Cindy still owned 61 percent of the corporation and 25 percent of the family partnership with her three sons. Meanwhile, the corporation's equity remained the same following the real estate transfer:

Farm Corporation assets:

| | |
|---------------------------------|-----------|
| Cash | \$250,000 |
| Installment note (10-year term) | \$250,000 |
| Inventory, equipment, supplies | \$400,000 |
| Total Equity | \$900,000 |

Relationships

The transfer of Deecee Smith Farm's ownership was done over 20 years. In general, the family followed this schedule because of the value of the farm's assets and the time frame required for the senior generation to gain confidence in the younger generation's management abilities. The senior generation did not want to give up control until they were confident in Charles, Brad and Bob's abilities. According to Cindy, "Relinquishing control of a farm business is a very emotional thing. You put your heart and soul into it your entire life, and you want to make sure that it will remain viable with the next generation at the helm."

There was minimal conflict due to the proactive approach taken by the parents. There was sufficient time to make a transfer work. In addition, the business became large enough to support the next generation, and specific job descriptions were developed so that the next generation could focus on specific areas of responsibility. This helped to prevent any overlapping of duties.

Today, Charles manages the egg business, including the brokering, production and marketing sections. Brad manages accounts receivable as well as the purchase and resale of related products. Bob manages accounts payable and the truck fleet. Each son had gravitated to these duties over time.

Advice for Other Farm Businesses

Cindy advises that families need to recognize early on that the transfer process will take a long time. The older generation should also understand that developing a plan early on does not mean giving up control. It simply means recognizing that a plan must be developed so the next generation has the opportunity to succeed. It is important that the next generation be given responsibility and authority over time. Once the younger generation gains the confidence of the senior generation, the transfer of the decision-making authority can occur effectively.

The Smiths also note it takes a team of professionals to accomplish a farm transfer. There are simply too many implications involved with a farm transfer plan when there is a business involved.

Johnsen Farm

This profile describes a farm transfer gone awry. The Johnsen family farm dates to the early 1900s and continues today with the third generation. The family's most recent transition was acrimonious and literally tore the family apart. Following a breach of confidentiality on the part of the family's estate planner, disagreements over the pending farm transfer gained steam, leading one family member to sue the others for control of the farm. The farm eventually was divided up between the members of the third generation, but the farm and the family were never the same. At the family's request, names have been changed to protect privacy.

Farm Background

The Johnsen Farm began in the early 1900s when Frederick and Marie Johnsen, a European immigrant couple, purchased some land in northern New Jersey. The family started with milk cows and a garden. Over the years, the Johnsens steadily increased the size of the herd.

Frederick and Marie's son, Andrew, took over the family farm in the late 1920s. He continued the dairy operation and expanded the herd. As the farm grew, Andrew and his wife, Katherine, had three children, Elizabeth, Michael and Joseph. The couple's children all grew up on the farm and were actively involved in its operation. As adults, Elizabeth and Michael moved away from the farm and pursued off-farm careers. They nonetheless stayed in touch with the family and would help out on the farm whenever their schedules would allow. Joseph, meanwhile, remained nearby and continued to work on the farm full-time. During this period, the farm grew to encompass roughly 500 acres. The dairy herd, at its largest, consisted of as many as 100 cows.

Farm Transfer Process

Andrew and Katherine began the estate planning process as they approached retirement age in the late 1970s. As it turned out, this process would occur in two phases.

During the first phase, Andrew and Katherine established a plan to transfer the farm to their children. Andrew and Katherine did not discuss any of the plan's details with the family, however. The next generation was therefore unaware of the shape of these plans or who had been consulted in developing them. All the family knew was that the farm was to be passed to the three children.

A few years after the plan had been developed, Joseph approached his parents about the children receiving their inheritance, or their piece of the farm, while Andrew and Katherine were still living. Joseph felt this step might help alleviate potential inheritance taxes. This discussion put Andrew and Katherine's second attempt at estate planning into motion.

During this second phase, the Johnsens decided to use an estate planner. They chose him on the recommendation of their local bank. The estate planner asked to speak with each family member individually to determine each person's particular wishes for the estate transfer. The family members were



repeatedly told that their conversations would remain confidential. Naturally, there were differences of opinion and different goals in mind concerning how the farm should be passed on. The Johnsens were generally aware of these differences but perhaps not the details behind them.

Throughout the process, Joseph expected to receive the greatest share of the control or ownership of the family farm. He felt this was justified because he was doing most of the farming. Elizabeth and Michael expected to receive a portion of the farm, too, but were more concerned with other matters. They were concerned with keeping the farm in the family and deferring to Andrew and Katherine to make sure the senior generation's wishes were carried out. Andrew and Katherine, meanwhile, wanted to first gather everyone's opinion on how the transfer should be shaped. They then expected to divide up the farm in an equitable manner.

Challenges

As a result of family members' differences, the planning process began to break down. The situation was then exacerbated when the estate planner broke his pledge of confidentiality. He openly shared with Joseph information he had gathered from the other family members.

Concerned that he would not be getting his fair share of the farm, Joseph responded with anger and made many demands on the family, including that he be given the whole farm. Andrew and Katherine's attorney suggested the parents remedy the situation by displacing Joseph from the farm and not allowing him to be involved in the family farm operation. Andrew and Katherine rejected this idea and continued trying to resolve the situation on their own.

Family tensions and divisions continued to grow over the next year. Then Joseph and his wife, who still were not satisfied with the direction of the transfer, filed lawsuits against Joseph's parents, brother and sister for the family's estate. Elizabeth was living in another state at the time and was shocked when she was served with the papers. "I didn't know what to think," she says. "Here was a brother whom I had worked with, and I just couldn't believe he had done this. My parents couldn't believe that their own son had done this either." Andrew and Katherine had never imagined being sued or forcefully challenged by one of their children. They had always thought their children would respect their transfer decisions.

Those family members being sued all retained separate lawyers to handle their cases. It took about one year for all the lawsuits to be settled. To fight the suit brought against her, Elizabeth spent over \$10,000. Elizabeth recalls how the sibling who sued the family was not even completely satisfied with the outcome of the lawsuit. Rather, Joseph and his wife had "settled" for the judge's decision so as to resolve the situation.

Resolution of the Farm Transfer

According to Elizabeth, the lawsuit and its resolution brought about the end of the farm as the family had known and built it. The farm was divided among the children, and the family left the dairy business.

Elizabeth received 100 acres, Michael received 100 acres and Joseph, the sibling who had brought on the lawsuits, received the balance of the farm's acreage. In order for Andrew and Katherine to have an income, it was decided that each child would hold a mortgage on his or her share of the farm. The mortgages were designed so that payments would be made to Andrew and Katherine until the time of their passing. When that occurred, the mortgages

would be considered paid off and the transfer would be considered complete.

Soon after the suit had been finalized, the Johnsens sold their dairy cows through a government buyout program. Ceasing dairying as their full-time occupation was particularly difficult for Andrew and Katherine. Although they continued to grow field crops and hay and to raise some animals, the change left them feeling disconnected from the familiar agricultural organizations, farm shows and social network that had filled their dairy days. Nonetheless, the couple continued farming. Andrew farmed into his 80s and passed away in his 90s, about 15 years after the lawsuit had determined the fate of the farm transfer. Katherine had passed away earlier.

Johnsen Farm's land continues to be in production today. Elizabeth and Michael each rent their acreage to the same young farmer, who produces hay. Joseph's family, meanwhile, preserved their farm and rents the land to another farmer who grows grain.

Relationships

According to Elizabeth, the farm transfer process was contentious and created divisions within the family. She describes the situation as having been a full-fledged family crisis. Communication broke down. Misunderstanding and competing interests and perceptions took hold. One family member sued the others.

The situation continued to deteriorate from there. Nobody had expected that a family lawsuit would be a part of the transfer process. As the suit progressed, a wedge developed between Joseph and the rest of the family. This break continued once the farm was divided up. The family was upset and angry that Joseph had sued. To this day, Joseph's family remains estranged from the rest of the Johnsens.

In Elizabeth's description of her brother, Elizabeth includes both love and disbelief. "Joseph was a wonderful brother," she says, "but I could never understand why he did it." Elizabeth remains in close contact with her other brother, Michael.

Advice for Other farmers

Looking back, Elizabeth goes back to the estate planner's actions as the start of her family's problems. She also acknowledges that the family had different visions of how the transfer should go. In this light, some of the family's disagreements probably would have happened anyway. Whether or not these issues would have led to a fractious lawsuit on their own – rather than coupled with the estate planner's unique confidential-conversation approach and breach of confidentiality – is another question.

Elizabeth remains suspicious of estate planning because of what her family suffered through. She advises that farm families take a hard look at whom they utilize to manage their planning processes. In her opinion, the trustworthiness of this individual or organization must be unparalleled. The trustworthiness and perspectives of all family members must also be examined.

Elizabeth hopes other families will not have to pay the same price that she and her family paid so dearly. Estate and farm transfer planning can work, she says, but it has to be done right and with the right people.

Heritage Hill Farm, Allentown

This profile describes the transfer of a family farm from the older to the younger generation. A Limited Partnership was created and assets were gifted over time on the advice of an attorney. This case is unique in that all of the family members involved have their own professional careers and none of them work on the farm full-time, nor is the farm the sole source of income for any one member. Heritage Hill Farm's older generation consists of Dr. Stephen Dey II and his wife, Liz. The younger generation consists of the Deys' three children, Stephen III, Gregory and Wendy.

Dr. Stephen Dey II is using a Limited Partnership to transfer the farm to his three children



Farm Background

Stephen Dey II and Liz grew up on farms in central New Jersey and participated in 4H together as children. The two later got married and in 1966 purchased a 172-acre grain farm in Allentown (Monmouth County). The family began an equine operation on the land. Over time, they expanded this home farm by acquiring additional farms.

They purchased a second farm, which is 145 acres, in 1986. In 1997, they sold the development rights to the second farm and used some of the

proceeds to purchase a 163-acre preserved farm. Through a land swap in 1998, the Deys acquired a fourth farm of 104 acres. The farms are in close proximity to one another and three of the four are involved in the transfer process and are in farmland preservation. Dr. Dey II and Liz live on the home farm, and son Stephen and daughter Wendy each live on one of the other Dey farms. Son Gregory lives about 15 miles away on his own land. The farm on which Wendy lives is not part of the transfer.

The Deys breed, raise and sell horses on two of their farms and grow some hay, rye and soybeans. Heritage Hill Farm currently has about 15 brood mares and 225 head of horses. The daily operation of the farm is handled by a farm manager, with varying degrees of participation by the family members. A nephew of Dr. Dey II is the farm manager and has been managing the farm for a number of years.

The Deys' three children were all involved in the farm when they were younger, but they are not as involved now due to their full-time careers. Like their father, Stephen III and Gregory chose careers as veterinarians. Wendy works as a registered nurse. On the farm, Stephen III is involved with the horse breeding operation and the purchasing and selling of the horses. Gregory is involved with the purchasing of the horses, too. Wendy has no current involvement in the farm but is still a part of the transfer process.

Dr. Dey II, meanwhile, remains involved with the farm operation and his local veterinary practice. He says he has no plans to retire.

Farm Transfer Process

In 1995, Dr. Dey II went to an estate management program at which he learned about Limited Liability Corporations and Limited Partnerships. He had been interested in estate planning and was concerned about the tax consequences of passing the farm on to his children. At the time, there were few lawyers in New Jersey who knew much about farm transfers. A lawyer from Pennsylvania was recommended to Dr. Dey II, and he used this person for the transfer process. Dr. Dey II noted that he had also consulted with several accountants who recommended forming a Limited Liability Corporation. In the end, however, he chose a Limited Partnership because “you can maintain control until you give away the managing shares.” Dr. Dey II discussed his transfers plans and decisions with each of his children individually over time.

In 1999, the Deys formed a Limited Partnership that included Dr. Dey II, Liz and the three children. It was decided that no spouses would be included. The older generation serves as the managing partners. The partnership was structured so as to hold the land, houses and structures. The machinery and livestock have not yet been added to the transfer.

The transfer of the property is now 70 percent complete through an annual asset-gifting process. The gifting process is taking a longer time than expected because the older generation can gift only a certain amount of the assets each year. The farms are appraised every two years and have been increasing in value. They are therefore taking longer to “give away,” but the Deys feel this is not necessarily a problem. Because the transfer is taking place over a number of years, there is less stress on the participants, and if a problem should occur, there is time to resolve it.

Both generations agree the farm will continue to operate as it does now once the transfer is complete. They will continue to employ a farm manager since they have their own careers and the farm is not their primary business.

Challenges

The two sons have each invested some of their own money to purchase some horses on the farm. It has not been determined how this will be handled with the Limited Partnership.

Another concern that needs to be addressed is the fact that both sons work on the farm in varying degrees while the daughter is not involved at all, yet all three children are involved in the Limited Partnership. The younger generation does not think this is currently a problem but admits it could be of some concern in the future, especially in later years when there may be different ideas about relocation or retirement.

A potential problem for the senior generation is that the house they live in will be a part of the transfer. When the transfer is complete, Dr. Dey II



The transfer of the property is now 70 percent complete through an annual asset-gifting process

and Liz will no longer own their home. Each member of the younger generation agrees that the parents would be able to continue living in the house.

Advice for Other Farm Businesses

According to Dr. Dey II, the transfer process has gone relatively smoothly. “I expected it to be more difficult,” he says. “I think it went so well because we used experts and researched the alternatives carefully before deciding which way to go.”

Members of the younger generation agree that things went smoothly. Nonetheless, they felt they would have liked some more information at the beginning of the process. Dr. Dey II got the information, made the decisions and discussed the process separately with each of his children as the occasion arose. The children say they had no problems with the way the transfer was done, but feel it may have been better to have had a family meeting, perhaps with a facilitator, to learn more about the transfer process since they initially had some difficulty understanding everything. They suggest that a little more communication might have helped.

Both generations feel that the Limited Partnership was a good way to handle the transferring of assets. Everyone feels the transfer will be a success once it is completed. The Dey family would recommend the Limited Partnership approach to others. But Dr. Dey II cautions, “Our family is close and works closely together. We all have our own professional careers and did not need the capital to live comfortably. If those involved in the transfer process need the money from the land to live on, they may have to use a different method.”

The Deys recommend that farmers consult with professionals and get as much information as possible before starting the transfer process. Dr. Dey II notes that after talking to the professionals, he changed some of his initial ideas about how to transfer the farm. Tax laws, environmental laws, farming and development regulations are also constantly changing, he says, and it is important to know the current laws so that you can decide on the methods that will fit your situation best.

Ashley Farms, Flanders

This profile describes the transfer of a farm across three generations. To facilitate the transitions, the family discussed different scenarios and decided to create new business structures along the way. At first, the farm operated as a family-owned partnership. The second generation then ran the business as a sole proprietorship. To facilitate the current, and third, farm transfer, the family created a Limited Liability Corporation (LLC).

Farm Background

Ashley Farms is a third-generation family business operated as a 27-acre turkey farm. The family raises and sells turkeys, as well as grows sweet corn, tomatoes, peppers and pumpkins. To market their products, the Ashleys operate a retail business with a roadside farmstand. The turkeys have always been the main focus of the business, with the farm selling as many as 2,500 fresh and 2,000 frozen turkeys annually to individual customers.



The third generation of Ashley Farms, Scott Ashley and Aimee Ashley Myers, with father Larry

Hubert Ashley and his wife, Muriel, started the turkey farm in the early 1940s when they bought 19 acres in Flanders, Morris County. Hubert started raising a few turkeys but then left to fight in World War II. In his absence, Muriel continued to raise turkeys. When Hubert returned, they expanded the operation. As the farm business grew, the Ashleys had four children. Son Larry was born and raised on the farm and started working in the family business at a young age. He became a partner with his father once he got older.

The family expanded its retail operation in the early 1970s by opening a farmstand on the property. From the stand they sold fresh vegetables and seasonal items as well as turkeys. When Hubert died in 1993, Larry became the sole manager of Ashley Farms. Larry continues to operate the business today with the help of two of his children, Aimee Ashley Myers, 28, and Scott Ashley, 25. Aimee is in charge of the retail operation, and Scott is in charge of production. Larry oversees the entire business. The farm is open seven days a week all year long, with seasonal highs during the holidays when the demand for turkeys is greatest.

Farm Transfer Process

Hubert and his son, Larry, were partners in the family business for about 20 years. In Hubert's later years, he and his wife set up a trust to hold the real estate portion of the business. They did this for tax purposes and to protect these assets in the event either one of them would need long-term care. Creating the trust was important to the family because of each family member's desire to provide security for the older generation and provide protection for the farm business. "We did it to protect our mother and the farm," says Larry.

“If either of my parents got sick and needed to go to a nursing home, the farm would be an asset and could be taken.”

When Hubert passed away in 1993, Larry became the sole proprietor of the business. As Larry’s children became more involved in the farm, however, the Ashleys determined that a sole proprietorship was not the most beneficial way to structure the business for tax purposes. They investigated their options and sought advice from First Pioneer Farm Credit, which has tax specialists, consultants and appraisers who help farmers. The family decided that the best plan for their business was to form a Limited Liability Corporation (LLC) and transfer the business assets by gifting them to the younger generation over time. In 2002, the LLC was created. The physical property is still being held by the trust, but all other assets are held by the LLC. Muriel is still living in the house located on the farm.

Challenges

None of the participants felt that the transfer process had caused any problems in their business or personal family relationships. The family is very close and works well together. They think of themselves as a team and act accordingly. The Ashleys thoroughly discussed the financial aspects of the transfer, and all participants were in agreement on the procedure. They all agreed that open communication is a must in deciding how to proceed.

According to the Ashleys, any problems or surprises they have encountered have been minimal. Both the second and third generation had complaints about the amount of paperwork involved, for instance, but they understood that it was part of the process. The different business structures and amount of paper shuffled had little real impact on the daily operation of the business. They were just necessary to ensure that the financial and legal aspects behind the scenes were appropriately addressed.

The younger generation had a bit of a surprise when it came to their income tax. The transfer had put them into a higher tax bracket even though they were not receiving any increase in income.

Resources and Advice

Each member of the family felt that the process was time-consuming and that it was necessary to seek the help of professionals. “Attorneys and accountants are not cheap,” says Larry Ashley, “but it was worth it to hire someone to guide us through the process.” They also felt it was helpful to use professionals who are aware of the challenges that farmers face. In particular, they were happy with the assistance and advice they received from First Pioneer Farm Credit. “A farm is different from a regular estate,” says Aimee. “Farm Credit had experts who knew what we were going through.”

The goal of all three Ashley generations has been to see this family business keep going. The family did not feel like its actions were “money driven.” Rather, family members felt like they had done what they had to do to ensure the business would succeed. Each person agreed that he or she likes what he or she is doing and has no plans to change. As Aimee says, “the family farm is in our blood.”

Even when the transfer of assets is complete, Larry has no immediate plans to retire. “I will eventually slow down and let the kids take over,” he claims. The younger generation is not expecting this to happen anytime soon. Aimee and Scott nonetheless remain happy with the current situation. Even with a gradual or later transition of management, they envision few significant changes in their roles.

Farm Transfer Resources

There are many resources available in New Jersey, the Northeast and around the country for farmers in farm transfer situations. See below for some of these resources, and visit the State Agriculture Development Committee's Farm Link Program website for more.

Programs and Organizations in New Jersey

New Jersey Farm Link Program

The Farm Link Program serves as a resource center for new farmers, farmers seeking access to land, landowners seeking farmers, and farmers working on estate and farm transfer plans.

www.nj.gov/agriculture/sadc/farmlink/

New Jersey Farmland Preservation Program

The State Agriculture Development Committee (SADC) coordinates New Jersey's Farmland Preservation Program. Some farm families have preserved their land as part of their farm transfer process. www.nj.gov/agriculture/sadc/

New Jersey Agricultural Mediation Program

The SADC coordinates the Agricultural Mediation Program through which trained and impartial mediators are available to help farmers resolve Right to Farm, USDA, agricultural credit and other general agricultural issues. This may include issues that arise during the farm transfer process. www.nj.gov/agriculture/sadc/agmediation/

Rutgers Cooperative Extension (RCE)

RCE county offices are staffed by County Agricultural Agents who can help answer questions about agricultural production, marketing and more. Some county agents may be familiar with local professionals, e.g., attorneys, accountants, family counselors and others, who can help with farm transfers. Rutgers also has a Later Life Farming website with resources and information on retirement planning. www.njaes.rutgers.edu/county/, www.laterlifefarming.rutgers.edu/

New Jersey Farm Bureau

The New Jersey Farm Bureau is a membership-based organization for the agricultural community. Staff may be familiar with local professionals who can assist farmer members with their farm transfer plans. www.njfb.org/

Farm Credit East

Farm Credit East is an agricultural lender with branches in Bridgeton and Flemington. Staff includes farm business consultants who are available to work with farmers on their farm transfer plans. www.farmcrediteast.com/

New Jersey Small Business Development Center (SBDC)

New Jersey has a network of SBDC regional offices that provide business counseling and training services. Some farm families update their business plans as part of their farm transfer process. <http://www.njsbdc.com/locations/>

Northeast Organic Farming Association of New Jersey (NOFA-NJ)

NOFA-NJ is a membership-based organization that supports sustainable agriculture efforts in New Jersey. One resource that NOFA-NJ offers is “Tilling the Soil of Opportunity,” a farm business planning course. <http://www.nofanj.org/>

New Jersey Department of Agriculture

The New Jersey Department of Agriculture promotes and oversees the state’s agricultural industry. More information on agricultural programs in New Jersey is available on the Department’s website. www.nj.gov/agriculture/

Publications

“Where Do I Start? Transferring the Farm” (Land For Good)

This guide is designed to help farmers review their goals, assess their current situation and consider what is important to them as they prepare to transfer the farm. The guide includes a worksheet and links to additional Land For Good resources, including “Farm Succession and Transfer: Strategies for the Junior Generation” and “Successful Farm Transfer Planning for Farmers Without an Identified Successor.”

www.landforgood.org/resources/toolbox/toolbox-farm-families/

“Farm Succession Risk Management Checklist” (Oregon State University)

This checklist is designed to help farm families review how well they are doing regarding succession planning. After each family member completes the checklist independently, they can discuss their results together as a family. This may lead to a better understanding of what everyone sees as important. <http://riskcheck.familybusinessonline.org/>

“Planning the Future of Your Farm: A Workbook Supporting Farm Transfer Decisions” (Pennsylvania Farm Link)

This guide outlines the following steps in the farm transfer process: developing a vision for the future, evaluating the farm’s resources, considering different legal tools, and meeting with professional advisers. It also includes several worksheets to help farmers develop their own plans. <http://www.pafarmlink.org/succession-transition.html>

“Farm Succession Guidebook” (California FarmLink)

This guide reviews farm succession basics, focusing on succession plans, business transfer, communication and estate planning, and includes links to case studies and additional resources. <http://www.californiafarmlink.org/succession-planning/farm-succession-guidebook>

“Transferring Your Farm or Ranch to the Next Generation” (Montana State University Extension)

This publication focuses on family farm transfers and the importance of communication between the generations. The guide includes worksheets designed to help family members identify and discuss their goals, expectations, and what is important to them personally, for the family, and for the business.

<http://store.msuxextension.org/publications/FamilyFinancialManagement/EB0149.pdf>

“Your Land Is Your Legacy” (American Farmland Trust)

This guide discusses estate planning basics and includes strategies, techniques and case studies to help farmers assess their own situations. It also reviews conservation options including farmland preservation. <http://www.farmlandinfo.org/your-land-is-your-legacy>

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Growing New Farmers was a regional initiative to support new farmers and the agricultural service providers who assist them. New farmers include those who are new to agriculture and those who represent the younger generation in farm families. More information on Growing New Farmers is available at http://www.smallfarm.org/main/special_projects/growing_new_farmers.

State Agriculture Development Committee

The State Agriculture Development Committee (SADC) leads in the preservation of New Jersey's farmland and promotes innovative approaches to maintaining the viability of agriculture. The SADC administers the Farmland Preservation, Right to Farm and Agricultural Mediation Programs, oversees the Transfer of Development Rights Bank, and manages the Farm Link Program.



State Agriculture Development Committee

www.nj.gov/agriculture/sadc/

Chris Christie

Governor

Kim Guadagno

Lt. Governor

Douglas H. Fisher

Secretary of Agriculture

State Agriculture Development Committee
PO Box 330
Trenton, New Jersey 08625-0330
www.nj.gov/agriculture/sadc/