



Nationwide

Land As Your Legacy®

Succession planning
that maintains family harmony

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About me

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Our roots run deep

Our roots in agriculture began in **1909** when a group of Iowa farmers joined together to create an insurance company that fit the unique protection needs of agricultural businesses.



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1926

The Ohio Farm Bureau leaders launch Farm Bureau Mutual.

1955

The name Nationwide was adopted as we protected families across America.

1982

Nationwide acquires Farmland Insurance, now Nationwide Agribusiness Insurance, a century-old company and America's leading farm insurer.

2011

Land As Your Legacy® launches to support succession planning for family-owned farms and ranches.

Today

We're the #1 farm and ranch insurer,¹ offering a full range of solutions to meet your unique needs.

Tomorrow

We continue to focus on the evolving needs of our members to make sure we can deliver solutions to better protect your family, farm and future.

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**The time
is right**



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Why Nationwide

**Our
commitment
to agriculture**



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Why Nationwide?

Meet our team

Advanced Consulting Group

**Ken Boothe**, JD, CLU®, ChFC®
Director
Advanced Consulting Group

**Ryan Patton**, JD, MBA
Director
Advanced Consulting Group

**George Schein**, JD
Director
Advanced Consulting Group

**Steve Hamilton**, JD, CLU®, ChFC®
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**Allison Hoyt**, JD, CLU®
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Financial Planners

**Mike Lauer**, CLU®, ChFC®, ALHC, CRC®
Financial Planner
Land As Your Legacy

**Bryan Tribble**, CLU®, ChFC®, ALHC
Financial Planner
Land As Your Legacy

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Why Nationwide?

We're committed to insuring the lives of the agricultural community

Nationwide offers preferred underwriting for families in agriculture.

Who qualifies:
Farmers, ranchers or immediate family members

Any individual who would qualify for a Nationwide Agribusiness policy

Potential allowances for:

Certain tobacco uses

Build or body mass index

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A change in the farming landscape



Fewer primary producers¹

2,109,303 in 2012
2,042,220 in 2017

32%

Beginners come in all ages¹

32% of new producers are 55 and older

26.7%

Beginners are on the rise¹

26.7% of all producers have 10 years or less experience

57.5

Farmers are aging¹

The average age of all producers is 57.5 years

6x

Proportion of senior farmers is growing¹

There are more than 6x as many primary producers age 65+ vs. age 34 or younger

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¹ "2017 Census of Agriculture," U.S. Department of Agriculture (April 2019).

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The challenge



Over the next 20 years, 70% of farmland will transfer to the next generation

Due to producer age, the window for establishing a transition is shrinking



Ranchers and farmers tell us that the weakest link in succession planning is human relationship management

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Communication is needed

- ✓ Close family communication leads to succession success
- ✓ Shared decision-making and effective communication are critical to a family business's success
- ✓ Family alignment is needed on the future of the family business

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Blocks to communication

Family members are reluctant to have the talk:

They fear
change

They fear
conflict

They fear
disruption

They don't know
where to start

What's blocking communication in your family?

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Mission statement

Outline the purpose of the enterprise
and summarize:

- The scope of work the business
does — and what it doesn't do
- Who the work is done for
- How the organization conducts itself



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Family meetings

Effective meetings must be well-structured.

Have an agenda

Prepare, listen and share openly

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Don't gossip

Family members should avoid gossip.

- If you can't tell a person what you are thinking face to face, then don't tell anyone else
- The avoidance of gossip leads to mutual understandings about the appropriate behavior of family members

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Avoid grudges

If family members become angry with one another over an issue, they should not carry grudges.

- Get it out in the open, then move on
- Avoid turning a disagreement into a family fight that could end a relationship

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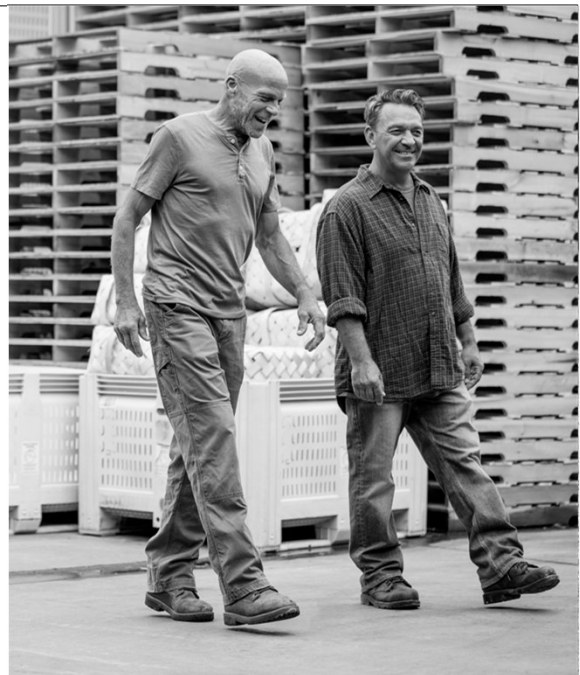
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The three systems of a family business

Three overlapping — and sometimes conflicting — systems are at work:

- 1 Management** – focused on the daily activities of the business
- 2 Ownership** – concerned with the bottom line
- 3 Family** – focused on maintaining family harmony

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Management vs. family

Business conversations, when framed as parent-child exchanges, confuse the family system with the management system.

- If the parent always presents themselves as the “boss,” the adult child will feel like the “hired help” with no say in decision-making
-
- This may cause the next generation to lose motivation to stay in the family operation

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Reluctance to relinquish control

It's a natural consequence of putting one's blood, sweat and tears into the operation.



Personal identity and self-worth are tied to controlling the business



Solution:

Let go of responsibility at a rate that you can live with and that the child can handle

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Window of opportunity

- Children with significant influence in decision-making are twice as likely to stay with the farm as children without
- There is a limited window of opportunity for the child to decide to stay with the farm



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Selecting leaders



Does the individual have strong leadership skills?

Do they have the needed assertiveness?

Are there disqualifying personal issues?

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Testing for leadership

Give your kids responsibilities to see who handles which tasks best.

Do not leave it to the kids to decide among themselves.

- The parent must decide who will lead
- The kids may not like the decision, but they are accustomed to taking orders from the parent and will be more willing to forgive a parent than each other

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Fair vs. equal

How about those who don't get a leadership position?

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graph TD; A((Factors to consider)) --- B[The value of family nonbusiness assets]; A --- C[Which family members contributed to the farm or ranch?]; A --- D[How much did they contribute?]; A --- E[What opportunities did family members give up?]; A --- F[What has already been given to family members?]; A --- G[The importance of transitioning the farm or ranch intact];
```

The value of family nonbusiness assets

Which family members contributed to the farm or ranch?

How much did they contribute?

What opportunities did family members give up?

What has already been given to family members?

The importance of transitioning the farm or ranch intact

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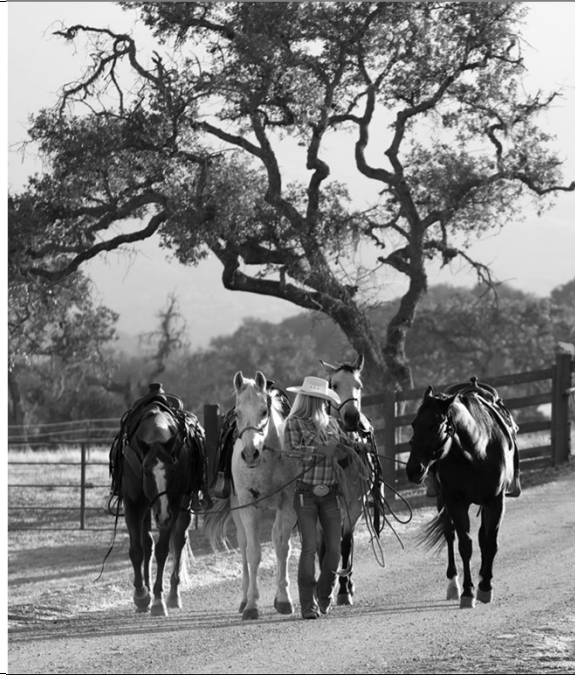
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Passive interests

- It is not usually a good idea to give the off-farm children a passive interest in the operation
- Those actively involved need the freedom to operate independently
- A farm or ranch pays income only to those actively involved
- Passive owners would still have responsibilities while potentially receiving nothing in return

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Estate equalization

- Inheritance going to off-farm children should come from assets that are not central to the farm or ranch
- Participating children want to see capital reinvested in the operation, while nonparticipating children will want to see cash
- One way to satisfy the demands of the off-farm children is with life insurance

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Another consideration



The off-farm children may have an emotional attachment to the home place.

Consider having regular fun family functions at the home so everyone can still feel connected and appreciated.

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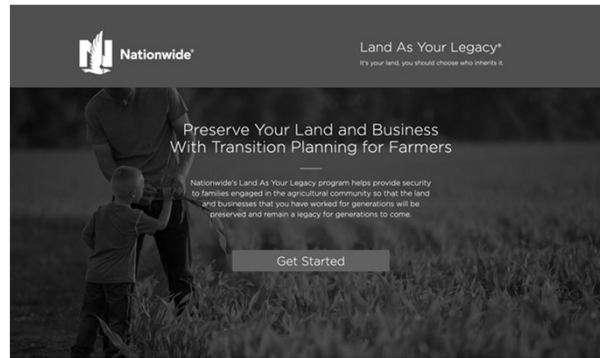
Getting started



**Beginning the
conversation
with your family**

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Assess your operation's readiness



Visit LAYLready.com to begin.

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Summary

Why Nationwide

Sharing our commitment
to agriculture

Land As Your Legacy

Building a plan to protect
your vision

Getting started

Beginning the
conversation with
your family

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Next steps

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