

failure to plan failure to farm

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basic rules

these ALWAYS apply-whether you like it or not

RULE 1

Fair is NOT equal.
Equal is not fair.

RULE 2

You don't have to like it-you just have to listen to it.

RULE 3

There is no dumb question, except the one you don't ask.

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vocab

words we will use

PROBATE

Court proceeding required for all probatable assets-wills or no plan

WILL

Document used to transfer assets at death-requires probate

TRUST

Document used to transfer assets immediately to a fiduciary-no probate required

POA

Power of Attorney-Health and Durable, allow someone else to make decisions on your behalf while alive

ON-FARM HEIR

The heir(s) that have stayed or returned to the operation as part of their occupation

INHERITANCE TAX

Tax by State of Nebraska on each beneficiary-changes based on relationship of beneficiary

ESTATE TAX

Tax by Federal Government on the estate as a whole-subject to change

BENEFICIARY OR HEIR

The recipient(s) of property at somebody's death.

failure to plan

failures

these ALWAYS apply-whether you like it or not

NO PLAN

UNDER PLAN

WRONG PLAN

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NO plan

- Does not go TO the state
- Goes according to state law
 - Split between spouse and kids
- Requires probate
- POAs and property distribution

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UNDER plan

- **Most common**
- **Ways to under-plan**
 - **Use basic plan**
 - **Only business**
 - **Only personal**
 - **Only tax**
- **Can change with tax law**

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WRONG plan

- **Wrong priority**
- **Wrong time of transition**
- **Wrong type of transition**
- **Wrong for your family**
- **Wrong for your operation**

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failure to farm

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planning consequences

common outcomes for common decisions

NO PLAN

- Transfers at DEATH
- Probate
- Basic

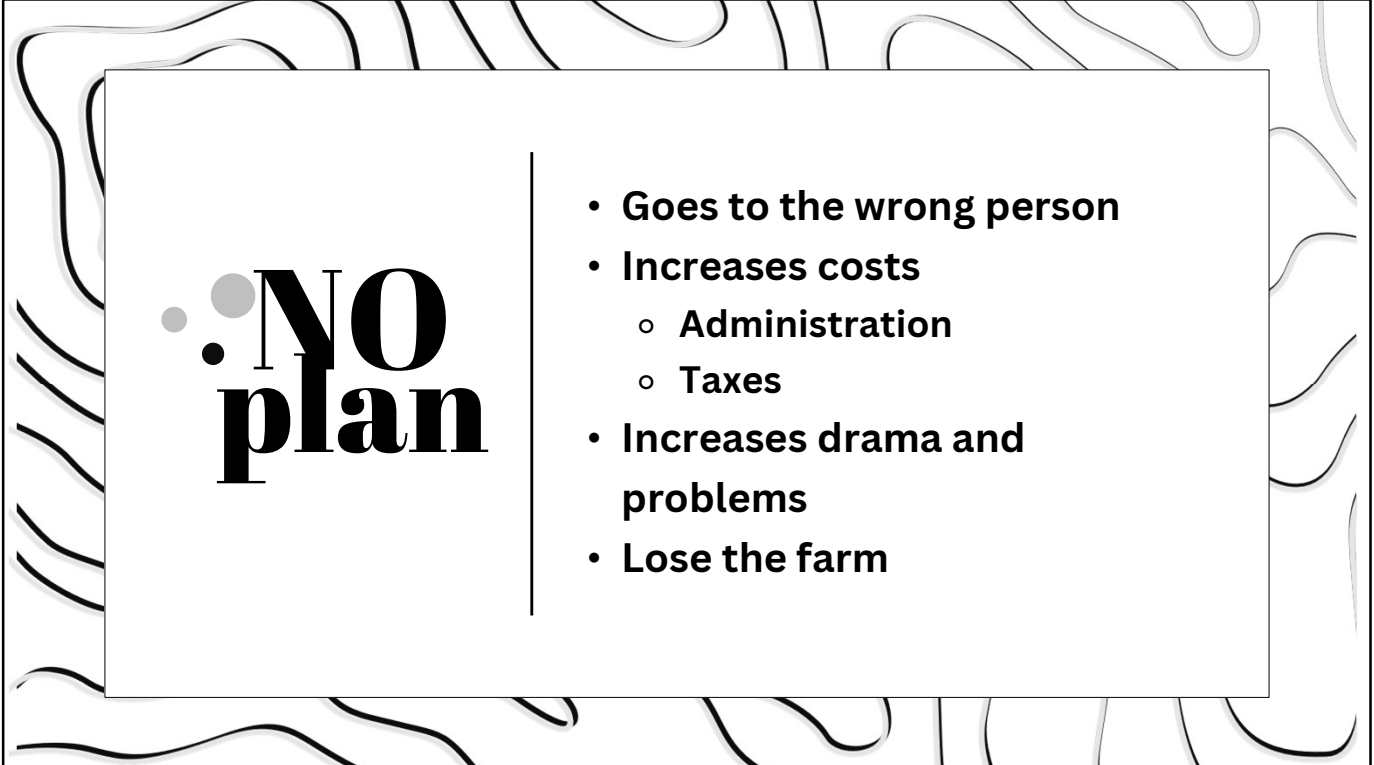
TRUST

- Transfers at CREATION
- No probate
- Separate entity

ENTITIES

- Used with above
- Keep assets in entities-transfer shares

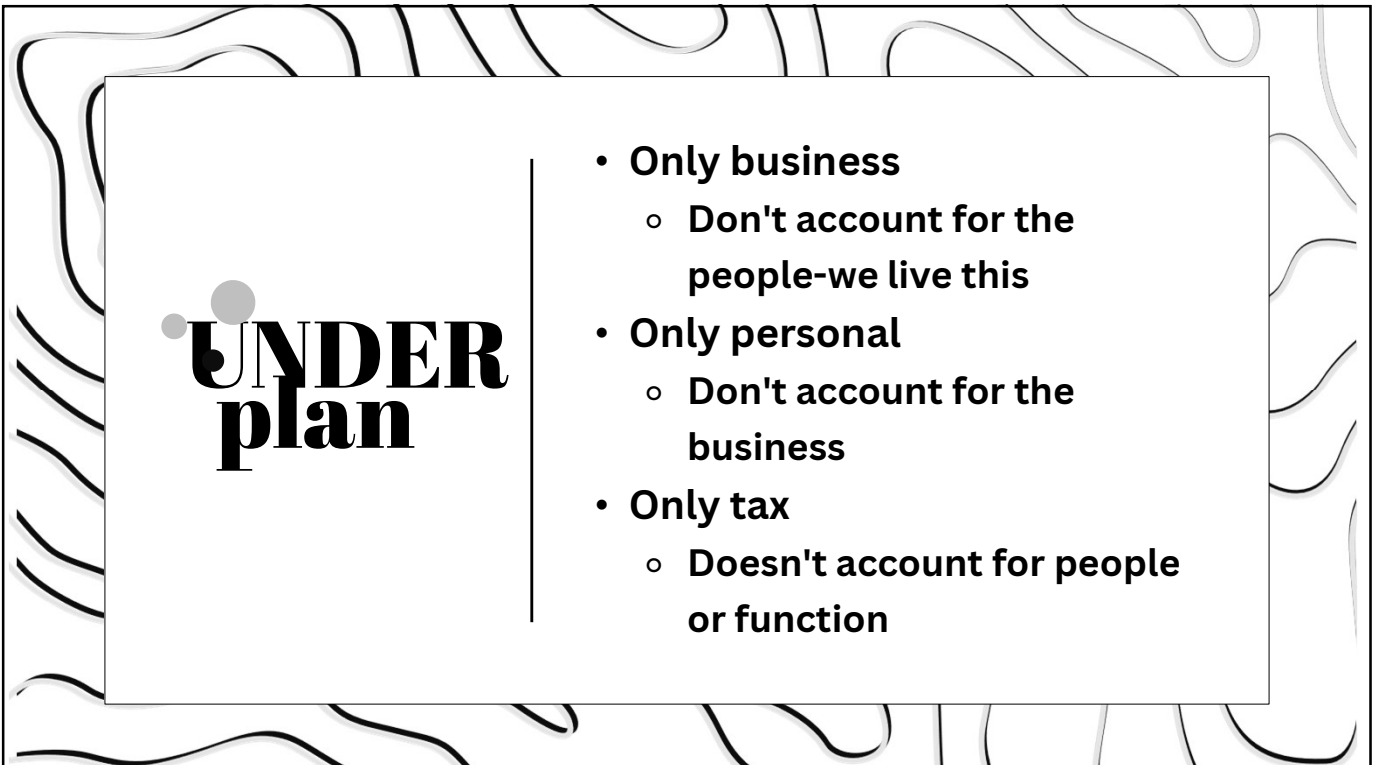
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**NO
plan**

- **Goes to the wrong person**
- **Increases costs**
 - **Administration**
 - **Taxes**
- **Increases drama and problems**
- **Lose the farm**

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**UNDER
plan**

- **Only business**
 - **Don't account for the people-we live this**
- **Only personal**
 - **Don't account for the business**
- **Only tax**
 - **Doesn't account for people or function**

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UNDER plan

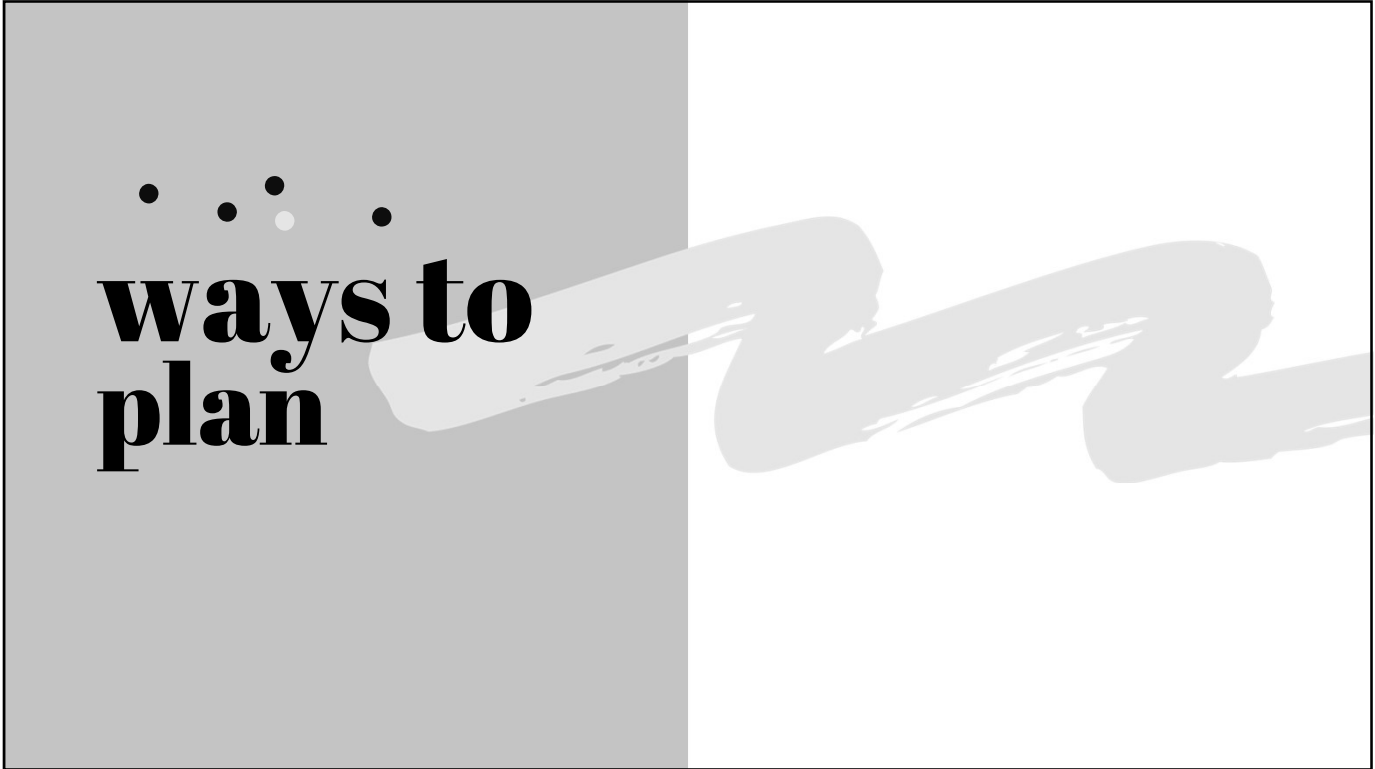
- **Only the lawyer at the table**
 - **Accountant**
 - **Financial Planner**
 - **Manager**
- **Don't have the hard conversations**
- **Rely on old adages**
 - **MY kids won't fight**
 - **They won't sell the farm**

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WRONG plan

- **It is your family and your operation-not your neighbor's**
- **The business needs to function during and after death**
- **The family needs to function before and after death**

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legal options

the 3 main ways we plan for transition at death

WILL
Focus on Inheritance and EstateTax liabilities

TRUST
Who controls the operation now and in the future, after death

ENTITIES
What is fair for each beneficiary and the operation

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priority options

the 3 main things we focus on during transition

TAX
Focus on Inheritance and EstateTax liabilities

CONTROL
Who controls the operation now and in the future, after death

FAIRNESS
What is fair for each beneficiary and the operation

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time of transition

the 3 main ways we plan for transition at death

NOW

- All or part-immediately
- To heirs or entity

DURING LIFE

- All or part
- Can be earned or given
- Tax advantage

AT DEATH

- All assets and liabilities
- Step-up in basis

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planning steps

how on earth do we do this

WHO

WHAT

HOW

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WHO

- **For who**
 - You
 - Your operation
 - Your beneficiaries
- **With who**
 - Professionals
 - Co-owner
 - Co-Operator

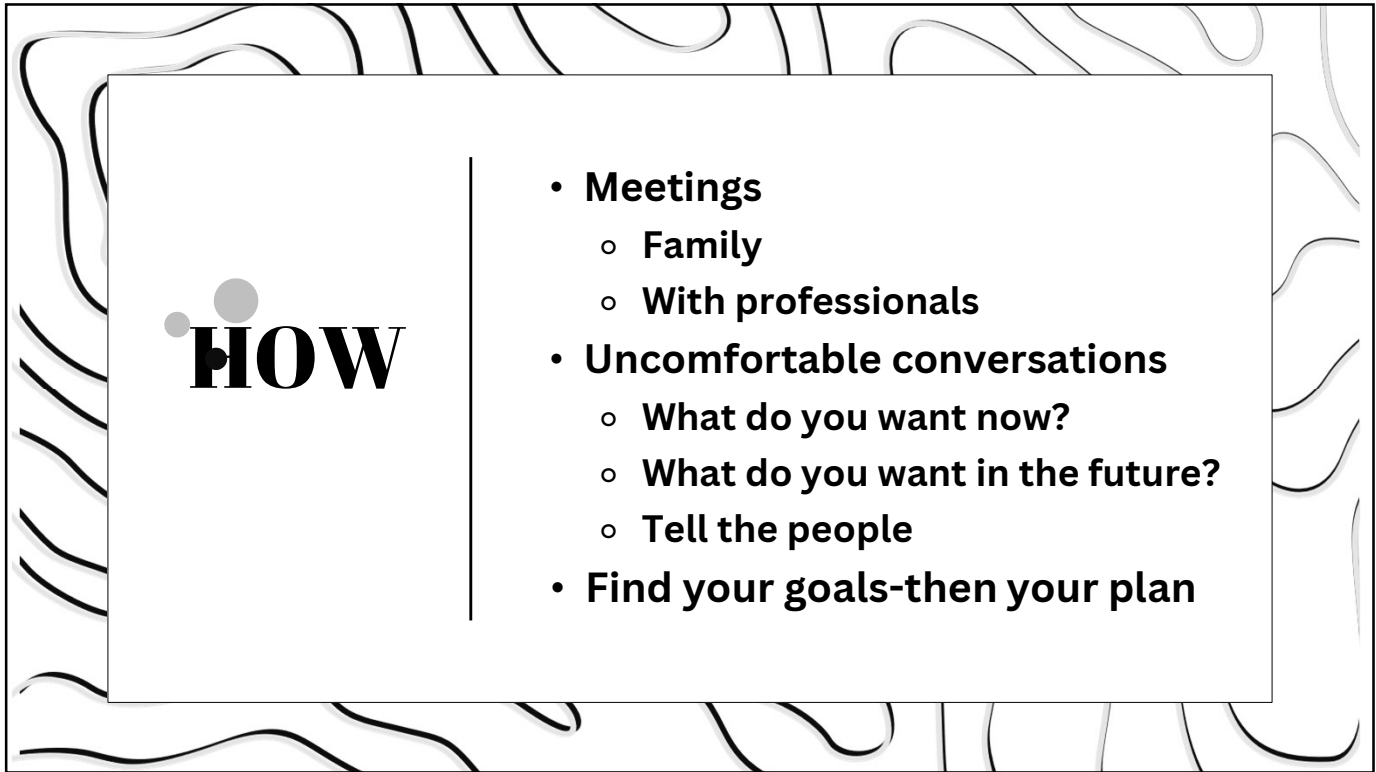
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WHAT

- **Personal Assets**
 - Money
 - Heirlooms
- **Business Assets**
 - Equipment
 - Real Estate
 - Goodwill
- **Your life**

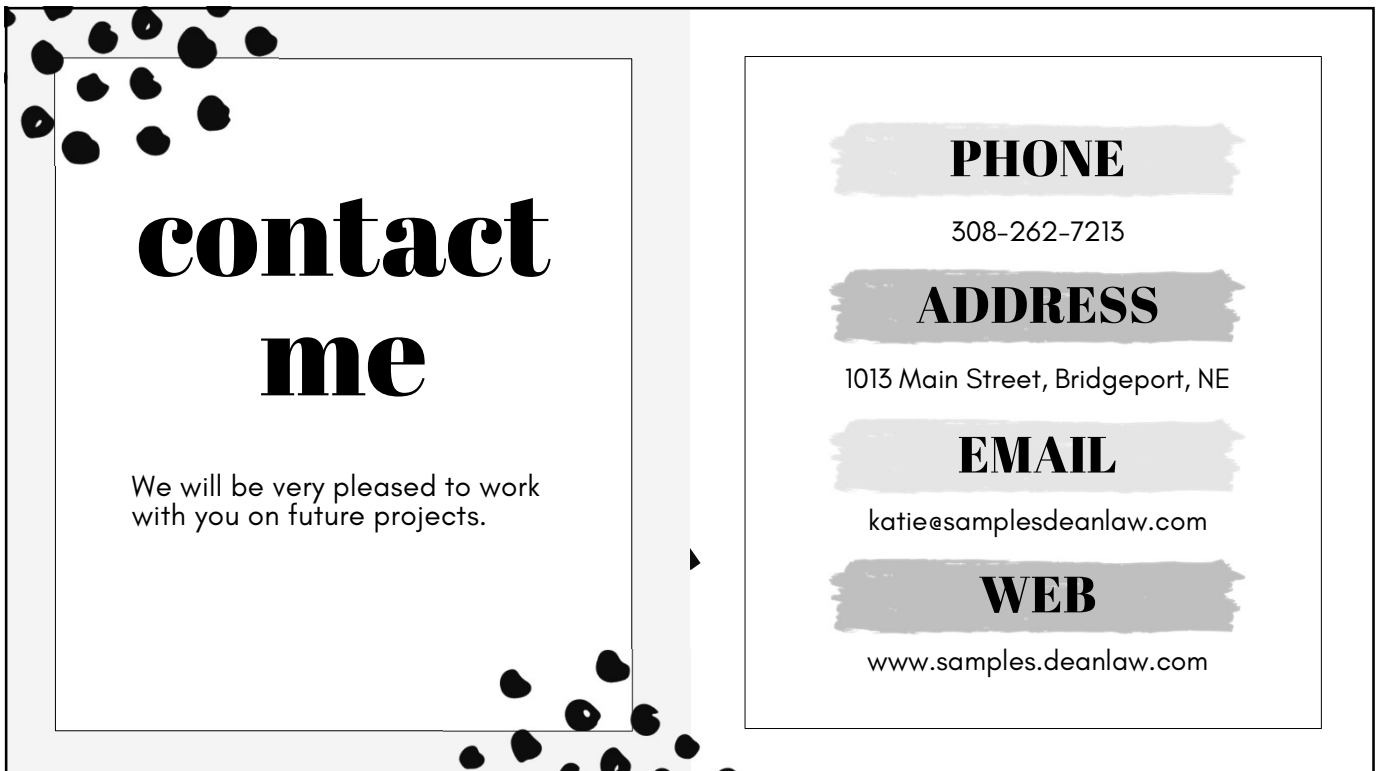
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HOW

- Meetings
 - Family
 - With professionals
- Uncomfortable conversations
 - What do you want now?
 - What do you want in the future?
 - Tell the people
- Find your goals-then your plan

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contact me

We will be very pleased to work with you on future projects.

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