



Succession Starts Here: Practical Steps Toward a Smooth Transition



Ashlee Westerhold

KANSAS STATE
UNIVERSITY



Objectives

- Provide information on transition planning
- Motivate you to take the next step in the process wherever you are

KANSAS STATE
UNIVERSITY



Step 1: Value of Early Planning

- Starting the transition process early reduces conflict, preserves relationships, and ensures business continuity.
- Starting early provides clarity between succession and estate planning



Step 1: Value of Early Planning

- Waiting until a crisis (illness, death, financial stress) forces decisions often leads to conflict and resentment
- Early planning creates space for open communication and fair solutions while emotions are calmer



Step 1: Value of Early Planning

- Early planning allows gradual transfer of knowledge, responsibility, and leadership
- Allowing the time for skill building in the next generation, senior generations gain enough confidence and trust for retirement



Step 1: Early Planning Continued

More affordable options when starting early
\$1 million 20-year term life insurance policy

Monthly payments for policy by age

42 Y/O	\$117/month
52 Y/O	\$304.50/month
62 Y/O	\$1,066/month



Step 2: Estate vs. Transition Planning

- Define key terms and how they each play a role in transferring both management and ownership across generations.

KANSAS STATE
UNIVERSITY



Step 2: Estate vs. Transition Planning

- Estate Planning: transfer of assets (everybody)
- Succession Planning: transfer of management (business owners)



Protects the ongoing viability of the agricultural operation.



Provides for the orderly transition of the agricultural operation to new ownership.



Preserves family harmony.

KANSAS STATE
UNIVERSITY



Step 2: Estate vs. Transition Planning

- Who has the interest, willingness, and ability to own and operate the farm/ranch?
- What role will other family members play in the transition?
- Are we able to separate operations from ownership?



Step 3: Goals of Generations

- Discuss goals, timelines, and responsibilities for senior and next-generation members.
 1. Plan for retirement.
 2. Complete a farm financial analysis and share with the family.
 3. Prioritize your goals.
 4. Accomplish your goals.



Step 3: Goals of Generations

- Retire comfortably. (cost?)
- Keep the farm/ranch in the family. (cost?)
- Provide an inheritance for heirs. (cost?)
- Keep family relationships strong. (cost?)
- Give to charity. (cost?)
- Avoid Taxes. (cost?)
- Others?
- Does everyone have the same goals?
- Which goals are most important?



Step 4: Family Communication

- Introduce tools and techniques to facilitate honest, respectful conversations around sensitive topics like fairness, decision-making, and retirement.



Step 4: Family Communication

- Use polite and respectful language
- Listen to concerns and feedback without interrupting
- Regular check-ins to address any ongoing issues or concerns
- Clearly explain expectations for the farm
- If issues arise, provide clear reasoning
- Approach conflict with a level head, focusing on resolution rather than blame
- Aim for solutions that work for both parties
- Take time to be a family beyond just their role as a part of the farm operation



Step 5: Outline Practical, Actionable Steps

- Break down the transition process into manageable phases—such as goal setting, family meetings, financial review, and involving advisors.



Step 5: Outline Practical, Actionable Steps

- What's your first next step?
 - A discussion with family members?
 - Their goals?
 - The next generation's return?
 - How people retire?
 - A meeting with a CPA or attorney or wealth manager to review your balance sheet?
 - Projecting income for later in life?
 - Reviewing your operating agreement or estate documents?
 - Clarification of your legacy!
- The key is to keep taking a step forward!



Step 6: Importance of Written Plans

- Document agreements and use written tools (e.g., succession timelines, roles charts, written values/vision).



Step 6: Importance of Written Plans

- Clarity and Transparency
- Reduces Conflict
- Legal and Financial Protection
- Accountability
- Security for the Future



Step 7: Connect Families to Resources

- Share a list of professionals (legal, financial, mediation) and planning templates to help take the next step after the presentation.



Step 7: Connect Families to Resources

- Lawyer
- Accountant
- Financial Planner
- Banker/Lender
- Insurance Agent
- Consultant/Facilitator
- Gift Planning Team
- *Real Estate Agents and Appraisers



Lawyer

- Legally protect your legacy
- Used for agreements and contracts
- Some Examples:
 - Will or Living Trust
 - Buyout Agreements
 - Corporations, LLCs, and Partnership Agreements



Accountant

- Protect your legacy to maximize after tax wealth
- Know the business as well as you do
- Some Examples:
 - Business Structures
 - Capital Gains
 - Charitable Donations or CRT



Financial Planner

- Provide knowledge on retirement
- They know about programs that could aid in retirement
- Some Examples:
 - Investments
 - Long-Term Care
 - Dealing with debt



Banker/Lender

- Provide information on potential financial options for transferring ownership and assets
- How much ownership does the next generation have to receive competitive loans?
- Some Examples:
 - Operating Lines or Land Loans
 - FSA Beginning Farmer and Rancher loans

KANSAS STATE
UNIVERSITY



Insurance Agent

- Provide information on insurance and how it can factor into the whole succession pplan
- Some Examples:
 - Life Insurance
 - Disability Insurance
 - Health Insurance

KANSAS STATE
UNIVERSITY



Farm Consultant/Facilitator

- Acts as your quarterback for succession planning
- Organizes everything for you
- Some Examples:
 - Resolves family conflicts
 - Evaluates different succession options
 - Facilitates meetings with other professionals

KANSAS STATE
UNIVERSITY



Gift Planning Team

- Provides information on charitable giving strategies for optimal giving
- Some examples:
 - Charitable remainder trusts
 - Do they manage land?
 - How would you like your donations handled?

KANSAS STATE
UNIVERSITY



AgKansitions

- Mission: Keep Kansas Families in Farming and Ranching
- Deliverables:
 1. Land-Link
 2. One-on-one consultations
 3. Beginning Farmer and Rancher Trainings

KANSAS STATE
UNIVERSITY



Contact Me

agkansitions@ksu.edu

(785) 532-4526

www.AgKansitions.org

KANSAS STATE
UNIVERSITY