



Is it time to retire?

What about the next generation?



Ashlee Westerhold

KANSAS STATE
UNIVERSITY



Objectives

- Give you tools to determine retirement readiness
- Provide some information on next generation involvement
- Motivate you to reach out to resources

KANSAS STATE
UNIVERSITY



Step 1: Financial Readiness

- Farmers should look at whether they can afford to step back from active farming:
- Do you know your **annual living expenses** after retirement?
- Will your **retirement income** (Social Security, savings, rental income, farm profits, off-farm investments) cover those expenses?



Step 1: Financial Readiness

- Have you calculated the **tax implications** of selling assets, gifting assets, or transitioning the operation?
- Do you understand your **healthcare costs**, especially if retiring before Medicare?



Retirement Savings Example

Financial planners commonly recommend:

- **8X annual income saved by age 67**
- **6-7X annual income at age 70** (because Social Security covers more and the retirement period is shorter)
- Social Security at 70 ~ \$40,000–\$50,000 (typical two-earner couple)



Retirement Savings Example

- For a typical couple retiring at **age 70** with a **\$100,000 yearly dual income**, a solid target is: **\$600,000–\$900,000 saved**
- But with strong Social Security benefits and low expenses, a family could retire comfortably with **\$300,000–\$500,000**.



Retirement Savings Example

- If you want **\$40,000/year** from savings (to supplement Social Security):
 $\$40,000 \div 4.5\%$ withdrawal rate
≈\$880,000 needed saved



Step 2: Emotional Readiness

Many farmers struggle not because of money, but the emotional nature of “retirement”

- What are you retiring to?
- What will be your identity?
- Does slowing down feel exciting or frightening?



Step 2: Emotional Readiness

- Do you have hobbies, community roles, or part-time opportunities you enjoy?
- Are you emotionally okay handing authority to the next generation?



Step 3: Operational Readiness

Would the farm run without you:

- Is there someone trained and capable of taking over day-to-day decisions?
- Are records, passwords, leases, and agreements organized and accessible?
- Is there a succession or transition plan?



Step 4: Physical Readiness

Sometimes the body answers the question:

- Is farming becoming physically difficult?
- Are there health issues that need more time and attention?

If we wait too long to address a physical issue, it usually results in emergency planning instead of proactive planning.



Step 5: Readiness in Giving up Control

- Do you feel ready to let others make decisions—even ones you wouldn't make yourself?
- Are you willing to shift from “doing” to “advising?”



Simple Self Retirement Readiness

Farmers are *likely ready* to retire if they can say **yes** to most of these statements:

- ✓ I can financially afford to retire.
- ✓ I know who will operate the farm after me.
- ✓ My legal documents are current and accurate.
- ✓ My heirs know my intentions.
- ✓ I feel more excited than anxious about the next chapter.
- ✓ I am ready to let others make decisions.

KANSAS STATE
UNIVERSITY

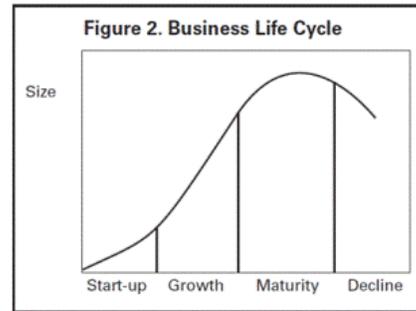
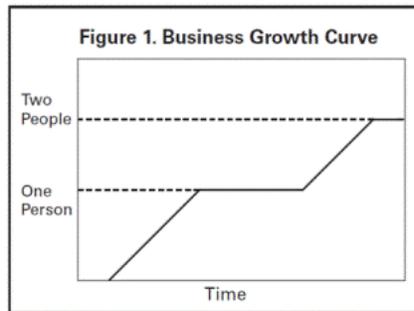


WHAT ABOUT THE NEXT GENERATION?

KANSAS STATE
UNIVERSITY



Young Person Adds Value!



Affordability for Next Gen

- KFMA estimates \$122,681 in total family living and taxes for farm families in 2024 with an average family size of 2.8 people
- The largest expense being health insurance which is about 20% of their living expenses in 2024 (which continues to increase)



Affordability for Next Gen

- The farm would need to have net farm incomes close to \$250,000 to support two families
- Additionally, farm kids need to make additional income for the expectation of being able to buy out parents

KANSAS STATE
UNIVERSITY



First Next Step

A discussion with family members?

- Their goals?
- The next generation's return?
- How people retire?

A meeting with a professional to review balance sheet?

Projecting income for later in life?

Reviewing operating agreements & estate documents?

Clarification of your legacy!

INFORMATION FROM LANCE WOODBURY, PINION GLOBAL

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