Actionable Steps - Agenda

- ✓ Differentiating succession & estate planning
- ✓ Building family & business data profile
- ✓ Goal definition & Planning family meeting
- ✓ Leadership development & transition timetables
- ✓ Building post-retirement cashflow projection
- ✓ Managing collaborative succession planning team
- ✓ Estate tax exposure & wills/legal agmts review
- ✓ Resource Review

Differentiating succession & estate planning

INTER-RELATED but DIFFERENT issues. A story about a family…

Succession Planning

- ✓ Starts with "mission, vision, values talk"
  - Business continuation or liquidation?
  - Management and ownership transition
- ✓ Deals with who will be involved, tactics, timing, legal agreements (buyouts), duty transitions, family employment policy, compensation, etc.
- ✓ "Business Life Planning"

Estate planning

- ✓ Financial Wealth analysis – estate tax risk; liquidity coverage; insurance needs
- ✓ Capacity to provide retirement security
- ✓ Capacity to distribute wealth – now vs. later
- ✓ Investment strategies – post retirement
- ✓ "Death Planning" - final instructions, distribution of personal assets, health care

Building family & business profile

Ask: What do **you** & **advisory team** need to "take inventory…" (start with 3-ring binder)

- Biographical information – resumes, family information, BD, addresses, goals, personality profiles
- Business Profile
  - History of the business - narrative
  - Governance
  - Tax returns, financial position & trends
- Insurance coverages
- Estate plan documents, wills, trusts, POA, etc.`

How much are we paying professional advisors to accumulate this information?

Goal definition & family meeting

- ✓ No "one right way" to define goals
  - Pages 16-20 Legacy Workbook; ProAgtive lists
- ✓ Family meeting strategic approaches
  - Page 8 Legacy Workbook-Pre Meeting Conversations
  - Handout – Family Meeting sample agenda
  - Is it different if you are in Stage I, II, or III?
- ✓ Excellent place to handle "fair vs. equal" talk

Youth Message: Don't draw wrong conclusion about procrastination

- ✓ Is avoiding succession the real issue?
- ✓ How reduce fear factor
  - Don't criticize "…way they did it"… *Seek 1st to Understand (Stephen Covey – 7 Habits)*
  - Focus on celebration of successful career
  - Help predecessors find role in retirement

→Focus on ***Extending career path!***

Common Pitfalls in Transition Planning 8

Leadership Development – Transition Timetables

- ✓ What roles will transition?
- ✓ Current job descriptions and skill sets defined?
- ✓ Options for who will assume key roles
- ✓ Case Study – Agronomy Manager retires
  - Duty listing
  - Successors decision-makers`

Building Post Retirement Proforma Cashflow Projection

- ✓ Can be huge obstacle creating fear and retirement procrastination
- ✓ Itemize sources of income and living costs before and after retirement
- ✓ Assess adequacy of income to provide financial security and achieve retirement goals
  - See pages 61-62 Legacy Workbook-Assessment
  - Review Sample Cashflow worksheet

Building Collaborative Team

- ✓ Assess current local advisory team; is outside facilitation needed?
  - What is your family communication culture?
  - Technical knowledge of group?
  - Potential conflicts of interest?
- ✓ Establish ground rules … this is TEAM sport!
- ✓ Be on guard for "the sale" vs. advice & counsel; be willing to invest financially for positive plan
- ✓ See page 76 – Selecting an Adviser

Advisory Team Candidates

- ✓ Accountant
- ✓ Attorney
- ✓ Insurance Agent
- ✓ CERTIFIED FINANCIAL PLANNER™ Practitioner
- ✓ Business Advisor
- ✓ Banker
- ✓ Pastor

Who is your quarterback?

Compiling & Reviewing Estate Tax Exposure, Wills & Legal Agreements

- ✓ Conditions, goals, laws change – see pp 66-70
- ✓ Don't assume local advisors have these well organized and up to date
- ✓ May take team effort to assess estate tax risk
  - Accountant, attorney, insurance agent, banker
- ✓ Succession and Estate Planning create opportunity to dust off, review & revise

Timely Review vs. "The Plan"?

- ✓ Plan = Blueprint for specific future actions
- ✓ Based on facts as we know them today...and expectations of future landscape ...as best we can predict today
- ✓ Guided by short & long term goals
- ✓ Fact of life: facts change, landscapes change → may dictate CHANGE in the plans
- ✓ Timely review needed to keep plans viable

Resources - Farm Journal Legacy Project

- ✓ Print
- ✓ eNews
- ✓ Online
- ✓ Tools
- ✓ Live Events

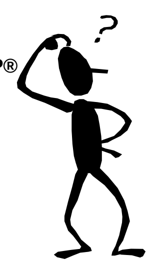
"Cultivating Multigenerational Success in the Agricultural Community."

Favorite Reads

- ✓ "Crucial Conversations" – *Patterson, Grenny et al*
- ✓ "Getting to Yes: Negotiating Agreement Without Giving In" – *Fisher and Ury*
- ✓ "Perpetuating the Family Business" – *John Ward*
- ✓ "Good to Great" – *Jim Collins*
- ✓ "Midas Curse" – *Perry Cochell & Rob Zeeb*
- ✓ "The Enduring Legacy: Essential Family Business Values" – *Lance Woodbury*
- ✓ *"Traction"* – *Gino Wickman*
- ✓ "Farm Business & Estate Planning" – *Neil Harl*
- ✓ "How to Run Your Business so You Can Leave it in Style" – *John Brown*

Make "knowledge building" in family business excellence a lifetime journey.

Time for Questions...



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