Farm Transition Planning

2018 Virginia Agritourism Conference
Williamsburg, Virginia - March 22, 2018
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Threats to Ag. Viability

- 2 main challenges to Virginia agriculture industry:
  - Farmers are getting older: Average age almost 60
  - Loss of farmland to non-farm uses: over 5 million acres since 1960

- Preserving (& transitioning) agricultural and forest land in the face of increasing development pressure has required a concerted effort by planners and policy makers
How Does Office of Farmland Preservation help?

- **Farm Owners**: who are facing retirement and want to see their businesses continue and their land stay in production

- **Beginning and Aspiring Farmers**: who are in search of business arrangements through which they can acquire land, equipment, experience and access to the knowledge of seasoned producers

[www.vafarmlink.org](http://www.vafarmlink.org)
• Primary component has been Virginia Farm Link database: Online tool to connect farm owners and farm seekers in Virginia

- partnership with Va. Farm Bureau & VDACS est. 2003 new website ➔ www.vafarmlink.org
- Over 350 farm owners & 3,500 farm seekers signed up
- Over 200 farm owners have had 2,600 contacts from nearly 800 farm seekers
**Farm Owners**
1. #383, Albemarle County, 60 Acres
2. #377, Albemarle County, 72 Acres
3. #388, Albemarle County, 200.00 Acres
4. #204, Augusta County, 74.5 Acres
5. #368, Bedford County, 25.00 Acres
6. #46, Campbell County, 263.00 Acres

**Certified Farm Seekers**
1. #2057, Fauquier County
2. #1227, Pittsylvania County
3. #3429, Westmoreland County
Virginia Farm Link Program: Funds Farm Transition Workshops

- OFP provides ongoing funding to Virginia Cooperative Extension for farm transition workshops:
  - Memorandum of Agreement between VCE and VDACS
  - $20,000 allocated for 2017 (same expected for 2018)
  - Nearly $150,000 allocated since September 2008

- Funding comes from the Virginia Agriculture license plate:
Farm Transition Workshop Goal:

- Help farm families and their service providers transition farms and farming operations to the next generation.
- Farm transition planning concepts and techniques – introduced locally via VCE
- Workshop Audience?
  - Farmers and landowners who are facing retirement and want to see their businesses continue and their land stay in production
  - Beginning and aspiring farmers who are in search of business arrangements through which they can acquire land, equipment, experience and access to the knowledge of seasoned producers
What are we looking for?

- VCE & VDACS review and select proposals for funding – Ideal proposals address:
  - Focus on **building communication** among family members or among farm owners and farm seekers;
  - Increase the **professional capacity** of farm family service providers (attorneys, financial planners, extension personnel, etc.); and/or
  - Demonstrate **collaboration** among units, agencies, or organizations.

- **End result:** farm families draft & implement transition plans – retiring farmers connect with beginning farmers and farmland remains in productive use for the future.
Farm Transition and Liability
Virginia Higher Education Center
Executive Auditorium
December 15, 2012

9:30 a.m.- Registration
10:00 a.m.- Welcome- Amy Gail Fannon-Osborne, VCE
10:05 a.m.- Case Studies- Matthew Miller, VCE
11:00 a.m.- Estate Planning Tools & Tax Management- Andrew Branan, The Branan Law Firm, PLLC
12:00 p.m.- Lunch sponsored by Farm Credit of the Virginias

1:00 p.m.- Farm Financing- Farm Credit of the Virginias
1:30 p.m.- Business Entities & Agreement- Andrew Branan, The Branan Law Firm, PLLC
2:30 p.m.- Farm Liability & Risk Management- Farm Bureau
3:30 p.m.- Open Discussion
4:00 p.m.- Turn in Evaluations!!

This workshop is free and open to the public due to grant support from VDACS, which was generated by revenue from the Virginia Agriculture license plate.

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Planning for the Future of Your Farm: A Workbook Supporting Farm Transfer Decisions, Virginia Edition

Developed to help families keep their land in production and/or in their family as it passes to the next generation.

Goal is to provide families with a resource to use as they complete the work necessary to transfer their farm land and/or farm businesses.
Section One: Developing a Vision for the Future

Farm Transfer Planning: A Suggested Definition
Farm Transfer Planning: How to Begin
Starting with What You Want
Managing Risks with Farm Business Transfer: The 5 D’s
  Worksheet 1.1: Quick Risk Assessment: The 5 D’s
Improving Farm Family Communication
When Family Business Transition Makes No Sense
Developing Goals and Meeting Objectives
  Worksheet 1.2: Planning the Family Meeting
  Worksheet 1.3: Rating Family Values
  Worksheet 1.4: Rating Your Comfort Level
  Worksheet 1.5: Sketching Your Lifestyle Plan
  Worksheet 1.6: Estimating Income and Expenses
  Worksheet 1.7: Setting Goals and Objectives
  Worksheet 1.8: Reconciling Priorities
  Worksheet 1.9: Turning Goals and Objectives into Action

Section Two: Evaluating Your Farm Resources

Evaluating Your Farm and Community Resources
How Do You Own Your Property?
  Worksheet 2.1: Evaluating Farm Resources
    Part I: Natural Resources
    Part II: On-Farm Buildings and Infrastructure
    Part III: Local and Community Infrastructure
    Part IV: Farm Asset Net Worth Statement
    Part V: Management (Human Resource) Assessment
Section Three: Farm Transfer Tools

The Tools of Farm Transfer
Basic Estate Planning Documents: Wills, Trusts, and Gifting
About the Federal Estate Tax: A 2011 Update
Entity Choice for Agricultural, Forestry, or Horticultural Ventures
What is a Buy-Sell Agreement?
   - Table 3.1 Quick Comparison of Business Entities
   - Worksheet 3.1 Checklist for Business Agreements
Developing A Lease for the Farm
   - Worksheet 3.2: Short-Term Lease Checklist
   - Worksheet 3.3: Estimating Costs and Estimating Rent
   - Worksheet 3.4: Repairs and Maintenance Checklist
About Conservation Easements

Section Four: Meeting with Professional Advisers

About Your Team of Professional Advisers
Gathering Information About Your Estate
   - Worksheet 4.1: Locate Important Documents
   - Worksheet 4.2: Wills and Trusts Basics
   - Worksheet 4.3: Gathering Information About Your Estate
Qualifications

1. To be eligible for the Virginia Century Farm program, a farm must:
   - have been owned by the same family for at least 100 consecutive years;
   - be lived on or actually farmed by a descendant of the original owner; and
   - gross over $2,500 annually from the sale of farm products.
For Additional Information:

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