



New York State
**CENTER FOR EQUINE
BUSINESS DEVELOPMENT**
at Cazenovia College™



Equine Business Workshop Report

Is Land Your Legacy? Transition Planning for Farmers and Ranchers

Transition planning should be a key part of any equine operation, whether it's a small boarding and lesson barn, or multi-million breeding and training facility.

"Everyone has a will. It's either the one you write, or the one the state writes for you," Evan Groot of Nationwide said at a workshop at the NYS Center for Equine Business Development at Cazenovia College. "You have to plan."

An effective transition plan, Groot said, is one way to make certain that goals for the future of a farm become reality. Without a transition plan, he said, the state will decide how assets – including land and animals – will be distributed. And, according to the U.S. Department of Agriculture, roughly 89% of farmers do not have a transition plan in place.

"There's a lot of inertia around this topic," Groot confirmed. "People know they should plan, but they put it off."

One of the main reasons cited for delaying, he said, is that the process seems complicated. That needn't be the case, and the first steps require only honesty and common sense.

Start by setting goals and objectives. "Start with what you want to see happen," Groot said. "What's important to you?" Maybe the goal is to liquidate and retire. Maybe it's to pass the farm to the kids. There is no wrong answer; the point is to make a choice and then act on that decision.

Next, decide who's involved in the process and put the planning team together. Lawyers, accountants and/or financial planners are needed; some companies, including Nationwide, offer assistance free of charge. Then review the current situation, everything from finances to family dynamics. Explained Groot, "Starting with the end in mind, ask: Where are we today?"

Finally, consider the options, decide on a course of action and carry out the plan – bearing in mind that circumstances change. "It's a living, breathing process," said Groot, so remember to review the plan periodically and make modifications if needed.

Although every scenario will have its "pluses and minuses," Groot said the benefits of succession planning are worth the time expended. A solid plan will:

- Preserve your legacy;
- Safeguard the value created by your operation;
- Set up an orderly transition of ownership and management;
- Provide for financial basics;
- Turn non-liquid assets into cash to cover taxes and expenses; and
- Identify and manage risks.

"The most tangible benefit is that you know it's taken care of," Groot said. "Your family's taken care of ... That's the benefit of going through this process."

This workshop was held March 15, 2016 at the Cazenovia College Equine Education Center.