Section 10: Moving On

Moving On

Learning Objectives:

1. Identify strategies for transitioning out of agriculture.
2. Consider alternative enterprises.
3. Be familiar with guides for planning transitions.
4. Learn about building exit strategies into the business plan.
5. Learn about basic estate planning information.
6. Describe long-term care (LTC) and planning for it.
7. Learn about Aging with Dignity, Five Wishes, advanced directives in Oklahoma, and communicating values about end of life care.
8. Consider planning issues for funeral and burial.

Transitioning

Alternative Enterprises

You may be thinking about transitioning out of farming or ranching and into a new agricultural business or service that better accommodates your disability, chronic health concerns, or aging. Many farmers and ranchers with disabilities have been successful in building niche agricultural enterprises. For example, some livestock producers across Oklahoma and Texas have switched to raising meat goats instead of traditional beef cattle. Other cattle growers have moved into direct sales of grass-fed beef, adding value to their beef production. Even agritourism is occurring on farm and ranch businesses in Oklahoma—from offering seasonal pumpkin patches and hay rides to offering lifestyle experiences. Sizing up your readiness for change as well as considering your personal strengths and capacities are essential ingredients to making successful transitions. Developing the information, supports, and resources you need to make good decisions are important.

Breaking New Ground at Purdue University has produced two documents that you may want to purchase to help you think about developing new markets, services, or value-added production. Go to the National AgrAbility Project link:

http://www.agrability.org/Resources

Look for the following titles:

Making Career Decisions Following a Disability: A Guide for Farmers & Ranchers provides rural professionals with practical materials (over 20 handouts, worksheets, sample cover letters, and resumes) for helping farmers and ranchers make career decisions. Chapters address the agricultural lifestyle, prevalence of disabilities, the role of the professional, identifying resources, self-assessment, tools for the job search, and the Americans with Disabilities Act (ADA) and assistive technology for employers and employees.

Enterprising Ideas contains case histories of rural residents with disabilities who have developed alternative, agricultural-based enterprises (income-producing ventures). Each case discusses the enterprise, the resources, and the skills required for the venture and the assistive technology used by the producer.

In Oklahoma, the Oklahoma Department of Agriculture and Forestry has several initiatives in alternative enterprises, farm diversification, aquaculture, agritourism, farm marketing grants, and other ventures. For more information on these programs go to:

http://www.oda.state.ok.us

Or contact them at:

P.O. Box 528804 • Oklahoma City, OK 73152
Phone: (405) 521-3864 • Fax: (405) 522-4912

Passing on the Dream

Another transition you are considering may be leaving your agricultural production to the next generation. Transitioning out of work and into something new and unfamiliar such as retirement or a less active role is tough, especially if being the primary farmer or rancher is a big part of your identity. It can also be a time of celebration as you consider the legacy and sturdy stewardship you have provided for your family and the land. Either way, it is bound to be emotional.

Kevin Spafford, a journalist with Farm Journal who writes the journal's Legacy Project, says three things stand out in hundreds of conversations that he has had in regard to leaving a legacy:

1. You make a difference in other people's lives.
2. Your family has meaningful relationships with one another.
3. The family will keep the land and pass it on to their kids, who will pass it on to theirs.

However, some farm or ranch operators have to consider alternatives to passing on the legacy when the next generation is not interested in taking it on. In some instances, they are participating in programs that help them mentor a young family interested in getting into farming or ranching.

Moving On

In order to get the legacy conversations going in a way that is not hijacked by emotion or detached from reality, Spafford recommends asking yourself and the family seven questions:

1. Does the owner have sufficient resources to fund retirement if the business is transferred during his/her lifetime?
2. Does the owner want the active children to receive the business if he/she dies prematurely and/or the children are not ready to assume a leadership position?
3. Will the transfer of the business create conflict?
4. Are the active children capable of working harmoniously together?
5. Do the active children have the skills and abilities to run the operation, or do they need skill building first?
6. Has the owner made provisions for premature death, disability, dissolution, and divorce?
7. Are the active children currently participating in a professional development program?

Lastly, Safford reminds farmers and ranchers that succession is a process, not an event.

Estate Planning

The University of Minnesota Extension has a Transferring the Farm Series that provides a lot of useful information, planning documents, and tips about transferring your business. Transferring your business to the next generation can take a number of years and is not a simple process. This process requires a lot from both generations.

In order for the transfer to be successful, the new generation of farmers or ranchers must learn to manage the business and establish a strong financial footing. The retiring generation must be ready to turn over control of the business and trust in the next generation that the business will continue to succeed. According to the University of Minnesota, the transition process must be planned out well and implemented wisely.

The following tips help guide the transition process:

- Ask yourself if you will have adequate annual income to get yourself as well as your family through retirement.
- Ask yourself if the entering generation of agricultural producers will be able to afford making payments and make an adequate living.
- Before you retire or transfer the farm business, contact the social security office to find out about your contributions and benefits.
- Ask yourself if you are willing to let go of the business and allow the entering generation to take control of it.
- Ask yourself how emotionally ready you are to let go of the farm.
- If you are in good health, ask yourself what you would like to do with your spare time after retirement.

It requires a lot of time and dedication from both generations for the transition process to be successful. Before deciding if the transition will take place, you must determine if the entering generation wants farming or ranching as a career. If so, you may move along with the transition process. Establishing goals is very important. The retiring generation must be clear about individual, family, business, and retirement goals. It would also be beneficial if the next generation establishes their goals so that they can be compared to those of the retiring generation. Once goals have been established and agreed upon by both generations, these goals become a foundation of the business. In order for this process to thrive, good communication and teamwork is key. The University of Minnesota recommends that both generations farm together as a trial period. This trial period will allow the entering generation an opportunity to learn from the retiring generation and provides a good time for the retiring generation to assess if they are willing to let go of their business. The length of this trial period varies greatly and depends on the time needed by both generations.

To obtain a copy of the University of Minnesota's publication visit:

http://www.cffm.umn.edu/publications/farmmgttopics.aspx

Although estate planning is very important, it can sometimes be dreaded and anxiety ridden. According to Dr. Bob Fetsch at Colorado State University Cooperative Extension, part of the reason why estate planning is so stressful is because of the lack of information and use of available technical legal, economic, and tax-related tools as well as the lack of familiarity with people skills.

Since every family and operation is unique, it is important to keep in mind that in order to create a successful transfer plan, the proper mix of tools and skills depends on the operation and family.

Some of the technical tools identified by Fetsch include power of attorney, partnership agreements, revocable/irrevocable living trusts, special use provisions, utilizing life insurance, a will, and other tools.

Fetsch states that some of the people skills that are often lacking include strategies for conflict management, problem-solving, shared goal-setting, team-building, decision-making as well as communication skills, listening skills, among other skills. Transferring information, values, and land to the next generation is complicated and could be very stressful- plus takes time.

Dr. Fetsch recommends:

- Begin planning early.
- Write a shared family/business vision and shared goals.
- Seek help from rural estate planners, attorneys, and/or accountants.
- Utilize open communication, effective problem-solving skills, and good listening skills.
- Build your own self-esteem as well as the self-esteem of others.
- Do not assume you know the plans someone has or how they feel.
- Allow others to have feelings and acknowledge them when you should.
- Decrease the amount of work the older generation does and increase the younger generation's involvement.

Wills

Establishing a will is usually the first step in the estate planning process. A ***will*** is a **legal document that states how your assets will be managed and distributed after death.** There are two types of wills, a simple will and a complex will. Simple wills indicate that after death, everything goes to the surviving spouse or children. Complex wills are used to create a trust or structure for estate planning purposes and include both AB trust wills (marital and family) and contingent trust wills.

A will normally contains various sections to outline your wishes such as a provision naming a guardian for minor children, a personal representative to manage and handle the administration of your estate and will, special provisions regarding family needs, and a section that establishes procedures for the distribution of property. It also contains signatures and is notarized.

A will can be drafted by the individual who it belongs to or by an attorney. It is recommended that you have an attorney write your will because it is more likely to include all estate law provisions. If you are ready to write your will, contact an attorney who has experience writing one.

Make sure to keep your will in a safe place after it's been written. It is recommended that you review your will periodically or when events occur such as the death of a spouse or children, estate growth, relocation, health or status change, etc.

Things become more complicated if no will is written at death. In the state of Oklahoma, the district court appoints an administrator who determines how your assets are distributed among close relatives.

Business Exit Plans

Every business should have an exit strategy. Anticipated events or unexpected events may occur. If planning has occurred before these events take place, a lot of tension and stress can be avoided.

Iowa State University identified the following exit strategies for ending the business:

- **"Holding Pattern and Exit"** — The operation is maintained at its current level until the retirement of the owner.
- **"Use-up Capital Assets and Exit"** — No reinvestment takes place, all profits are extracted from the business itself. The remaining assets are liquidated at retirement of the owner.
- **"Wind-down Business and Exit"** — The number and size of enterprises are reduced, further decreasing the size of the business.
- **"Create Marketable Operation"** — The business is sold to another party (which could be family, neighbor, or others).

Colorado State University offers tips on developing a business exit strategy for your farm or ranch. They recommend that you build a transition plan into your business plan, beginning with values and goals. Keeping your transition goals in mind, then build your production, financial, and marketing plans. For framing a successful transition, they recommend you:

- Make a timeline with a schedule of steps that need to be carried out, when they should be carried out, and who carries them out.
- Ask yourself what steps you need to complete to end up in a successful exit position and what is a successful transition to you.
- Recognize and assess all possible strategies and know your tolerance for risk.
- Know what your long-term income goals and estate goals are.
- Have a back-up plan in case your business is not what you expected it to be when you are ready to exit.
- Write down your plan and share it with your managers, family members, etc.
- Choose whom you would like to be involved in your decision to exit.
- Create a transition team.

Colorado State University also has tips on designing your exit strategy and preparing for it. They advise you to:

- Determine if the business structure is ideal for the planned exit strategy.
- Determine if you should sell or spin-off part of your business.
- Plan your exit around a time of the year that increases the value of your profits.
- Recognize how a business transition to a different manager/owner can be a positive way to address the business' weaknesses and threats.
- Keep your business records for up to 7 years after selling, transferring, or closing.
- Document everything—including procedures and contractual arrangements.
- Keep past financial statements and make sure your business plan is current.
- Verify that you have a retirement plan as well as health insurance.
- Determine your financial positioning.
- Determine what involvement with the business you want after you leave.

Colorado State University also recommends you consider the aspects of selling your business versus closing your business and transitioning your business.

Selling Your Business – Before selling your business, get an appraisal. Getting your business appraised early will allow you the time to take care of existing problems and issues. It is also important to keep documentation that shows the value of your business. They also recommend that you conduct a strong financial analysis, determine whether a sale is a financially viable option for you, and decide if you want to sell the business outright or have a gradual sale. You should also decide what is and is not included in the sale and have a written agreement that contains all the terms of the purchase. It is also essential to be aware and keep in mind that selling the business may change relationships among employees, customers, and/or vendors.

Closing Your Business – It is vital to know what you have and what you owe. Complete an inventory of business assets to see what you have and plan how your business debts will be paid off. Other considerations from Colorado State University include making a list of your intangible assets, knowing what you can receive from the sale of a comparable business, keeping track of all licenses and permits so that they can be canceled after closing the business, and keeping employee records current.

Transitioning Your Business to an Heir or Incoming Farmer/Rancher – It is important to communicate to your family and new management team your values, goals, and plans. You should also examine the skills and abilities of the individual who is taking over the business and analyze his/her financial position. Before transitioning the business, you should also be aware and understand the tax implications involved for both parties when transferring assets.

To read more of Colorado State University's tips and considerations, visit:

http://www.coopext.colostate.edu/ABM/Developing%20a%20Business%20Exit%20Strategy.pdf

Out of the Box Alternatives

If you are faced with passing on the farm legacy with no family to take over but want to keep the stewardship of the land in production agriculture, it could be beneficial to look into programs that help beginning farmers or ranchers. In Oklahoma, loans and grants are available through the Oklahoma Department of Agriculture to help beginning farmers or ranchers acquire some of the funding needed to get into agriculture. There is also evidence-based information on establishing tenure relationships with beginning farmers. For information on beginner programs, try looking at the nonprofit resources at:

http://www.beginningfarmers.org

To see the kind of federal grant programs supporting getting into agriculture for youth, minorities, women, and beginners see the USDA's Farm Service Agency at:

http://www.fsa.usda.gov/FSA

This publication is available from Oklahoma State University Extension for beginning farmers and ranchers:

http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-2981/E-982.pdf

Depending on the viewscape and natural resources on your land as well as proximity of your agricultural land to urban and suburban development, you may also consider the possibility of placing land into trust arrangements to protect agricultural land, grassland reserve, open space, or nature conservation. One example of a large conservation project in Oklahoma is the creation of the Tallgrass Prairie. These kinds of projects are not without some critique in the agricultural industry; however, it may be a good fit for some farmers and ranchers and the legacy they wish to leave.

For information about alternatives for preserving farmland, consider looking at the American Farmland Trust's website at:

http://www.farmland.org

What if My Condition Worsens?

Many people assume when they need nursing home care or long-term care it will be paid for through Medicare or other insurance. This is an incorrect assumption. Medicare and private health insurance do not pay for long-term care beyond 100 days (approximately 3 ½ months). Medicaid does pay for long-term care, but individuals must be eligible for the program which is based on your income and assets. Many individuals and married partners have had to liquidate all their assets in order to pay for long-term care. When these assets run out, some people can then transition to Medicaid care.

In the United States, most people over the age of 65 will need some type of long-term care services to address self-care or safety needs when they are no longer capable of performing this for themselves or have lost the care of a supportive family member or spouse.

Long-term Care Insurance

Long-term care (LTC) includes a variety of services that help those with chronic illness or disability who have limited independence. LTC assists these individuals not only in obtaining their medical needs but also their non-medical needs. Services range widely from assisting the individual with daily tasks such as bathing to providing medical care that requires the knowledge of a skilled-care practitioner. LTC can be provided in an individual's home, in the community, in an assisted living facility, or in a nursing home.

LTC services can be very expensive for the individual receiving the services and his/her family members. Costs of LTC can be paid for through Medicare (very short term), self-insurance, Medicaid, life insurance or annuities, or LTC insurance.

An individual with Medicare will be covered for some short-term costs of a skilled nursing facility if he/she transferred after a 3-day qualifying hospital stay. Medicare will also cover some home healthcare services. Medicare will not cover anything after the first 100 days of seeking services. For more information regarding Medicare and its long term care coverage, visit *www.medicare.gov*.

LTC insurance may cover all or part of needed care. With this insurance, you will spend money on premiums now with the hopes of saving money later. LTC insurance is not for everyone. When determining if this insurance is appropriate for you, it is important to consider income level and amount of assets. Financial planners recommend buying LTC insurance if your assets are at least $100,000 (not including your home and car), you have an income of at least $25,000-$50,000, if your premiums will be less than 7% of your gross annual income, and if you can afford premium increases over time. The younger you are when you purchase LTC insurance, the less expensive the rates.

If you determine that purchasing LTC insurance is appropriate for you, do not settle for choosing a policy solely based on brochures or a presentation. Do not rely on the agent's verbal comments or promises, never withhold any information regarding per-existing conditions, and always remember to read the fine print. Look for a company that is financially secure and has high ratings for stability. The premium should be competitive with other policies and not significantly below market rates. The policies benefits should also be comparable to other policies. When choosing the best company for your long-term care insurance, choose an experienced company licensed in Oklahoma.

Things to keep in mind when choosing a LTC policy:

- You should be covered at all levels of care that a doctor orders at home or in any state-licensed facility.
- Stay clear of policies that require that only registered or licensed practical nurses provide services.
- Avoid policies that only allow insurance-company-paid doctors to determine your eligibility for long-term care coverage.
- The policy should cover activities of daily living (ADLs) and/or cognitive impairments.
- The policy should have a clear definition of benefits triggers and should not require continual one-on-one assistance for qualification of benefits.
- The policy should not require a prior hospitalization in order for someone to meet eligibility requirements of nursing home stays and/or home-care services.
- Be aware of the policy's coverage, exclusions, amount of daily coverage, and length of benefit period.

For more information regarding long-term care in Oklahoma and to see the list of approved insurers selling long-term care policies, visit the Oklahoma Health Care Authority at:

http://www.okltcpartnership.org/

The Oklahoma Insurance Division (OID) also has information on long-term care approved agents. If you are being offered long term care insurance from an agency that you aren't sure about, you can call OID at (800) 522-0071.

You can also get assistance through the Senior Health Insurance Counseling Program (SHIP). SHIP can assist seniors in understanding the various federal and private insurance programs and long-term care. To reach the SHIP program call, (800) 763-2828.

Death, Burial, and Funeral

Advanced Directives

Death is inevitable for each of us and is a topic not many want to talk about, much less plan for. However, advocating for oneself is critical throughout our lifetime. Fortunately, there are

ways to communicate our plan for the kind of care we want while dying and for our burial. Explanation of a few terms may be helpful.
In most states, we are allowed to make an advanced directive about what kinds of treatment, medical interventions, and care we want in case we are in an extremely critical medical situation. The allowance of such directives has been created because of high profile cases where individuals who are brain-dead have been kept alive through medical technology. Advance directives have nothing to do with assisted suicide.

Medline, a service of the National Library on Medicine, describes advance directives as an explanation of the kind of medical care you would want if you were too ill or hurt to express your wishes. Medline states: Advance directives are legal documents that allow you to spell out your decisions about end-of-life care ahead of time. They give you a way to tell your wishes to family, friends, and healthcare professionals and to avoid confusion later on.

A living will tells which treatments you want if you are dying or permanently unconscious. You can accept or refuse medical care. You might want to include instructions on:

- The use of dialysis and breathing machines.
- If you want to be resuscitated if your breathing or heartbeat stops.
- Tube feeding.
- Organ or tissue donation.

You may also want to name a durable power of attorney for healthcare proxy in your living will/advanced directive document. Your proxy is someone you trust to make health decisions for you if you are unable to do so.

The nonprofit organization, Aging with Dignity, has created a similar document to the living will, but it enables you to list your end-of-life care as five wishes in your own words. It is more personal than some may find with the living will.

Aging with Dignity's website allows you to type out your five wishes online so that you can print them. This will allow your loved ones and doctors to know what your wishes are while you are dying.

Your five wishes include:

- Who you would like to make your healthcare decisions when you are not able to.
- Medical treatments you want and do not want.
- The level of comfort you would like to attain.
- How you want others to treat you.
- What you want your loved ones to know.

The State of Oklahoma accepts the Five Wishes document as a legal advanced directive document.

For more information from Aging with Dignity, visit:

http://www.agingwithdignity.org/five-wishes.php

Coping with Death

We do not have to like dying, but we all have to cope with it at some point. Many will take spiritual comfort in knowing they have lived a life of integrity and worth. Others believe they are transitioning in death to a new life in a heavenly kingdom with their God or beloved higher power. Still others will have lingering doubts and fears about the actual event of death.

According to Dr. Ira Bylock, a palliative medicine doctor, dying is an opportunity to achieve a sense of reconciliation, completion, and closure with family and has the potential for one to reflect and appreciate how one has lived life. This does not mean that Dr. Bylock is saying dying is easy, but that “dying well” can happen. Dr. Bylock has a website and blog that addresses many of the main considerations in dying. Visit the website at:

http://www.dyingwell.org

The Hospice Foundation of American, a nonprofit organization, also provides quality information on death and dying. Visit their website at:

http://www.hospicefoundation.org/beforedeath

Palliative Care and Hospice

According to *www.getpalliativecare.org*, ***palliative care*** is **specialized medical care for people with serious illnesses**. It focuses on providing patients with relief from the symptoms, pain, and stress of a serious illness—whatever the diagnosis. The goal is to improve quality of life for both the patient and the family.

Palliative care is provided by a team of doctors, nurses, and other specialists who work together with a patient’s other doctors to provide an extra layer of support. It is appropriate at any age and at any stage in a serious illness and can be provided along with curative treatment.

If you desire palliative care, you can ask your regular doctor for palliative care or for a referral to a specialist in palliative care. It is okay to have relief from symptoms, pain, and medical issues arising from dying.

Hospice on the other hand, is **a concept of care to make dying as comfortable as possible and to provide support to the patients and their family “when a life-limiting illness no longer responds to cure oriented treatment”** (*Hospice Foundation of America*). Palliative services are offered through hospice and are provided by specially trained health professionals and volunteers. Hospice assists families by providing bereavement counseling before and after the patient dies. More information on hospice can be found on the Hospice Foundation of America website at:

http://www.hospicefoundation.org

Funeral and Burial

Burial, cremation, funeral, and marker costs can be pre-paid costs well in advance of needing them. This allows you time to consider the burial location, control costs (burial costs can increase), and gives you the opportunity to shop around.

When considering funeral services, it is important to closely compare prices and services. The average funeral today costs about $7,000. It was reported that some funeral providers hid costs in different burial “packages.” This tactic of increasing the cost of funeral services was so pervasive in the industry that the Federal Trade Commission passed regulations on the industry through the Funeral Industry Practices law.

You have the right to buy only what you want to buy. For example, you do not have to buy embalming services, unless it is required by state or local law. The deceased individual can be kept in refrigeration until the service or burial. The casket is often the most expensive item to be purchased. You also do not have to buy a casket if you decide to choose cremation. If you want a viewing before cremation, you can “rent” a casket instead of purchasing one. You also have the right to buy a casket or cremation urn from another vendor and use it at the funeral home you are using for services. Many are finding less expensive quality caskets online—or even at Costco, a major retailer. Finally, the funeral business must provide you with an itemized list of all costs and services. Find more information about funeral industry regulations from the Federal Trade Commission at:

http://www.consumer.ftc.gov/articles/0070-shopping-funeral-services

Funeral Service

Planning a funeral can be a very emotional and stressful time. The National Caregivers Library has a funeral planning checklist that can help make funeral planning for your loved one less complicated and overwhelming. This checklist outlines funeral arrangements that can be made ahead of time as well as those that cannot be arranged beforehand and serves as an outline to ensure your loved one’s final wishes can be carried out. Many of the items on the checklist will have a cost associated with them, so it will help to ask for the costs as you go over the checklist. Even obituaries in many city and town newspapers are no longer free. To view this checklist, visit:

http://www.caregiverslibrary.org/

Summary

It pays to be informed and plan ahead, rather than waiting when you are under the duress after a loved one’s death.

Although dying is inevitable, we can still exercise a our volition to take steps while we are living to ease our anxiety about death, ensure the continuity of our family legacy, and make plans that ease the burden of end of life decisions made by our loved ones.