

Figure 2. Decision-Making Worksheet for Paul and Lori Gates

Problem Definition:

Want to retire from farming soon. Currently in farm partnership with daughter and son-in-law. Need to decide what to do with farm assets and how to provide retirement income for self and spouse.

Purpose of Decision:

Determine the best use of our financial resources for retirement.

"Must Have" Criteria		Does the Alternative Meet Criteria?*			
		A	B	C	D
<u>Achieve</u> Income of \$4,000 per month. Maintain savings safety net of \$20,000.		Yes Yes	Yes Yes	Yes Yes	Yes Yes
<u>Preserve</u> Good relations with children.		Yes	No	Yes	Yes
<u>Avoid</u> Major changes in lifestyle.		Yes	No	Yes	Yes
"Would Like" Criteria	Criterion Rating	Rating of Alternatives			
<u>Achieve</u> More time for community service. More time for travel. \$6,000 per year for travel expenses. Less daily management responsibilities.		4 10 6 8	7 7 4 6	8 8 7 8	10 10 10 10
<u>Preserve</u> Retain control of some land to be passed on to children. Some voice in farm decision-making.		10 7	10 10	10 8	10 2
<u>Avoid</u> High income tax burden in any one year. High estate tax burden.		7 10	7 0	5 5	10 10
Weighted Total Score			389	459	564

*A: Lease farm assets to family; B: Lease farm assets to highest bidder; C: Sell assets to family and invest proceeds; D: Establish revocable "living" trust.