

## Transitions in Agriculture:



**David Goeller**  
**Deputy Director**  
**NCRMEC**  
**402 472 0661**  
[dgoeller@unl.edu](mailto:dgoeller@unl.edu)

**Dept. of Agricultural Economics**  
**University of Nebraska-Lincoln**

Nebraska  
Lincoln EXTENSION

## Rural Population Loss (Total Residents) Nebraska 2000 - 2010

- **Net Population Gain** + 115,113
- **69 Rural Counties Lost** – (27,999)
- **24 Urban Counties Gained** + 143,112

Nebraska  
Lincoln EXTENSION

## Under Age 19 Residents (Gain/Loss) Nebraska 2000 - 2010

- Net Population Gain + 8,713
- 82 Rural Counties Lost – (22,500)
- 11 Urban Counties Gained + 31,213

## Age of Nebraska Farm Operators

Age	1982	1987	1992	1997	2002*	2007*
Under 35	13,436 22%	12,609 21%	8,877 17%	5,531 11%	3,782 8%	3,353 7%
35 – 64	38,030 63%	37,056 61%	32,735 62%	33,532 65%	33,390 68%	31,297 66%
Over 65	8,777 15%	10,839 18%	11,311 21%	12,391 24%	12,203 25%	13,062 27%
<b>Total</b>	<b>60,243</b> <b>100%</b>	<b>60,502</b> <b>100%</b>	<b>52,923</b> <b>100%</b>	<b>51,454</b> <b>100%</b>	<b>49,375</b> <b>100%</b>	<b>47,712</b> <b>100%</b>

Source: Census of Agriculture, NASS

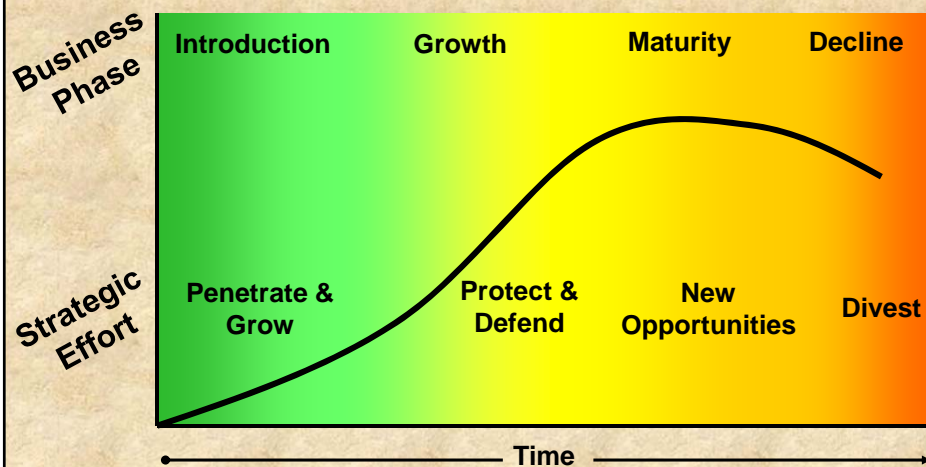


## Age of Nebraska Farm Operators

Age	1982	2007*	%
Under 35	13,436	3,353	25%
35 – 64	38,030	31,297	82%
Over 65	8,777	13,062	149%
Total	60,243	47,712	79%

Source: Census of Agriculture, NASS

## Business Life-Cycle

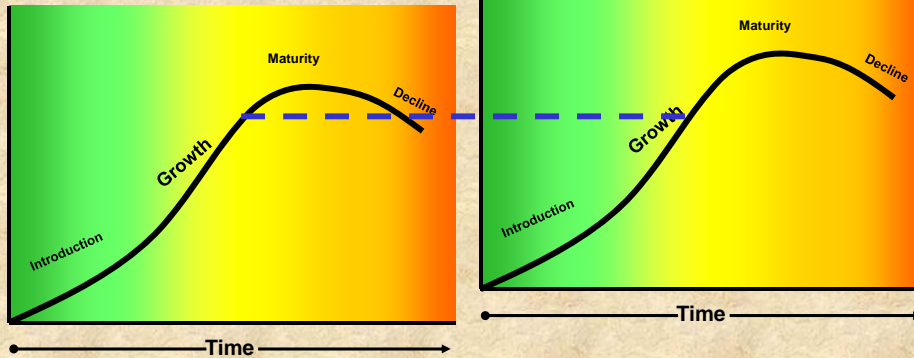


Source: Wadsworth

# Business Life-Cycle

## 1st Generation

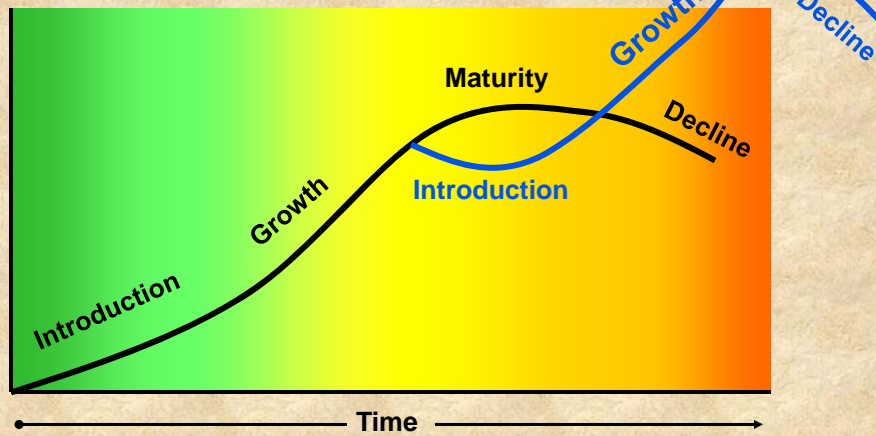
## 2nd Generation



Source: Wadsworth

Nebraska  
LAWRENCE  
EXTENSION

# Business Life-Cycle



Source: Wadsworth

Nebraska  
LAWRENCE  
EXTENSION

## KEY QUESTIONS

**Is there a successor?**

## KEY QUESTIONS

**Is there a Successor?**

- **Farm/Ranch Income may leave the area**



## KEY QUESTIONS

### Is there a Successor?

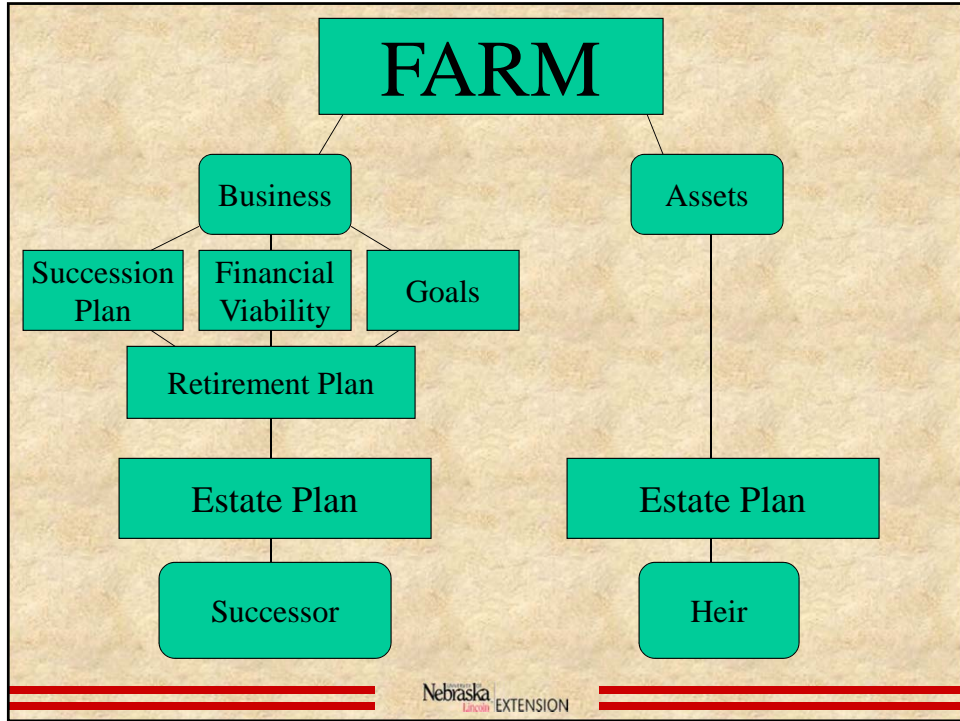
- **Farm/Ranch Income may leave the area**
  
- **Unintended Consequences:**
  - ✓ **Community**
  - ✓ **Businesses**
  - ✓ **Churches**
  - ✓ **Schools**

### What to do with the Farm/Ranch?

**First question to consider:**

*Do you want to transfer the ranch/farm as a “viable business” or simply as a “group of assets”?*

- A. Transfer Plan**
- B. Estate Plan**





## **Contribution = Compensation?**

- **1990 Networth = \$300,000/3 kids = \$100,000**
- **2013 Networth= \$3,300,000/3kids=\$1,100,000**
- **Contribution/Compensation**
- **50%/50% Partner and Founder**
- **\$3,000,000 Partner & Founder \$1,500,000 ea**
- **Partner's share**
  - ✓ **\$ 100,000 from 1990**
  - ✓ **\$1,500,000 from growth and appreciation**
  - ✓ **\$ 500,000 from Founder growth and appreciation**
  - ✓ **\$2,100,000 total for Partner \$600,000 each for siblings**

## **KEY QUESTIONS**

**Is there a successor?**

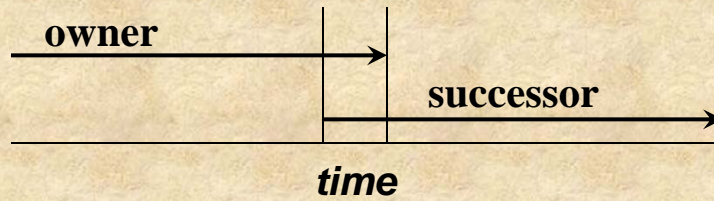
**Will you pass on your farm assets  
as a business or a pie?**

**How long will the transfer period  
be?**



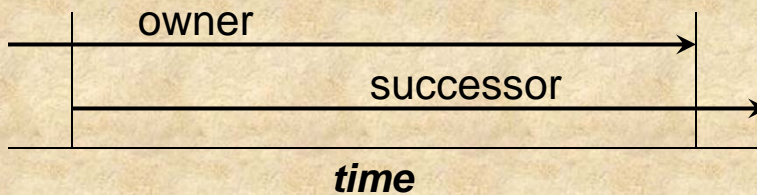
# Business Succession Plan TRANSFER PERIOD

## *Short Transfer Period*



# Business Succession Plan TRANSFER PERIOD

## *Long Transfer Period*



## KEY QUESTIONS

**Is there a successor?**

**Will you pass on your farm assets as a business or a pie?**

**How long will the transfer period be?**

**Super Farm vs Spin-off?**

Nebraska  
LAW EXTENSION

## Business Succession Plan

### TWO BASIC CHOICES

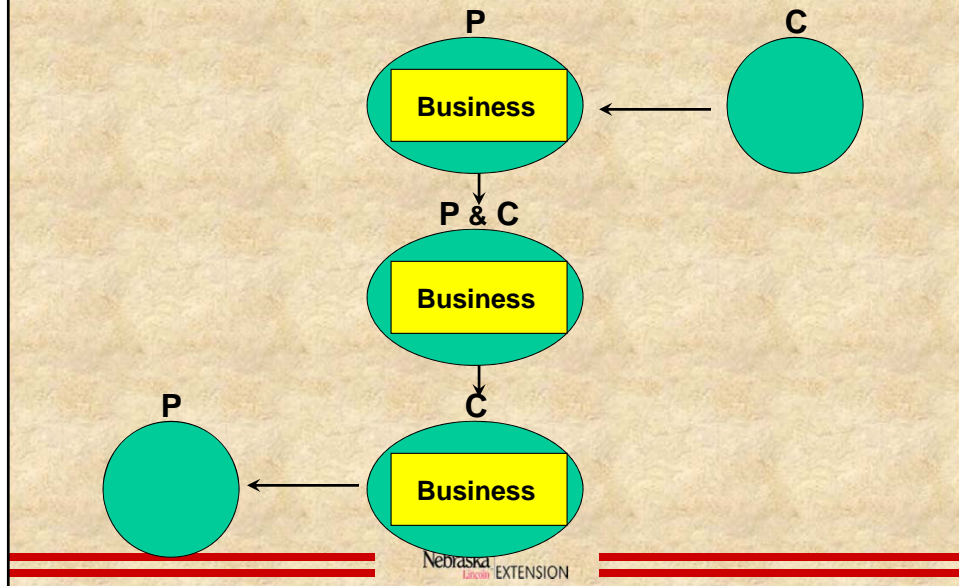
➤ Multi-Person Arrangement

➤ Spin-Off Arrangement

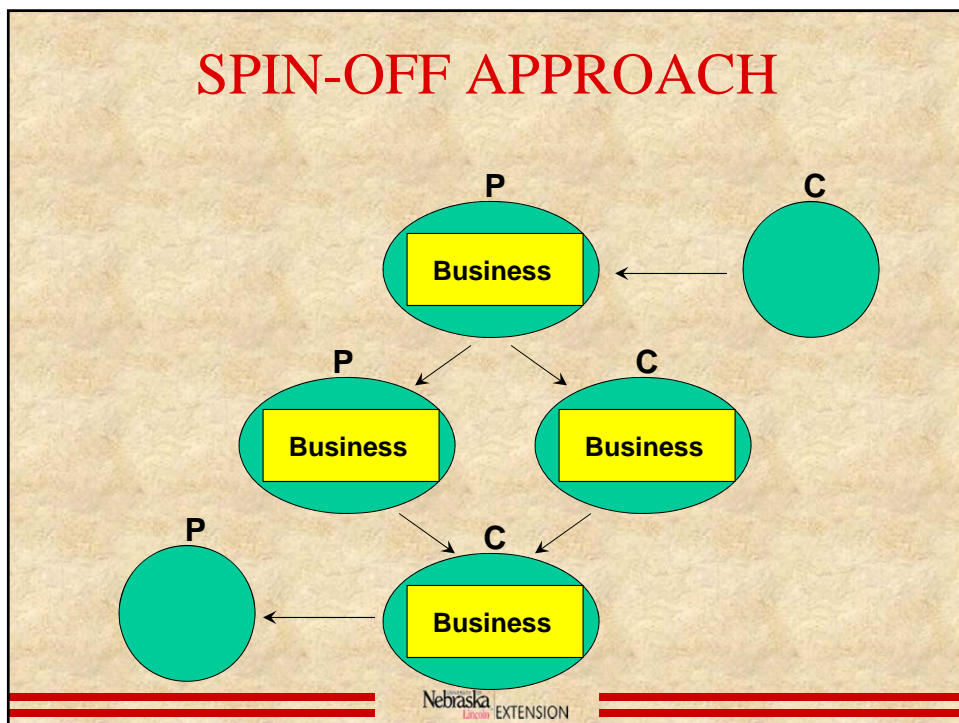
Nebraska  
LAW EXTENSION



## MULTI-PERSON APPROACH

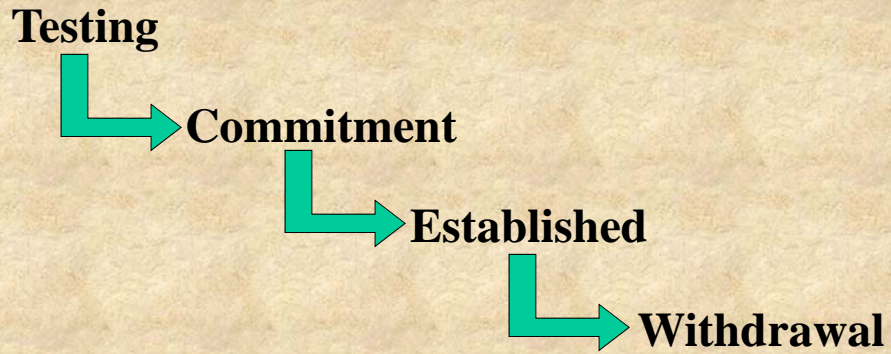


## SPIN-OFF APPROACH



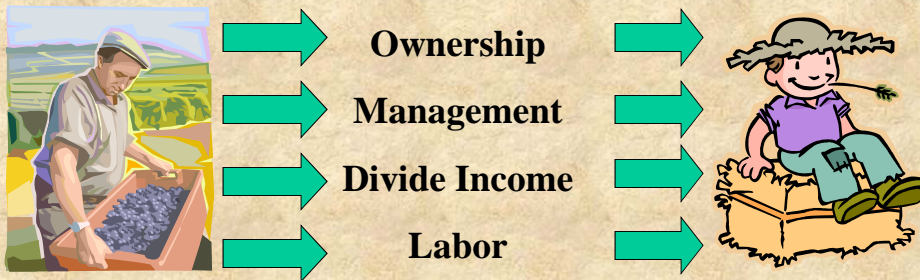
# Business Succession Plan

## The Transfer Stages



# Business Succession Plan

## The Transfer Process





## Business Succession Plan

	Testing	Commitment	Established	Withdrawal
<b>Labor</b>				
<b>Timeline</b>				
<b>Management</b>				
<b>Timeline</b>				
<b>Income</b>				
<b>Timeline</b>				
<b>Ownership</b>				
<b>Timeline</b>				

Nebraska  
LAWRENCE EXTENSION

## Resources

- **Joe M. Hawbaker, Hawbaker Law Office**
  - ✓ Phone: 402-558-3540
  - ✓ Email: [mjbaker@radiks.net](mailto:mjbaker@radiks.net)
- **David Goeller, UNL Farm Transition Specialist**
  - ✓ Phone: 402-472-0661
  - ✓ Email: [dgoeller@unl.edu](mailto:dgoeller@unl.edu)
- **Nebraska Farm Hotline**
  - ✓ Phone 800-464-0258



Nebraska  
LAWRENCE EXTENSION

## Resources

➤ **Don Hofstrand**

- ✓ Iowa State University
- ✓ Co-Director, Ag Marketing Resource Center
- ✓ Phone: 641 423 0844

➤ **John Baker, Attorney at Law**

- ✓ Iowa State University
- ✓ Director of the Iowa Beginning Farmer Center
- ✓ 800 447 1985

➤ **Roger A. McEowen, Attorney at Law**

- ✓ Iowa State University
- ✓ Associate Professor of Agricultural Law
- ✓ Phone: 515 294 4076

