

Marketing

Every estate needs a transition plan



Family Business

By LANCE WOODBURY

WITH the current status of the estate tax — an increasing exemption until 2009 and then no estate tax for one year — you might think you don't need to do any estate planning. Regardless of whether there

is some estate tax or no estate tax, you still need a plan for transitioning family and personal wealth to the next generation. Having no plan can cause misunderstandings about your intentions, push family members into fights and create general uncertainty about the future of the business. When crafting a plan to transition your wealth, there are a few important points to remember.

First, include key people in your planning efforts. You should include, in some way, those who can throw a

wrench in your plans (offspring, siblings and spouses). That doesn't mean you have to bend to their interests or do what they want, but by getting their input, sharing information and including them in the conversation, you are more likely to create broader family ownership and prevent future negative interaction.

Second, open the lines of communication. Families are full of assumptions about and between people because of historical relationships and informal

communication patterns. Have a family meeting or two at which you lay out intentions and get people talking about how they see the future of the estate. A good plan requires breaking the cycle of assumptions by discussing topics that are often taken for granted. (Consider discussing the "un-discussable.")

Goals, processes and flexibility

Third, try to understand how people see the future and their goals. There was once an elderly businessman who was planning to give the business to his adult children, and he had all of the entities and legal documents in place to facilitate the transition. However, when the kids were really honest about their goals, it turned out they didn't want the business. Finding this out prior to the passing of the father allowed the plan to change. The business was sold at a premium and the kids inherited a more passive asset, instead of feeling burdened by or obligated to their father's business (and possibly losing the equity that had been built).

The point is, do you really know how family members feel about the future of the business? Do you have a good understanding of their personal goals? Find this information out before investing significant time, money and energy in a wealth transition plan.

Finally, look at estate planning as an ongoing process. Take time every year or two to check in with family members, make sure trust documents and wills are updated, and understand what is happening with the value of your assets. Changes occur, such as marriages, divorces, children, business growth or business decline, and "the plan" should reflect as much of your current situation as possible. Use the slower time during the winter to make sure the assets and business you worked so hard to build has the best chance of growing for the next generation.

Woodbury works at the Garden City office of Kennedy and Coe LLC.

New health-care product provided

CARGILL AgHorizons and Wells Fargo have introduced a new health-care product for farm families called "Harvest Health," which combines a health savings account provided by Wells Fargo with funding for the account provided by Cargill.

Harvest Health combines a high-deductible health plan with a tax-exempt HSA. Participants may withdraw funds from their account at any time, tax-free, to pay for eligible medical expenses. Like an IRA or 401(k), any earnings or unused balances can grow tax-free.

Coverage can come from eHealth Inc. or a local insurance agent. Farmers who enroll in Harvest Health can choose among six Wells Fargo Advantage mutual fund options. The level of funding Cargill contributes to a participant's Harvest Health account is based on a grain-delivery commitment made to Cargill.

Grain producers may talk to their insurance agents or visit eHealth for information (www.ehealthinsurance.com/cargill) on high-deductible health plans. Or, visit www.cargillhsa.com.

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