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PHOTO: JIM PATRICO

The First NEXT STEP

Focus on efforts that work in combination to help create a comprehensive estate plan.

Figuring out the future is hard work. Whether you are crafting an estate plan, trying to improve family relationships, transitioning management of the business or making changes to how you operate, you face seemingly insurmountable challenges.

Think about your neighbors: Stories abound of land split to the point of inoperability, of families ripped apart by disagreement, of estates sold and the cash spent within a few years. How do you avoid such consequences?

KNOW YOUR OBSTACLES. The best way to avoid some of these undesirable consequences is to come to two realizations and take two actions.

The first realization is that the difficulties you face are not static, they are always in motion. The business continues to evolve, relationships change and markets move up and down; your solutions may need to evolve and adapt, too.

The second realization to come to is that the challenges you face can be enormously complex. For example, estate planning, or the process of transferring ownership of your assets to others, requires expertise from at least two, and often three, distinct professions: legal, tax and insurance.

More wealth, particularly in the form of land, often requires more strategies to mitigate financial consequences. Equity in your equipment, livestock and being “land rich but cash poor” in a capital-intensive industry introduces all kinds of hurdles when considering

how to pass your assets to your children and the charities you care about.

PLANNING AND COMMUNICATION. The first action you should take is to start the planning process. Some people are hesitant to plan because they fear doing something now will create more conflict during the process: “Better to let others figure it out later” than to make things worse in the present. What I tell them is that leaving the future to chance has even greater odds of producing chaos, while addressing plans now gives us the time—if there is going to be conflict—to work on reconciliation.

The second action is to improve communication. If you don’t want family members fighting each other over their inheritance, you need to pay attention to communication. How people talk about the future is just as important as what they talk about. Preventing or clarifying assumptions that family members may hold, deciding how to include spouses or in-laws, avoiding fights and keeping the discussion productive are challenges that test even the best mediators.

BENEFITS OF GOALS. To sustain your energy when dealing with obstacles, it is helpful to identify, and frequently recall, not just your goals but also the reasons why those goals are important.

For example, establishing a legal entity to hold farm or ranch property may seem complex, but the purpose is to give future generations a chance to farm an economically viable parcel of land. Or, having a series of family meetings may create short-term awkwardness among family members, but the purpose is to prevent misunderstandings and more serious conflict in later years. As you write down each of your goals for the future, be sure to ask the question, “Why is this goal important to me?”

DECIDE ON A FIRST NEXT STEP. To achieve progress, focus on a specific “next step” that needs to occur. Like harvesting or planting crops, or building a herd of animals, the key is to focus on getting started and working consistently over time. That “next step” in your planning might simply be a meeting with your CPA, having a conversation with a family member, having your attorney draft a will or getting a fair market value balance sheet. The point is to keep moving, working on the activities that, when taken together, form a comprehensive plan.

If you understand the obstacles, recall why your goals are important and stay accountable to forward movement, your winter months have the chance of yielding even a better harvest than the fall. ●

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