The Issue

- **33%** of principal farmers are over 65[1]

- **62%** are over 55

- Over **1 million acres** in New England will likely be transferred over in the next 15 years

- Over **90%** don't have a "young farmer" (under 45) involved who could take over

- Hard to get land owners to talk about it

1 *2012 Census of Agriculture, U.S. Farms and Farmers, issued Feb. 2014*

First Hurdle

Farms must either be **profitable** or have **profit potential** to attract the next generation

- ❖ Would another type of farming be more profitable?

- ❖ What changes can be made to the farm operation to increase profitability?

- ❖ Switch from wholesale to retail?

Second Hurdle

Are the farmland owners ready or almost ready to make a decision and act on it?

What is holding them back?

- **Age** – i.e. they still feel "too young" to retire?

- **Family** dynamics?

- **Fear** of making the wrong decision?

- Unsure what **retirement** will bring?

- **Personal relevance**?

Third Hurdle

Land owners financial ability to retire.

- ❖ Do they know what they need to financially retire?

- ❖ What do they currently have saved for retirement?

- ❖ Retirement income streams – Social Security, retirement funds, etc.

- ❖ Can they afford to take less than fair market value for their farm?

Fourth Hurdle

Finding the right one.

Family Member

- Many benefits to a family member
- Many drawback to a family member
- All family members considered

Non-Family member

- More due diligence needed
- Reduces family dynamics

Fifth Hurdle

- **Reaching and agreement**

- **Assets to transfer** – farm operations only or include real estate?

- Straight sale or installment sale?

- Transition **timetable**

- Transition **team** – use consultants, attorneys, loan officers, etc. to help

The Next Generation

- Do they have the **management ability** to succeed?

- Is there a **training plan** needed?

- Do they have the **financial ability** to acquire the business and real estate?

- Do they have a written **business plan**?

The Bottom Line

Get Started

The sooner you start the process the easier the transition will be!