WHEN YOUR LEGACY IS TIED TO THE LAND

FAMILY SUCCESSION PLANNING USING LIFE INSURANCE

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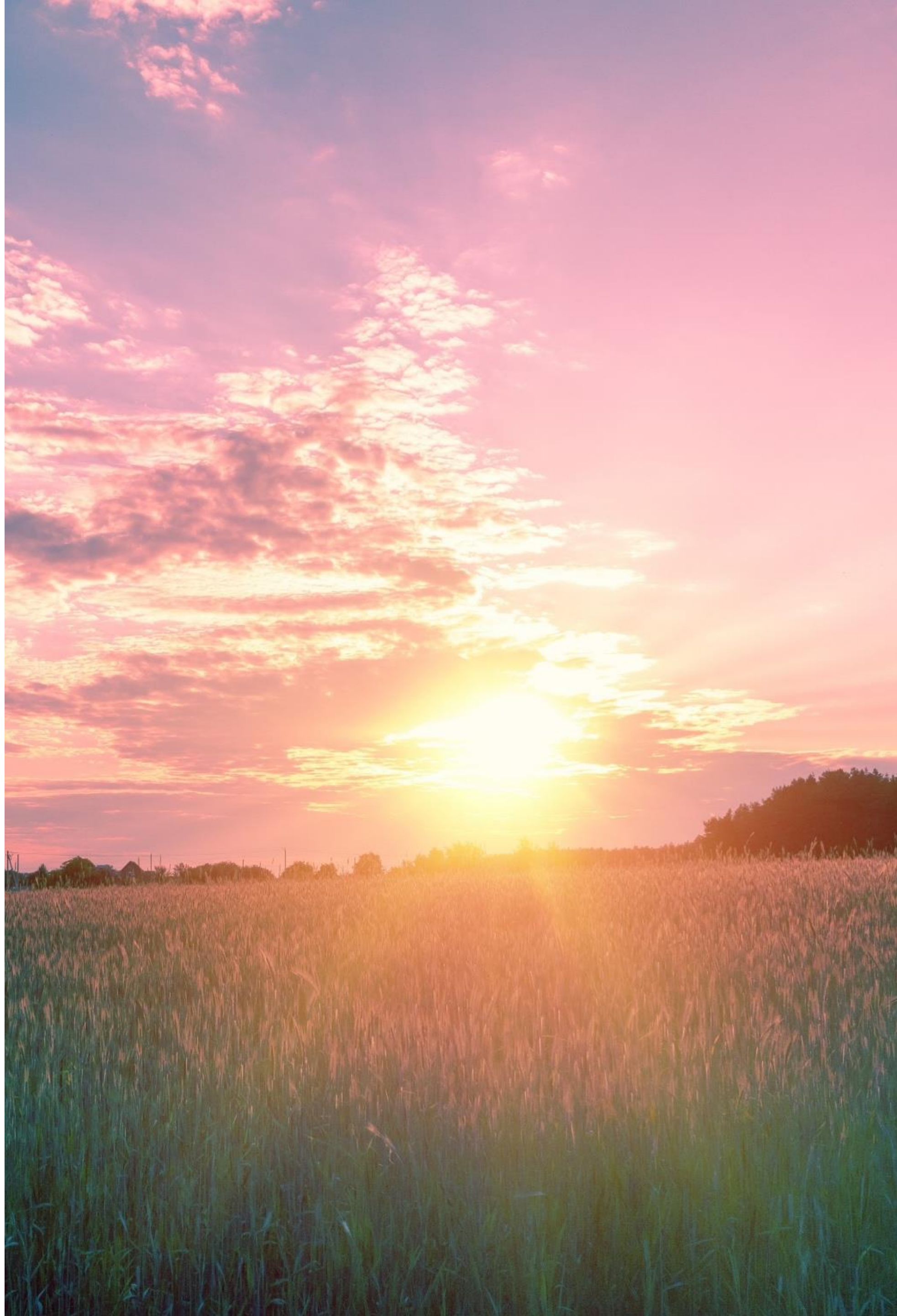
YOUR LEGACY?

You’ve nurtured your land, now nurture your legacy

Whether you grow crops or raise livestock, your family farm or ranch is more than just a business. It is a valuable part of the fabric and history of your community. It serves to nourish and strengthen the people and businesses around you, and they all depend on the survival of the farm/ranch as much as you do.



WHAT DO YOU WANT YOUR LEGACY TO BE?

Do you ever find yourself …

- **Dreaming of seeing your land passed on to the next generation?**
- **Worrying about what will happen to your farm when you are no longer around?**
- **Wondering how you can ensure that your land and business stay in the family and continue to be successful?**

SOME ISSUES YOU MAY BE FACING

MANY FARMERS AND RANCHERS FIND THEMSELVES …

- Land rich and cash poor
- Unable to retire due to lack of ready savings
- Trying to create a fair estate that meets the needs of beneficiaries who want to continue the business … and those who don’t

CHALLENGES FACING THE NEXT GENERATION

- **Cash flow**—your spouse may depend on the income generated by the farm to continue to pay living expenses
- **Inheritance disputes**—because many of the farm's assets are illiquid (land, facilities, livestock, equipment), your children may need to sell the farm in order to equalize their inheritance
- **Lack of liquidity**—your children may not have the assets needed to pay estate or gift taxes
- **Lack of credit**—your children may not be able to obtain the loans necessary to continue to keep the farm/ranch operating

FAMILY SUCCESSION PLANNING

Benefits

- If you want to keep your farm/ranch in the family, you need to implement an effective estate and business continuation plan
- It can help you overcome the challenges facing the next generation and help your family achieve its goals
- Life insurance and the death benefit it provides can play an important role as a component of these plans, creating the estate liquidity necessary to ensure your wishes are carried out

A PROPERLY EXECUTED PLAN WITH LIFE INSURANCE CAN:

- Help to provide a surviving spouse with the estate liquidity necessary to maintain their current lifestyle
- Help provide a designated family member with the liquidity necessary to purchase a deceased owner's share of the farm or pay appropriate taxes
- Provide an orderly transfer of business interests upon death, disability, or retirement by providing for the purchase of the ownership interest at a predetermined price
- Be used to help equalize an inheritance among beneficiaries who have differing interest in actively participating in the farm/ranch

CORE STEPS–FAMILY SUCCESSION PLAN

1. **Initially estimate and later obtain a business valuation**
2. **Properly title the assets**
3. **Structure the agreement**
4. **Fund the agreement:**
   - Cash
   - Borrowing
   - Investment side fund
   - Installment payments
   - Life insurance

THE “FAIRNESS” ISSUE

TREATING THEIR CHILDREN FAIRLY IS OFTEN CITED AS ONE OF THE PRIMARY CONCERNS OF FARMERS AND RANCHERS …

EQUALIZATION

LET'S TALK A BIT ABOUT FAMILY EQUALIZATION.

- How do you protect the business and treat your children fairly?
- Does “treating your children fairly” mean the same thing as “treating them equally?”
- There are ways to make sure your children are all taken care of—whether they work on the farm with you or live thousands of miles away

THE IMPORTANCE OF HAVING A PLAN

IT ALL COMES DOWN TO HAVING A PLAN IN PLACE

- Don’t let fear and uncertainty paralyze you from taking any action
- A comprehensive estate and business plan can:
  - Ensure there are very few surprises when you pass away
  - Help maintain a healthy family relationship as your business moves into the hands of the next generation
  - Free up funds to pay off taxes or keep the business in the family
  - And much more!

THE IMPORTANCE OF LIFE INSURANCE

LIFE INSURANCE CAN BE A KEY PART OF YOUR ESTATE PLANNING

- Cash is generated at the right time.
- It offers a generally income tax-free death benefit.*
- It can help minimize the impact of estate taxes.
- It can provide funds to help equalize an estate among beneficiaries.
- It can be used in a number of strategies and trust arrangements to transfer your business, land, and estate in a more organized and affordable manner.

* Pursuant to IRC§101(a).

WHERE DO YOU GO FROM HERE?

Transition planning is hard work, but it is essential.

- It takes commitment and a willingness to recognize and accept change.
- Today is the first step on your path to ensuring your business and your land for future generations.
- Work with a team of professionals to form a plan that works best for your needs.

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THANK YOU!

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