

# Ties to the Land

## Succession Planning for Rural Landowners

Anna Rose Petersen and Tamara Cushing



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### DISCLAIMER

The information provided in this workbook and the related materials is for educational purposes only. If you need legal, tax, financial or other professional advice, please consult a qualified attorney, tax advisor, financial consultant or other professional.



# Introduction

**I**f you own a forest, farm, or rangeland, you probably are concerned about leaving those lands in good shape for future generations. If you have seen a crop through to harvest, whether it is timber, corn or cattle, you have nurtured the land so that it will be productive in the future. You care about it, and for that reason you should consider planning for the future of your land or associated business.

When you think about planning for your land, consider the different values you associate with it. Your land's financial value could be important, especially if you own a farm or forest enterprise that depends on the land. Perhaps you own the land for other reasons, such as wildlife, natural resources or scenery. Maybe you care about your home, family legacy or heritage. Regardless of why you value your land, you have ties to it and are invested in its future.

Since you care about the future of your land or business, it is important to develop a succession plan. A succession plan accounts for the social, financial and legal aspects of transitioning your land or business to future owners and managers. If you have identified a successor or successors and have gauged their interest in your land or business, plan for that transition. If you haven't identified any successors, consider any potential successors in your life. Finally, you may want to explore other options to plan for the future of your land. These options can vary, from donating your land, selling it to a like-minded individual or organization, or entering into a conservation easement. These situations would also call for a succession plan.

Although planning for the future is important, succession planning can be a challenging and sensitive topic. It forces you to think about your death and transitioning management of your land or business to new owners or managers. Conversations about the disposition of your assets and the transfer of property, business and finances can be stressful. Although it may not be easy to plan, take the time and effort to go through the process. The result of your hard work will be rewarding — a plan for the future for your land, business, loved ones and new owners or managers. Many other landowners have planned for succession, and with perseverance, you too can develop a successful plan.

This workbook is designed to help you through the succession planning process and provide a succession planning framework — a starting point for conversing about this topic and

**Succession planning** forces you to think about uncomfortable topics. Although it may not be easy to plan, the result will be rewarding.

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reference information about the different options available. The workbook divides this large task into manageable sections by describing individual parts of the planning process and providing worksheets that can help document your planning progress. The succession planning process described here is a suggestion — feel free to adapt the process to fit your needs.

- **Build ties to the land:** Begin building relationships with potential successors, managers or new owners on the land so that they understand its value and your legacy of stewardship.
- **Assess your financial situation:** Estimating the value of your assets and locating your legal and financial documents will help prepare you for future conversations and planning.
- **Goals for the future:** Establish a vision and set of goals for your land, business, retirement and planning process to clarify the desired outcome for your plan.
- **Expand the conversation, engage the future:** Expanding the conversation to others you want to be involved in your succession plan will entail one-on-one conversations followed by larger meetings.
- **Create a succession plan:** After you've gathered information about your land and assets, defined your vision and goals, and held meetings, you will begin creating your succession plan.
- **Craft an estate plan:** Consider the legal and financial documents that support your succession plan with the help of your professional advisors.
- **Establish a timeline:** A timeline will help you stay on track for your succession plan and allow you to revisit your succession plan and make changes as time passes.



**Done properly,** a succession plan will consider your goals, your family members' needs, and the legal process for transferring your land or business while considering taxes.

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## Defining planning, successors and co-owners

Before you begin succession planning, we want to define succession planning and provide specific definitions we'll use throughout the workbook. Succession planning and estate planning are closely related but are distinctly different. Succession planning considers the emotional and social aspects necessary for a smooth transfer of assets from one owner to another and is typically intergenerational. Estate planning is a part of succession planning — it is the legal and financial details necessary for the transition of assets to occur. As you plan for succession, you must gather information critical for your estate plan.

It is also important to define what we will call the individuals or organizations that receive your estate. Traditionally, an heir is associated with family, although it broadly includes anyone the owner decides to leave their estate to. Instead, we will use successor because it denotes a wider range of individuals and can include children, nieces and nephews, neighbors, or an aspiring landowner. Although you can include organizations in your succession plan, we will not refer to them as successors.

Finally, we want to acknowledge who your co-owners may be. Depending on your situation, they may be your spouse, siblings, extended family or business partner. We will generally address the idea of co-owners, so be sure to understand who they are for your situation.

## A word on taxes

We also want to touch on topics often associated with succession planning that may concern you. Taxes are often the reason why landowners believe that they need to plan for the future transition of their property. In the past, that was true. Estate taxes were one of the largest



expenses associated with passing property on to the next generation. Now, however, federal estate taxes allow for many properties to be passed on without a large tax burden. But even when taxes were high, it was possible to pass on property without a big tax bill if proper planning had been done.

This brings us to the core point of this workbook: PLAN. The key to a successful transfer of your land is to understand the financial and emotional value of your property and to make plans for a transfer that works for all involved. Done properly, a succession plan will consider your goals, your family members' needs, and the legal process for transferring your land or business while considering taxes.

Additionally, tax laws change fairly frequently. This makes planning for tax minimization a challenge. You should consider engaging the services of an accountant or estate tax attorney who will help you create a plan that can be flexible enough to withstand moderate changes to the tax codes. Taxes should never be the single factor driving how you manage or transfer your property. Rather, taxes are one piece of a puzzle that fits into your goals and vision for your land.

## The real cost of succession planning

The cost of succession planning depends on how much time and money you want to invest in your plan. A successful plan usually requires consultation with legal, financial and professional advisors. This may be expensive, but they will ensure that you are not alone in this process. The team you choose will depend on your vision, goals, assets and future owners and managers. Planning early and investing in professional resources will be invaluable as you transition your land and assets.

Having a plan and communicating openly can be emotional, but not having any plan at all exacts an even higher emotional toll. Investing in professional guidance can help you avoid that costly heartache, however. Having a plan and communicating openly alleviates stress and keeps all parties up to date and informed. Planning also helps you, your loved ones, and future owners and managers establish expectations about the transition so that the outcome minimizes hurt or resentful feelings after the transition. Creating a successful succession plan is not easy, but in the end, it is worth it if it means avoiding drama and emotional pain after the transition.

We've included case studies — fellow landowner stories in the workbook. This section contains stories from landowners like you sharing different strategies they employed in their succession plan. Don't be overwhelmed by the task ahead of you. You've got a head start by recognizing the need to plan!

**Succession planning** helps you, your loved ones and future landowners lay out expectations around the transition. This keeps resentment and hurt feelings to a minimum in the long run.

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## PART 1

# Build ties to the land

**A**s you begin planning for succession, you may or may not know who you want to manage or own your land or business in the future. Whether or not you know, the process of succession planning will help you to gain confidence in choosing who to pass your assets and business on to. It helps to first develop a clear vision and goals before selecting successors or an organization; it can help clarify who you want to be in charge of your land or business in the future. Having a vision and goals outlined before selecting a successor or organization also helps you identify what you value about the land or business and what direction you want future managers to take. Finally, understanding your wants and needs for the future before enlisting the next generation can help you better articulate your desires and expectations to them.

If you already know who you want your successor to be, consider how you want to develop their ties to the land or business now. However, consider your vision and goals before doing so. Keeping an open mind about potential successors and organizations will allow you to make the best decision.



**If you have a successor in mind**, consider how you might develop their ties to the land or business now.

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## Assess your financial situation

To build a foundation for your plan, first assess your financial situation, vision and goals. To assess your financial situation, evaluate your assets and take a comprehensive inventory of your land, personal property, household items and finances. Keep in mind that your assets include those you own jointly. Knowing what you have will help determine how to allocate your assets among your successors or organizations.

If you own a farm, forest or ranch enterprise, know its value. Determining the value of your investments, infrastructure and equipment will be useful when you communicate your vision and goals to your potential successors or organization. It will also help your professional advisors understand your financial situation as they assist you in the planning process.

There are two worksheets for this section. Worksheet 1 provides space for you to record an inventory of your assets. Additionally, you will determine the fair market value, or how much a willing buyer would pay a willing seller, of your items and property. Your county's tax assessor office or website has adequate information on the assessed value of your land or home. Group lower-value items together in your inventory or skip them. Take time to research, but it's not necessary to get a precise value. Organize this information in a manner that makes the most sense to you. The goal is to build an inventory and estimate the value of your items. Asset values change over time, so update this information every five years.

Worksheet 2 has space to record the location of important legal or financial documents. You

## CHECKLIST

### Plans *(check if completed)*

- Forest
- Farm
- Business

### Estimate value

*(Worksheet 1)*

- House and buildings
- Bank accounts
- Social Security and retirement accounts
- Property and land
- Mutual funds
- Household items
- Equipment and vehicles
- Investments
- Annual expenses
- Timber, crops and livestock
- Life insurance policies

### Locate your estate planning documents

*(Worksheet 2)*

**Review the different activities** on your land and evaluate how they might be managed.

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will need them later. These documents can include bank statements, insurance policies and a will. Take notes about where they are so that you and your co-owners can find them later on.

If you have a farm, business or forest management plan, you may have already collected this information. If you haven't, now is the time. Having plans will allow you to review the different activities on your land or in your business and evaluate their management.

## Set goals for the future

As you estimate the value of your assets, begin defining your vision and goals. You may know the condition of your land or business, but how will you continue to manage and operate it? To determine this, work with your co-owners to create a shared vision and set goals to help achieve it. (Note: others will be brought into the conversation later on.)

A vision defines the direction you want your land or business to take. It should be a big-picture idea of what you want to happen. It can include everything from passing on the family farm or forest or donating your land to a land trust to selling your land to a new owner with the same energy and ideas. Your vision should be something you are passionate about, and you should use it to provide direction for completing your succession plan.

Setting goals, on the other hand, considers finer details of your vision and how the land or business could be managed or operated in the future. Your goals should be specific, timebound and attainable. Specific, timebound goals help hold you accountable for completing tasks while attainable goals help you make progress on your succession plan. Your goals could be financial, such as increasing profit over the next five years or saving money for a child's college education. Alternatively, they could be management related, such as having younger generations in charge after ten years, introducing more vegetable variety on your farm, or thinning a stand for income and creating wildlife habitat. They might be a combination of both financial and management goals, and you may have many or just a few. Regardless, your goals will be unique to your vision, situation and needs.

As you develop your vision and goals, Worksheets 3–5 will ask you to:

- **Consider** how you feel about your land or business.
- **Outline** your goals.
- **Define** your retirement and long-term care needs.

All worksheets require that you communicate with your co-owners or spouse to build a strong succession plan. In doing so, you may find others don't have the same feelings or goals. That's OK, but you will need to find a compromise so you can continue planning.

Worksheet 3 is called the Heirloom Scale. It helps you evaluate what the land or business means to you. Examine why you selected your place on the scale and then converse with your co-owners to understand their perspective. There is no right or wrong answer, but note that your place on the scale can change over time based on your age, current circumstances and life experiences.

Worksheet 4 has you state mid- and long-term goals for your land or business. You will also come up with several immediate goals and recognize some of the challenges that could result in an undesired outcome or interfere with your plan. Finally, after recording your vision and goals, you and your co-owners will need to sit down, discuss them, and come up with shared goals.

Worksheet 5 considers your retirement needs and should be completed with your spouse, if applicable. Assess your anticipated needs after the transition to new owners or managers. This is important if you rely on income from your land or business. It's prudent to plan for long-term health care for your benefit and the financial benefit of your family or successors. If you are not retired yet, consider where you want to be financially or emotionally when you retire. If you have already retired, this worksheet will allow you to assess your current plan or situation.

Worksheets 4 and 5 provide you with starting points. Worksheet 4 will help you develop goals for your land or business and prepare you to converse with those involved in your succession plan. Worksheet 5 helps you collect information that your financial advisors will likely ask for later on and prepare you for those important conversations.

Setting goals and having open conversations about those goals is crucial if you operate a family business. Your goals must clearly reflect what you want to happen with your business when it's transferred to the next generation of owners or managers. Understanding what you want to happen will help you better articulate your vision and goals when you bring others into the succession planning conversation.

At this point in the succession planning process, you should focus on clearly developing your own goals and vision. Be confident that this is what you want to have happen in the future. You should be prepared to discuss them candidly in the next section, Expand the conversation – engage the future. This section addresses family meetings and provides an outline for sharing and discussing goals. You can also consider giving your children or successors copies of worksheets 3 and 4 so that they can develop their own set of goals and be more prepared to have this conversation with you.



**Involve younger generations** in management as you transition.

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## CHECKLIST

- Completed the Heirloom Scale and discussed it with your co-owners (Worksheet 3).
- Completed vision and goals. Agreed on a shared vision and goals with co-owners. (Worksheet 4).
- Completed retirement assessment (Worksheet 5).

## Expand the conversation — engage the future

At this time, take the next step in the succession planning process by gathering information about others' views of your land or business. Depending on your situation, you may include family members, such as children, grandchildren, nieces, nephews or cousins; friends; neighbors; business partners; aspiring landowners; or members of organizations. Regardless of who they are, you must carefully consider if they should be involved in your plan. If you identified potential successors or an organization, communicating with them can help avoid assumptions about future ownership and management. If you are unsure, you can explore other options for future stewardship of your land. We suggest you engage others in two parts—first in one-on-one conversations and then in meetings.

### ONE-ON-ONE CONVERSATIONS

Having one-on-one conversations with others you wish to include in your plan is imperative. These informal talks will make them feel safer disclosing their feelings about their interest in the future of your land or business. In these conversations, express an expectation for honesty,

demonstrate active listening skills and acknowledge their concerns. Setting these expectations will facilitate communication throughout the planning process. During these conversations, you will likely need to investigate which successors are willing to put in the work necessary to keep your land or business operational. Finding this information out is particularly important if you own a land-based business because of the high amount of personal investment required for operation and management. There is space provided at the end of this section for you to take notes about your one-on-one conversations.

If you have identified potential successors, whether they are your children or family friend, try to hold these one-on-one conversations on your land. Explain the Heirloom Scale to them and how they can use it to discuss their feelings about the land or business. Be honest and carefully gauge their level of interest in ownership or their willingness to take on an active management role in the future.

Alternatively, you may not have successors or you may discover that your potential successors are unable to take your place. There are solutions. You can expand your scope to include nieces, nephews, neighbors, etc. You could also build a relationship with an organization. Conservation organizations, charities or universities accept land donations for a variety of reasons: ecological conservation, research and education, or revenue. Regardless of the organization, make sure you know their mission, land acceptance criteria and communication style. For example, not all universities can accept land or land donated for a specific purpose. They may accept the land to sell and generate revenue. Charities may also accept land to generate revenue. Land trusts generally accept donations of land or conservation easements. If you are considering an organization, talk with them directly to see if they would be a good fit for your situation. Since they may be the next stewards of your land, it is very important to establish a good working relationship with them. Regardless of who your successors or organization are, you will have an opportunity to evaluate one that you talked to in the next section, Creating a succession plan.

In addition to connecting with people you want to be involved in your succession plan, now is the time to consider the current management structure and activities of your land or business. Identifying the jobs or tasks that need to be performed, the individuals you work with, and annually occurring activities allows you to paint a picture about what is necessary to manage your land and keep an operation running smoothly. This will be important to consider as you begin figuring out how to make the transition to the next generation successful. Worksheet 6 records current management activities for your land or business by identifying who does what and the timing of those activities. The worksheet will also ask you to brainstorm who might be capable of filling those roles in the future.



**Hold those important one-on-one conversations** with successors on the property itself.

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**Consider group dynamics** when holding a family meeting. Facilitators can help.

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## HOLDING A MEETING

After holding one-on-one conversations, hold a meeting or series of meetings. Although meetings may seem formal and intimidating, they allow you to efficiently share information, discuss your vision and goals, and incorporate others into the planning process. These meetings can be held in person or remotely, depending on your needs.

Prior to your first meeting, you and your spouse or co-owners should establish a set of ground rules that outline how you expect everyone to communicate. Setting these expectations will establish a level playing field for conversation and can help facilitate constructive discussions about succession planning. Examples for rules can be adapted from “Tips for good communication” later in this section. At the first meeting, explain your vision and use the Heirloom Scale. Do not assume that everyone will understand your vision or want to carry it out. That is OK; it should fuel ongoing conversations about the future of your land or business. If you can, try to make building a successful plan everyone’s primary concern. This will help foster a group effort and a sense of unity in the planning process.

During the succession planning process, you may need to hold several meetings. These meetings may have different purposes:

- **Discuss** your vision and goals.
- **Share** business information.
- **Hold** trainings and provide education.
- **Introduce** your successors to your professional advisors.
- **Give** an update on your plan.

The number of meetings you have will depend on your situation.

Two worksheets will help you plan and hold a meeting. Worksheet 7 asks you to record the logistics of the meeting, such as time and location, and who will lead and take minutes. Worksheet 8 has space for you to plan the agenda, take minutes, and identify action items.

As you plan the meeting, you might consider the group dynamics of those you want to be involved in your succession plan. Perhaps people in your family don’t get along well and you don’t feel comfortable starting the succession planning conversation yourself. Succession might also be a difficult topic for you to share with others, and you might be nervous about the conversation. If you anticipate difficulties, don’t hesitate to request professional assistance. Facilitators are skilled at helping start conversations about difficult topics. Professional mediators and facilitators are qualified to help families, businesses, and other groups run meetings and you should use their services if you need them. Resources for finding mediators or facilitators can be found online at [www.tiestotheland.org](http://www.tiestotheland.org).

## GENERATIONAL DIFFERENCES

In the meeting, it is likely that two or more generations will be present. This can complicate the situation because members of different generations communicate differently and have distinct values that affect their decisions. Think about your parents or grandparents. How did they communicate and what did they value? What about the younger generations? Considering each generation's different values and traits makes it apparent that communication between generations can at times be difficult and potentially cause tension in succession planning conversations.

Significant historical events have also influenced each generation. The Traditionalists lived through the Great Depression, Baby Boomers felt the rhythm of rock 'n' roll, Generation X experienced the fall of the Berlin Wall, and Millennials and Generation Z were impacted by 9/11. Recognizing these differences will help you communicate throughout the planning process.

### Generational traits, work values and communication styles

Generation	Traditionalists	Baby Boomers	Generation X	Millennials	Generation Z
Year born	(pre-1942)	(1942-1964)	(1965-1980)	(1981-1996)	(1997-2012)
<b>General traits</b>	Frugal, self-sufficient, reserved, respect authority	Creative, independent, teamwork, enjoy discussions, personal gratification	Efficient, skeptical, adaptable, informal, tech-savvy	Pragmatic, egalitarian, very tech-savvy, vocal, collaborative	Entrepreneurial, confident, diverse, need security, tech-reliant, respect authority
<b>Work values</b>	Work hard until the job is done	Work long hours, joy in the job	8-hour workdays, work-life balance	Work as the means to an end, work-life balance	To be determined
<b>Communication style</b>	Formal memo, written	Meetings, phone calls	Email	Email, text	Text, photos

## PERSONALITY TRAITS

While identifying traits of different generations can be useful for communicating and determining workplace preferences, they can also be very general. Within each generation, individuals exhibit unique personality traits. Understanding different personality traits can offer more information about a person's behaviors. At a personal level, it can provide insight into your thoughts and actions as well as help you respond more appropriately to others' behaviors. For example, one person may like to be in charge and make relatively quick decisions. They may frequently disagree with someone who is more methodical and contemplative in completing similar tasks. If each person is willing to understand the other's approach to a task or situation, constructive discussions can occur.

Applying these concepts can be particularly important in succession planning because the process can be emotional; individuals likely care about each other and the plan's outcome, and their emotions can detract from effective communication. If you are transitioning a family business to the next generation, it is perhaps even more important to evaluate personality traits. This evaluation can help your family understand each other's strengths and weaknesses and better handle the transition.

How do you assess your personality traits? A personality evaluation asks a series of questions designed to assess your responses to a broad scenario or preferences in certain situations. Based on your answers, you indicate what words generally describe your behaviors or traits. While no personality evaluation is perfect, it is crucial to answer personality trait questions honestly; doing so will help you better evaluate your behaviors and understand the responses of others.

We have included online resources at [www.tiestotheland.org/landowner-resources](http://www.tiestotheland.org/landowner-resources) that can help assess personality traits for those involved in your succession plan.

Our inclusion of the resources online does not mean that we endorse their use; we provide them as a resource for you to better understand how you interact with others and plan for succession.

## BUSINESS AND FAMILY

Business meetings may be a necessary part of your succession planning process. Many landowners own enterprises, including dairies, vineyards, orchards, vegetables, berries, ranches, farms and timberlands. These enterprises often require large investments in infrastructure and equipment that are critical to business success. Financial aspects and management needs must be communicated to the next generation for your land-based enterprise to continue operating. Holding meetings to discuss these details can be difficult, but they are important avenues for communicating information.

Additionally, business meetings can become more complex if they focus on the family business. This situation is difficult because people will have different roles in the business and their family. The roles will have different concerns, and it can be challenging to differentiate between them. Roles can be further complicated if a person is also a manager. If you need to run a family business meeting, try to distinguish when you are taking on different roles and discussing their respective concerns. This can help others identify and understand the various perspectives associated with family and business roles.

If you are able to hand over a family business, take time to address the complexities associated with the transition. Carefully examine each attendee's values, visions and goals, and if they have the skills and abilities to fill specific roles. Consider intergenerational involvement in daily operations and management so that you can pass on your experience. Since this could be tedious, honest conversations will help you make informed decisions about the transition of your business.

### TIPS FOR GOOD COMMUNICATION:

- **Give your full attention and actively listen:** Listen to understand — don't just listen to respond.
- **Be courteous, disagree respectfully, and no interrupting:** This makes people feel valued and they are more likely to be honest if they feel respected.
- **Ask thoughtful questions:** These questions should seek to know more, not be dismissive.
- **Be honest with your motives:** Lying creates distrust and can wreck the planning process.
- **Don't assume; ask for clarification:** Assuming can lead to misunderstanding and potential conflict.
- **Avoid the words "never" or "nonnegotiable":** These almost automatically create a hostile situation.



**A large family meets and tours a farm.**

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## MEETING GUIDELINES

- **Select a neutral meeting site:** This will break emotional connections and expectations related to a certain place, such as the dining room table. Restaurants and conference centers are good places. If you are unable to get everyone in the same place, consider a conference or video call.
- **Try to avoid meeting during a holiday or family vacation:** Adding the stress of a meeting may deflate or sour these occasions. However, this may be unavoidable in your situation.
- **Decide in advance exactly WHO you want to attend:** Establish who will attend the first meeting. That will set a precedent. It's OK to exclude people in groups (ex. no kids under 12, no spouses) but not an individual. If you don't want everyone to attend the meeting, consider a social event after or holding the meeting in two parts, one with a select group and another with a larger group.
- **Prepare a written agenda and distribute it beforehand:** This will let everyone know what will be discussed and you might ask for their input, comments and additions. When you meet, stick to the final agenda but make a "parking lot" where you write down relevant items to discuss later. Some "parking lot" items may be more appropriate for other discussions.
- **Prepare attendees for decisions:** Let them know in advance if a decision will be made, how it will be made, and any pertinent background information.
- **Offer to assist others attending the meeting (within reason):** If issues like child care or travel expenses make it difficult for someone to attend, you may consider offering to help them. Make sure that you can afford whatever offers you make and that all attendees receive the same treatment. You may also consider a distance meeting via conference or video call if it is too difficult to gather everyone in the same place.
- **Choose someone to lead and someone to take minutes:** It's difficult to do both and minutes are important for recording discussions and decisions. Minutes help build a shared understanding of what happened and can be sent out if someone was unable to attend. They can also act as a form of evidence in some situations. Make sure to distribute the final minutes after the meeting.
- **Establish ground rules prior to the meeting:** Doing this will establish expectations for behavior and allow everyone to communicate on a level playing field.
- **Request professional help:** If you will be raising difficult issues or don't feel comfortable leading the meeting, professional mediators and facilitators are great resources to help run the meeting.
- **Live in the present:** Acknowledge past issues, but don't let them put succession planning on hold. If need be, set aside time to discuss deep-set issues that affect the planning process. You may also need to reconnect with others if you've spent a prolonged period of time apart; people change, and it may take some time to adapt. Icebreakers at the start of a meeting can help facilitate discussion.
- **Be clear about who is responsible for what and when:** Establish tasks, deadlines, and consequences for failure to come through. These action items can help share the weight of completing a plan.

## AFTER THE MEETING

After the meeting, follow up with the minutes you jotted down and any housekeeping items, such as questions that require more research or action items that resulted from the meeting. You may need to begin planning for the next few meetings if you feel like more are necessary.

Finally, recognize that although you've engaged others in the conversation and heard their input about your vision and goals, you and your co-owners must decide the outcome of your succession plan. You own the land or business and thus have the right to leave it to whomever you see fit. But remember to balance the need to accomplish your plan with a respectful articulation of your wishes.

## CHECKLIST

- Hold one-on-one conversations.
- Assess management structure and activities. (Worksheet 6).
- Determine meeting logistics. (Worksheet 7)
- Set date for meeting.
- Set ground rules for the meeting.
- Send out invitations or call.
- Follow-up on invitation.
- Decide who will lead and take minutes.
- Set a meeting agenda. (Worksheet 8)
- Send out meeting agenda.
- Hold the meeting! (Worksheet 8)
- Take meeting minutes.
- Determine action items to accomplish by the next meeting.
- Set a date for the next meeting.
- Send out final minutes.
- Reflect on the meeting.

## ONE-ON-ONE CONVERSATION NOTES

Record any notes that you want to remember from your one-on-one conversations. You can use this as a reference later in the planning process for Worksheet 9 when you assess your potential successors or organizations.

**Ex. 1.** *Talked with Tommy; he said he wasn't interested but wanted to stay in the know.*

**Ex. 2.** *Lucia was interested and wanted to learn more about management!*

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**Consider the training needed** to prepare the next generation for the tasks ahead.

PHOTO: LYNN KETCHUM, © OREGON STATE UNIVERSITY

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## Create a succession plan

Now that you have gathered information about your assets, clarified your vision and goals, and talked with others, it is time to create your succession plan.

This part of the planning process addresses the social component of your plan. It considers which individuals or organizations you want to be included in your plan. It also describes each person or organization’s roles. It will broadly consider the transition of the management and ownership of your land and other assets. You will need to decide on several key strategies for your plan and consider alternatives in case your plan needs modification.

You can start by using Worksheet 9 to assess the individuals or organizations you met with. At this point, you should have a better understanding of their values and interests and be able to assess them. Consider their desire and abilities to manage your land — will they be competent and do they need any training? Completing this worksheet will help you think critically about how your lands will function in the future under new management or new owners.

As you complete these assessments, you should be aware that fair is not necessarily equal. When dispersing your assets, you can choose to divide them equally, not divide them at all, or specify amounts for different individuals or organizations. If you choose to be fair, you will need to determine what fair means for your situation. Fairness may

depend on who works more on your land, who you want to reward, who needs financial assistance, or who you share certain values with. There are valid reasons to distribute your assets fairly but unequally. For example, one successor may be interested in owning your land and could be capable of managing it in the future while the remainder is not. You will need to figure out if you want to be fair or equal in leaving the land to the next generation and how your decision fits into future management goals. Your assets should be allocated according to your wishes. However, you should respectfully convey your decisions.

## KEY STRATEGIES

The key strategies answer the overarching who, what and how questions of your succession plan:

- **Deciding ownership:** who, what.
- **Establishing management:** who and how.
- **Defining governance:** how.

They don't look at specific ways that you will transition your land or business. Instead, these strategies focus on the big picture of your succession plan. Establishing key strategies can be particularly useful if you plan to pass on a business. Additionally, the strategies will be unique to your situation and you may have many or just a few. You may not use all of the categories described below, particularly if you plan to donate or sell your land.

- **Deciding ownership:** Consider who will own the property and when the ownership transition will occur. If you already have a form of ownership in place, make sure that it is still a viable option. Keep in mind the new owners may not be the future day-to-day managers of your lands.
- **Establishing management:** Select who will perform everyday duties associated with the land or business. Worksheet 9 helps you assess who is capable of specific tasks, particularly if you have selected individuals as new managers. Share your legacy and values of stewardship with them and consider how to include them in management roles. This will keep them emotionally invested in your plan. This may not be as relevant if you have selected an organization to manage your land, but it would be wise to work with them to pass on your land-management values, share ideas and build emotional connections to the land.
- **Defining governance:** This is relevant if you have successors but unnecessary if you plan to sell or donate your land. You will define a process for making decisions. This will create a method to answer today's questions while setting a precedent for answering future ones. You'll select who will make decisions, how long they will make decisions, and how turnover between decision-makers will be handled. Include processes for resolving deadlocks and negotiating conflict. It is imperative that you discuss and decide how governance will look before and after transitioning land to the next generation. This will be particularly important if you are considering the transition of a family business. Current governance, for example, may reside in the hands of the oldest generation and rely on little input from younger generations. As the transition of ownership and management occurs, the oldest generation will need to begin incorporating younger generations into management and allowing for more flexibility in decision-making. This is generally not easy for either generation; relinquishing decision-making and control can be emotionally difficult for older generations while younger generations can become frustrated, angry or discouraged if they aren't given opportunities to make decisions and implement their ideas. Define governance before, during and after the transition of ownership and management from one generation to the next. The level of detail you use for defining governance will be unique to your succession situation.

As you go through this process, document your decisions and their rationales so that you can explain or remember why you made the decisions that you did. As you develop your key strategies, document ones you kept and ones you rejected. Worksheet 10 has space to record your key strategies as well as ones you rejected. There is also space for contingency plan ideas, particularly if life events — such as illness, injury, death or divorce — trigger a serious change to your succession plan. A contingency plan can also help account for crop failures or economic downturns. Your contingency plan should not be a whole separate plan, but it should consider ownership or management transitions that could fail if a life event occurred. Documenting key strategies will help you better communicate your decisions later on. Remember that key strategies are only general ideas, not written

agreements; wait to create those until you have met with your professional advisors.

The decisions you make here will vary based on your situation. Developing this part of your succession plan can be complex and difficult because of the numerous decisions you have to make. There is no right or wrong choice. You will need to communicate with your co-owners and any others who may be involved in your plan to figure out how those pieces fit together. Report your decisions to the key players in your succession planning process — they deserve to know their role in your plan. Since this part of the succession planning process can become challenging, bring in outside advisors for assistance.

## YOUR PROFESSIONAL ADVISING TEAM

In building a team of advisors, research your options and select ones with succession planning experience, especially with small businesses or landowners. Your team may have accountants, attorneys, insurance agents, financial advisors, consultants and mediators. You may have many or a few advisors, and you may consult with several until you find one who fits your needs. The more complex your plan, the more assistance you likely will need.

Professional advice has a cost, so budget accordingly. This workbook reduces costs by helping you organize information your advisors will need. If you are prepared, then you and your advisors can focus more on discussing and making important decisions related to your succession plan. Don't avoid professional advice because of the upfront cost; using professional services in unfamiliar areas can save you time and stress. Actual costs for professional advice will vary greatly based on the level and type of services you require and your location, so ask for quotes when you contact advisors.

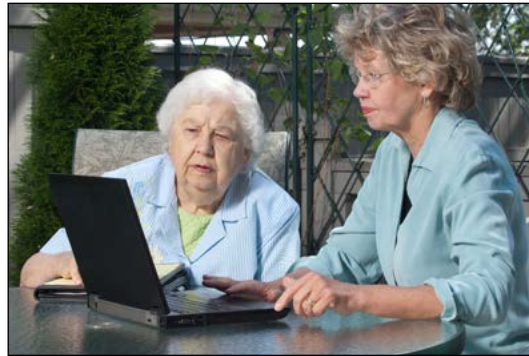
Establish strong lines of communication with and between your advisors. You will need those relationships to remain intact, especially as you transition from creating your succession plan to crafting your estate plan. Some of these professionals may not play a big role right now, but you should research and contact them ahead of time.

- **Accountant:** Should be experienced in multigenerational succession planning, business structures, land transitions and estate and gift taxes.
- **Attorney:** Should be experienced in creating multigenerational succession and estate plans or transfer documents involving land, conservation easements and trusts.
- **Insurance agent (optional):** Should be familiar with estate and gift taxes.
- **Financial advisor (optional):** Should be experienced and unbiased in assisting you in product selection for your plan. Be wary of potentially conflicting interests.
- **Business consultant (optional):** Should be aware of current business practices and markets, understand your risk-taking needs, and be familiar with family businesses.
- **Consulting forester or agricultural consultant:** Should have expertise directly related to the management of forests, farms or rangelands and understand best management practices.
- **Meeting facilitator (optional):** Should be experienced facilitating meetings, particularly family meetings if that is the situation.
- **Local Extension agent (optional):** Your local Extension agent would be a good resource for information and networking, particularly in the small farm, agriculture, and forestry or natural resources programs. However, they cannot provide legal advice on your succession plan.

Worksheet 11 provides space for you to record the name and contact information of your professional advisors. It also asks you why you chose that advisor so that you can explain to your future owners or managers how those advisors fit into the management of your land or

## CHECKLIST

- Assess your identified individuals or organizations. (Worksheet 9)
- Develop key strategies with your co-owners. (Worksheet 10)
- Contact (Worksheet 11):
  - Attorney/lawyer
  - Business consultant
  - Accountant
  - Consulting forester/ agricultural consultant
  - Financial advisor
  - Insurance agent
  - Others:  
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- Communicate decisions to your successors or organization.



**Set aside a budget for professional advice.** Organize your information beforehand to save money later.

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## PART 2

# Build ties to the land

**A**fter creating your succession plan, pause to reflect on your successor's or partnering organization's ties to the land. You have already talked with them and identified their roles in your succession plan, but how have you helped them build their connections to your lands?

As you keep planning, continue to engage them on your property. If you are transferring your land to your successors, include them in the management. Since they will become the new managers, incorporate them into the decision-making process and introduce them to others who play a role in the management of your land or business. Involving them will build rapport and help transfer decision-making to them. Failure to do so may cause your successors to become resentful, frustrated or discouraged and can make them question whether you will transition your land to them.

On the other hand, if you decided to sell your land or transfer ownership to an aspiring landowner or organization, share your legacy and management practices with them. Developing these types of connections gives the next generation of owners, managers and stewards a better understanding of your management activities. Remember, the success of your succession plan depends on the connections that your successors or organization have built to your land or business.

Use this space to brainstorm ideas to build your successors' ties to the land or business or reflect on what you've done so far. How can you get them more actively involved and invested in its future?

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# Craft an estate plan

Your estate plan spells out the disposition of your financial assets and land as well as contains any legal agreements necessary to transition your land or business. In this part of the succession planning process, you will work very closely with your professional advisors to complete the paperwork needed to make your plan a reality.

As you work with your advising team, be frank and honest about your concerns. Doing so will help you be an active partner in the creation of your estate plan. Although some parts of estate planning are technical, ask your advisors for explanations. You should also discuss life events that impact your plan, such as unexpected injury or death, divorce, natural disasters, failed crops or debt. These conversations will help your plan withstand unexpected situations and can form the basis for a contingency plan if something goes awry.

Depending on how long it took to get to this point, revisit Worksheet 1 to check if your management plans are still relevant. If you completed either task within the past three to five years, you probably won't have to make major changes. But reviewing them keeps them up to date and relevant for your legal and financial advisors.

We will discuss basic elements of an estate plan, options for transferring your land, forms of ownership and additional planning tools. A table at the end of this section summarizes the different ownership options discussed here. These elements, options, ownerships and tools are provided as reference information. They provide a broad overview of the legal, financial or tax-related reasons why a specific option might be used in succession planning. Each situation is unique and requires different combinations to make a successful plan. If you plan to sell or donate your land, read through the "Additional tools" section below to see if they could be applicable. Once you make decisions with the help of your financial advisors, Worksheet 12 has space to record your selected legal and financial instruments.

## BASIC ELEMENTS

An estate plan has basic elements that can be customized to fit your needs. A will is one of those. It describes how your property and assets will be distributed after death. If you don't create a will, then the courts disperse your assets according to state law and you will have no say in their dispersal. This is likely undesirable, so put together a will with the help of your financial advisors. You may also consider creating a living will that directs your wishes if you become terminally ill or medically incapacitated. Your wishes may include specific medical practices or life support conditions. While this may not be a comfortable topic, it is worth discussing with your advisors.

Two other important items to consider including in your estate plan are a durable power of attorney and durable power of attorney for health care. A power of attorney allows you to authorize another party to make legal, financial or business decisions on your behalf. This is relevant if you happen to become disabled or incompetent. The durable power of attorney for health care is similar to and often used in conjunction with a living will. Its health-care uses are broader and allow a designated party to make health-care decisions on your behalf if or when you no longer can. Including those documents in your estate plan can help ensure that your assets will be distributed according to your wishes while accounting for any health issues you may experience.

## KNOW YOUR OPTIONS

In "Goals for the future," you began to brainstorm and explore your ideas for the future of your land. In your succession plan, you decided the roles that your successors or organization



**The basic elements** of an estate plan include your will, durable power of attorney and durable power of attorney for health care.

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will play in the ownership and management of your land. Here, we will outline how you can accomplish this transfer. If necessary, you can combine different options to fit your situation.

- **Sell your land (and associated enterprise):** This could occur with individuals or a conservation organization. If you have a relationship with purchasers, you may want to consider building their ties to the land. You may plan to sell the land or business and put that money towards other uses, such as trust funds, investments or insurance. You don't need to refer to the forms of ownership below, but read through the "Additional tools" section below to see if those could apply to your situation. Regardless, your attorney will help with the transfer.
- **Donate the land:** You may have chosen to donate your land and the timing, method and amount of the donation will matter in your estate plan because they are related to taxes, gifting amounts or other implications for the organization that receives your donation. Should you go this route, have open conversations or meetings with the organization of your choice as well as your attorney and financial advisor to create a timeline that will work for all parties involved. Make sure to read through "Additional tools" to see if those could be useful. Work closely with your advisors so that they can help you complete a donation successfully.
- **Select one successor:** In this case, one individual will receive your land regardless of how many successors you have. For example, you may have one successor who is qualified to receive the land while the other successors could receive personal property, money or life insurance, which are discussed in more detail below. You can complete the transfer of your land via a will. Lastly, you can consider gifting land. Also, check and see if any of the additional tools could be useful. Your advisors will help you determine what works best for your situation.
- **Leave the land undivided to all successors:** For this option, you can either leave the land undivided to your successors in your will or you can use a form of ownership to transfer the land to them while you are still alive. The possible forms of ownership are discussed below. Regardless of when the transition occurs, make sure that your successors have a good working relationship with each other because this ownership form will function as a business.



**You can select one successor,** leave the land undivided and pass it on to multiple successors, or divide the land among your successors.

PHOTO: LYNN KETCHUM,  
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- **Divide the land among your successors:** This option divides the land among your successors and can be accomplished via will, deed or other forms of ownership. You may select this option if future land management would benefit from individual ownership or management. This could be the case if your children have difficulty cooperating. Regardless, your professional advisors will help you navigate this decision.
- **Do nothing:** This option means that you develop no plan for the outcome of your estate. Doing nothing will result in a default form of ownership upon your death and will depend upon your number of direct heirs. It will either be sole ownership or joint ownership with the right to survivorship. There will be no planning for inheritance taxes or estate taxes. Your direct heirs will deal with the consequences of you having no plan.

## FORMS OF OWNERSHIP

As you develop your estate plan, learn what ownership option will best accomplish the transfer of your land or business. Ownership provides a management structure and a method for making decisions about your land or business. Forms of ownership can be defined for the purpose of during-life transfers of land or assets or by decisions later on by your successors. No single form of ownership can be considered the best option — each landowner’s situation requires a unique solution and will use different forms of ownership. Here, potential forms of ownership are described for reference information only. Refer to the table comparing forms of ownership (page 29) for a summary. Your legal advisors will help you select the most appropriate form of ownership.

There are two distinct groups of ownership that can accomplish a successful transition. The first group — sole ownership, joint ownership with the right to survivorship, and tenancy in common — transfer ownership via will. These types are considered default because they simply result from the transfer language. For example, you choose to will your land to one successor. They would have sole ownership of the land after you pass. If you choose to sell the land or business to two or more people, the result could be joint ownership with a right to survivorship or a tenancy in common. Regardless of when the transfer occurs, engage your successors in management activities.

The second group of ownerships is partnerships, limited liability corporations, and corporations. These are generally formed for the purpose of during-life transfers or after-death decisions by your successors. During-life transfers can be an effective way to involve your successors, either by fostering interest in ownership or incorporating them in its management. These forms of ownership can also be implemented by your successors after you have passed to better handle ownership and management of the land or business.

- **Sole ownership:** This simplest form of ownership is where one individual holds legal title and exclusive rights of possession. They legally make all of the decisions. This ownership form can be good and bad. Setup is simple and low-cost, and taxes are reported by the individual. This ownership has no liability protection and can only be transferred via will or deed. The sole ownership ends when it is transferred out of the owner’s hands.
- **Joint ownership with right to survivorship:** An ownership where two or more owners share an undivided interest in the property is simple and inexpensive to set up. Taxes are reported by each owner. This ownership offers no liability protection. Upon the death of a co-owner, the others automatically assume ownership. If one owner remains, it reverts to sole ownership. If one owner wants to sell their share, they must obtain consent from all other owners and they cannot force a sale. Interest or shares cannot be willed. This ownership requires good communication.
- **Tenancy in common:** This is joint ownership without the right to survivorship. This has several implications. First, interests can be transferred via a will and thus will go through probate. Second, owners can force a sale or sell their interest without consent from all other owners. In this form of ownership, owners can own different proportions of the property. This ownership will continue until it is sold or until there is only one owner, at which point it will revert to sole ownership. Setup is simple and low-cost, and taxes are



**There are many different forms of ownership, which fall into two distinct groups. You can transfer ownership via a will or via some form of partnership.**

PHOTO: SYLVIA SKY/CC 1.0



reported by each owner. This type of ownership offers no liability protection.

- **General partnership:** This is where two or more co-owners or partners establish an organized for-profit entity. Setup is more complex and expensive. The partnership will file a tax form in addition to individual taxation. The partnership itself will not pay taxes. Partners can have unequal interest in the business but are liable for all of its debts and contracts. The partnership may terminate in the case of death, bankruptcy or exit by a partner, but its interest can be passed on to heirs or disposed of in a buy-sell agreement. No formal agreements are legally required for this ownership, but a written operating agreement is recommended because it defines management structure, individual responsibilities and share. A buy-sell agreement is also advisable since it identifies provisions for selling shares. The transfer of this type of ownership goes through probate.
- **Limited partnership:** This only differs from a general partnership in that it offers limited liability protection to some partners. General partners are managers and thus assume personal liability. Limited partners only own shares and thus enjoy protection from liability but will lose that protection if they become managers or general partners. Limited shares can also be used to help involve younger generations, allowing them to become invested in the partnership. The business can end with the death of a general partner, but wills and written agreements can be used to avoid its dissolution. Taxes are filed like a general partnership.
- **Limited liability corporation, or LLC:** This creates a for-profit entity that combines the liability protection of a corporation with the taxation and the flexible structure of a general partnership. All owners or members avoid personal liability, and they can define the management structure, responsibilities and interest transfers. Interest can be divided in any manner, but whoever owns the majority is generally the manager. Interest can be transferred through gifting, sales or a will. The lifetime of an LLC can be indefinite, depending on its setup. A written operating agreement is required. Because this form of ownership can be complex, setup costs are higher, and regulations vary by state. Additionally, the formation of an LLC must be reported to the state. Taxes are handled like a partnership.

The liability protection offered by limited partnerships and LLCs can be compromised or negated if an owner personally guarantees debt, is negligent or fails to follow requirements for separating personal and business affairs. Work closely with your professional advisors to ensure that you are following all the requirements to keep the ownership operational.

- **S and C corporations:** These are entities that have rights and liabilities separate from its owners, or shareholders. Corporations are heavily regulated, have a rigid and complex management structure, have a high setup cost, and must file their creation with the state. Shareholders elect a board of directors who then appoint managers to make day-to-day decisions. Corporations don't have reduced capital gains tax rates and are taxed on their earnings, when shares are transferred out of the company, and upon dissolution. Shareholders enjoy liability protection. Shares can be transferred through sale, gift or will as well as in or out of the company. Types of corporations differ in their taxation, number of owners and types of stocks. C corporations are taxed as entities and shareholders pay taxes on dividends resulting in double taxation of earnings. They can have an unlimited number of shareholders and are able to own different types of stocks. Meanwhile, an S corporation avoids double taxation but is limited in its number of shareholders and types of stocks.

If you have opted to use a form of ownership for during-life transfer of ownership, you don't necessarily have to wait until you pass away to begin transferring assets or ownership of your land. Doing so can lower the value of your estate and provide an incentive for your successors to build their ties to the land or business, since they are now literally invested in it. Finally, a during-life transfer may help transition management to the next generation while you are still around to provide oversight and assistance. Make sure that you consult with your professional advisors if you elect to go this route.

- **Trusts:** One last form of ownership that can be used to transfer land is a trust. Trusts are legal documents that separate legal ownership and beneficial ownership, meaning it separates the management of an asset from the benefit of that asset. The grantor creates the trust and its provisions, the trustee manages the trust assets per its provisions, and the beneficiary benefits from the trust. The different parties involved in the trust can be the same person or different people.

Trusts can be used as an ownership option for land or a business or as a vehicle for transferring assets, such as donating or gifting. They can be used to protect someone from themselves, whether they are too young to use their money, make poor financial decisions, or are afflicted by addiction. They are also used to hold money for a specific purpose, like paying for college tuition or medical expenses.

Trusts are perhaps the most flexible tool used in estate planning, but they can also cause the most problems if they are not constructed carefully. The trustor has the freedom to develop why, how and when assets will be dispersed to the beneficiary as well as determine the amount of discretionary power the trustee has. Additionally, the trustor can elect to have a trust disperse assets while they are alive (living trusts) or deceased (testamentary trusts). The trustor also decides what level of control they want over the assets in the trust; it can be permanent (irrevocable) or subject to change (revocable). If you choose to create a trust, put careful thought into its parameters and work closely with your legal advisors.

The level of control in a trust can be valuable for different reasons. A revocable trust is useful because it can be amended or revoked at any time. An irrevocable trust is useful because it helps move assets out of the grantor's estate, but it cannot be easily amended and can leave the trustee with too little or too much discretionary power. All trusts are subject to income taxation that will vary by state, and living trusts are subject to estate taxes at the time of the trustor's death. If you create a trust, make sure that your advisors design it specifically to meet your needs since trusts can be difficult to modify.

After looking at all these options, you might be wondering what ownership form is the most appropriate for your situation. The ownership form to choose will depend on your vision and goals, financial situation, number of successors and the immediate and future needs of your land or business. Work closely with your advisors to figure out which ownership form best meets your needs.

## ADDITIONAL TOOLS

Besides the basic elements and ownership options discussed above, leases, conservation easements, insurance policies and investment portfolios are additional tools that can facilitate the transfer of your land or assets. None of the additional tools listed here could be considered the best option for everyone. Just like the forms of ownership described above, each situation will require a unique solution. You may find that your plan needs a combination of the additional tools listed here, or you may only need one. Your advisors may also suggest a tool that is not listed here. Whatever the situation, you and your professional advisors will come up with a situation that best fits your needs.

- **Leasing:** Leasing your land may be an option if you want to maintain some control over your land or rely on it for income. Leasing can also allow you to begin training your successors or allow an experienced manager to keep working the land after ownership is transferred to the next generation. A lease may also provide your successor access to land and allow them to gain experience tending land. If you choose to lease, have a written agreement in place with the tenant and build a foundation for honest communication. When writing a lease agreement or updating an existing lease, make sure that your offer is reasonable and fits the needs of both you and your tenant. If your tenants approach you wishing to update a lease, listen to their ideas. It is important to maintain a healthy relationship with your tenant in order to keep your land productive. You can choose to write a lease agreement on your own or consult an attorney familiar with real estate laws.
- **Conservation easements:** A conservation easement is a “voluntary legal agreement between a landowner and land trust or government agency that permanently limits uses of the land in order to protect its conservation values.”<sup>1</sup> A conservation easement legally restricts certain private property rights of a landowner in exchange for the conservation of other values into perpetuity and will transfer with the land if it's sold or deeded. Think of property rights as a bundle of sticks where each stick represents what you can do with your land, such as subdividing, developing, farming or harvesting timber. A conservation easement takes one or more of those sticks away from the bundle and may restrict operations on your land. However, the conservation of other values may be more important to you than certain property rights. These values can include a working farm or forest, wildlife habitat,



water quality or historical significance. Many organizations want to conserve working lands because they are integral to the production of human goods and services as well as the preservation of wildlife habitat. Regardless of values, each conservation easement will be unique to the landowner, property and conservation organization.

The restrictions that you and the conservation organization decide to impose on your working land will depend on a final written agreement. Understand what conditions and restrictions the conservation organization will want to include in the easement's agreement. The restrictions can be general (such as no change in land use) or very specific (may not be developed for houses). Make sure the restrictions are flexible because change is inevitable. Recognize that you may need to use active management strategies to meet the easement's goals. This is also important if you depend on your working lands for income. Some organizations may require a stewardship plan, but you should be able to build allowances into it. For instance, a forestry easement could focus on protecting or creating wildlife habitat, but it should also allow you to harvest timber under specified conditions, such as for income or creating desired forest structure.

Most organizations will seek a donation of the property rights for the easement, but some may be willing to pay for it. You may be compensated for the easement or be eligible for tax breaks from a donation of your land or the value of your easement. The change in the value of the land, or the difference in the "before" and "after" value of placing an easement on a parcel, may be deducted assuming the donation meets IRS rules (see a tax advisor for information on donations). There may also be property tax reductions when the land is placed under a conservation easement. Specific details will vary by state and by county, so make sure you understand the laws for your area. You may need to consult an attorney. Have an approved, licensed or qualified appraiser value your property if you are considering a conservation easement and want to see the property's potential change in value. There will also be legal and financial costs associated with a conservation easement; you will want your advisors to review the documents or require appraisal services. Some organizations may charge an administration fee (up-front or annual) or request a voluntary contribution for their stewardship of your land into perpetuity. Some organizations have the resources to help landowners offset the cost. Tax breaks may also help offset the cost of setting up the easement.

The organization can legally enforce the terms of the agreement if it is broken, but its goal is to ensure that doesn't happen in the first place. It is up to the organization to make sure the landowner honors the agreement and associated responsibilities. The agreement may

**A conservation easement** sets permanent limits on the use of the land in order to protect its conservation values.

PHOTO: © OREGON STATE UNIVERSITY

be questioned when the land is sold and most likely will revolve around issues with land use. However, conservation organizations try to avoid this by building relationships with landowners when the land changes hands.

If you are considering a conservation easement, start by identifying your long-term vision and goals for your land. Make sure this is what you really want to do with your land and understand the consequences of your decisions. Know what “sticks” you are willing to give up permanently and think about future actions that may need to happen on your land. Most importantly, research which organization is the best fit for you, and understand its eligibility requirements! Most conservation easements are made with land trusts, but they can be granted through federal programs like the Natural Resource Conservation Service and Forest Legacy Program in the U.S. Forest Service. Make sure that you and the organization generally agree about what is right for the land and be willing to work closely with them throughout the process. Honest communication is imperative for building a good partnership and creating an easement that works for you and the organization.

- **Insurance:** There are two different, but equally important types of insurance you might consider for your estate plan. They are health insurance and life insurance. Health insurance can be important for when you are no longer covered under an employer or if Medicare and Medicaid cannot adequately cover your health care expenses. As you age, your health care needs will increase. Having health insurance is a way to finance them without exposing your estate to a huge financial burden. Although health insurance could be expensive, planning for larger health care costs can make it easier to protect your assets. Consult with your advisors or insurance provider to help you make the best choice, regardless if it means having health insurance or not. There may be alternative methods that better fit your situation. You should also discuss life insurance with your advisors. Very simply, life insurance is a contract to pay liquid cash to someone if someone else dies. Thus, it can be a source of cash for paying taxes on your estate. Your advisors should help you make sure that it will accomplish that purpose if needed. Life insurance can also serve other purposes for your estate: providing an inheritance for successors, paying off outstanding debts, funding buy-sell agreements, and providing capital for business operation or expansion. Your advisor should also be aware of your current life insurance policy, premiums for new insurance policies, permanent and term options, and any consequences of holding life insurance in a trust.
- **Investment portfolio:** Investments are another tool to consider when developing your estate plan. Like life insurance policies, these assets can be used to help pay estate tax costs, cover any outstanding debt, and pay inheritance to successors that will not become landowners. If you own a business or rely on income from your land, investments can also help supplement your income and management needs and those of your successors during economic downturns. Your financial advisor will be extremely helpful in determining your investment need and what will be in the portfolio.

Selecting the appropriate legal and financial vehicles for your succession plan can be a lengthy process and may require many visits with your professional advisors. Your plan will require unique solutions and may use many options or just a few. Regardless, completing this process will ensure that your succession plan can be fulfilled and that the transition of your land or business can become a reality. Don't forget to record your legal and financial instruments on Worksheet 12.

## REFERENCES

1. Land Trust Alliance. 2019. “What You Can Do — Questions.” Retrieved from <https://www.landtrustalliance.org/what-you-can-do/conserves-your-land/questions>

## CHECKLIST

(Worksheet 12)

- Update will.
- Establish ownership (in will for after-death or pass on ownership during life).
- Update or create lease agreement, if applicable.
- Enter into a conservation easement, if applicable.
- Determine parameters for a donation, if applicable.
- Create a trust, if applicable.
- Discuss long-term care or health-care plans.
- Talk with your advisors about a need for insurance or investments.
- Update the general location of your estate documents (Worksheet 2).

**Comparing forms of ownership** *Talk with your tax advisor if you have questions.*

Type	General structure	Liability and taxes	Pros	Cons
<b>Sole ownership</b>	Sole owner — manager and decision-maker Lifetime ends with the owner unless it is transferred Transferred via will or deed	Owner has liability Individual reports taxes	Low cost, simple setup, taxes and accounting No forced sale One decision-maker	No liability protection Only transfer via deed or will One decision-maker
<b>Joint ownership with right to survivorship</b>	2+ owners manage, make decisions, and share undivided rights Survivor(s) automatically assume ownership Form of ownership ends with last owner unless transferred via will or deed	Shared liability Individual reports taxes	Low cost, simple setup, taxes, and accounting No forced sale	Mutual consent needed to sell shares Shared personal liability All owners have equal shares No written agreement required
<b>Tenancy in common</b>	2+ owners manage, make decisions Owners have undivided rights Life can be unlimited and transferred via will or deed	Shared liability Individual reports taxes	Low cost, simple setup, taxes and accounting Owners can have different shares	Sale can be forced, and owners can sell shares without mutual consent Shared personal liability
<b>General partnership</b>	2+ owners manage, make decisions Must operate for-profit Unlimited lifetime unless one partner exits and transfers shares via will or buy-sell agreement	Shared liability Individual reports taxes, partnership files return	Flexible structure — can have different roles/duties Low cost, simple setup, taxes, and accounting	Shared personal liability No written agreement required No buy-sell agreement required Sale can be forced
<b>Limited partnership</b>	2+ owners where general partners are managers while limited partners own interest in the company Flexible ownership structure Unlimited lifetime unless one partner exits and transfers shares via will or buy-sell agreement	General Partners have liability Individual reports taxes, partnership files return	Flexible structure — can have different roles/duties Different liability protection depending on ownership	Limited partners can lose liability protection if they begin managing Can terminate with death of general partner No written agreement required
<b>Limited liability corporation, or LLC</b>	2+ owners; must designate managers and their duties Flexible ownership structure Unlimited lifetime & transferred via interest	Corporation has liability Individuals report taxes, LLC files return	Ownership is flexible — can have different roles Limited liability protection Requires written agreement	Setup costs are high Must file formation with the state No requirement for buy-sell agreement
<b>S corporation</b>	1+ owner, limited on number of shareholders and to one type of stock Requires a board of directors who designate managers to make decisions Unlimited lifetime and transferred via interest	Corporation has liability Individuals report taxes, corporation files return	Avoids double taxation Requires written agreement Limited liability protection	Limited to one type of stock and number of shareholders Requires annual meeting Must file formation with the state Regulated so limited in flexibility Setup costs are high
<b>C corporation</b>	1+ owner, unlimited shareholders Requires a board of directors who designate managers to make decisions Unlimited lifetime and transferred via interest	Corporation has liability Both corporation and individuals report taxes	Limited liability protection May have more than one class of stock	Double taxation, ongoing filing Regulated so limited in flexibility Must file formation with the state Setup costs are high

# Establish a timeline

The final piece in your succession planning is to establish a timeline. A timeline will:

- **Ensure that your thoughts and ideas** about a successful transition become a reality.
- **Give you timetables** for completing certain tasks, holding annual meetings and contacting your professional advisors.
- **Help you note when to begin transitioning** the land to the next generation and when the transition will end.
- **Help hold you and others in your planning process accountable** for evaluating your progress and reflecting on your finished product.

But is succession planning ever truly finished? The correct and unfortunate answer is no, but that should make sense. The only thing constant in our lives is change, and events could happen that may trigger a change in your succession plan. Your contingency plan helps account for this, so you may only need to go back and tweak your plan. You can be more proactive by putting an item on your timeline that reminds you to check on your plan every three to five years. Make sure your plan is still working, the key players are still present and interested, and your business or management plans are still relevant. You could also consider revisiting your estimate of assets when you reevaluate your plan. Reassessing them will help you make sure that your succession plan is still on track.

Worksheet 13 provides space for you to record dates on your timeline and remind you to meet with people who are important for the success of your plan. There is also room to set dates for the transition of your land to the next generation. But for now, relax! You can take some time to reflect on what you have accomplished and be proud of creating your legacy.

## CHECKLIST *(Worksheet 13)*

- Establish periodic dates to meet with your professional advisors.
- Decide on a date for an annual meeting to review your plan.
- Set a timeline for the transition of different activities with future owners, managers or stewards.
- Choose a date to completely relinquish management duties.



**Establishing a timeline** is the final piece of succession planning.

PHOTO: ANNA ROSE PETERSEN, © OREGON STATE UNIVERSITY

Overall in your succession plan you have:

- **Assessed** your financial situation.
- **Set goals** for the future.
- **Expanded the conversation:** engaged the future.
- **Built** ties to the land.
- **Created** a succession plan.
- **Crafted** an estate plan.
- **Established** a timeline.

# Worksheet 1: Estimating the value of your assets

This worksheet asks you to estimate the value of your different assets. You may have more or fewer entries for some items than what is listed here. You can download and print more copies of the worksheets from [www.tiestotheland.org/landowner-resources](http://www.tiestotheland.org/landowner-resources).

## REAL ESTATE\* *Use county assessments*

DESCRIPTION, ADDRESS Long Creek forestland, Long Creek Road, Some County, Oregon 97XXX ACRES XXX

PARCEL/TAX LOT XXXXXXXXXXXX ZONING/EASEMENT forestland

HOW ACQUIRED, DATE Deeded from parents, 1/1/21 OWNERSHIP Tenancy in common

% OWNERSHIP 100% BASIS \$ (amount paid) DEBT OBLIGATION \$ (amount owed) EST. VALUE/DATE \$ 123,456, 1/01/21

DESCRIPTION, ADDRESS \_\_\_\_\_ ACRES \_\_\_\_\_

PARCEL/TAX LOT \_\_\_\_\_ ZONING/EASEMENT \_\_\_\_\_

HOW ACQUIRED, DATE \_\_\_\_\_ OWNERSHIP \_\_\_\_\_

% OWNERSHIP \_\_\_\_\_ BASIS \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_ EST. VALUE/DATE \$ \_\_\_\_\_

DESCRIPTION, ADDRESS \_\_\_\_\_ ACRES \_\_\_\_\_

PARCEL/TAX LOT \_\_\_\_\_ ZONING/EASEMENT \_\_\_\_\_

HOW ACQUIRED, DATE \_\_\_\_\_ OWNERSHIP \_\_\_\_\_

% OWNERSHIP \_\_\_\_\_ BASIS \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_ EST. VALUE/DATE \$ \_\_\_\_\_

DESCRIPTION, ADDRESS \_\_\_\_\_ ACRES \_\_\_\_\_

PARCEL/TAX LOT \_\_\_\_\_ ZONING/EASEMENT \_\_\_\_\_

HOW ACQUIRED, DATE \_\_\_\_\_ OWNERSHIP \_\_\_\_\_

% OWNERSHIP \_\_\_\_\_ BASIS \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_ EST. VALUE/DATE \$ \_\_\_\_\_

DESCRIPTION, ADDRESS \_\_\_\_\_ ACRES \_\_\_\_\_

PARCEL/TAX LOT \_\_\_\_\_ ZONING/EASEMENT \_\_\_\_\_

HOW ACQUIRED, YEAR \_\_\_\_\_ OWNERSHIP \_\_\_\_\_

% OWNERSHIP \_\_\_\_\_ BASIS \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_ EST. VALUE/DATE \$ \_\_\_\_\_

\*This information may be useful in Worksheet 5: Planning your retirement.

## BUILDINGS\*

DESCRIPTION, ADDRESS 12345 Long Creek forestland, Long Creek Road, Some County, Oregon 97XXX ACRES See above  
PARCEL/TAX LOT XXXXXXXXXX ZONING/EASEMENT forestland  
HOW ACQUIRED, DATE Deeded from parents, 1/1/21 OWNERSHIP Tenancy in common  
% OWNERSHIP 100% BASIS \$ (amount paid) DEBT OBLIGATION \$ (amount owed) EST. VALUE/DATE \$ 123,456, 1/01/21

DESCRIPTION, ADDRESS \_\_\_\_\_ ACRES \_\_\_\_\_  
PARCEL/TAX LOT \_\_\_\_\_ ZONING/EASEMENT \_\_\_\_\_  
HOW ACQUIRED, DATE \_\_\_\_\_ OWNERSHIP \_\_\_\_\_  
% OWNERSHIP \_\_\_\_\_ BASIS \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_ EST. VALUE/DATE \$ \_\_\_\_\_

DESCRIPTION, ADDRESS \_\_\_\_\_ ACRES \_\_\_\_\_  
PARCEL/TAX LOT \_\_\_\_\_ ZONING/EASEMENT \_\_\_\_\_  
HOW ACQUIRED, DATE \_\_\_\_\_ OWNERSHIP \_\_\_\_\_  
% OWNERSHIP \_\_\_\_\_ BASIS \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_ EST. VALUE/DATE \$ \_\_\_\_\_

DESCRIPTION, ADDRESS \_\_\_\_\_ ACRES \_\_\_\_\_  
PARCEL/TAX LOT \_\_\_\_\_ ZONING/EASEMENT \_\_\_\_\_  
HOW ACQUIRED, DATE \_\_\_\_\_ OWNERSHIP \_\_\_\_\_  
% OWNERSHIP \_\_\_\_\_ BASIS \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_ EST. VALUE/DATE \$ \_\_\_\_\_

## VEHICLES\*

YEAR/MAKE/MODEL 2019 Ford F250 TITLE HOLDER First name, last name  
ESTIMATED VALUE \$ xx,xxx (current) DEBT OBLIGATION \$ (amount owed)

YEAR/MAKE/MODEL \_\_\_\_\_ TITLE HOLDER \_\_\_\_\_  
ESTIMATED VALUE \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_

YEAR/MAKE/MODEL \_\_\_\_\_ TITLE HOLDER \_\_\_\_\_  
ESTIMATED VALUE \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_

YEAR/MAKE/MODEL \_\_\_\_\_ TITLE HOLDER \_\_\_\_\_  
ESTIMATED VALUE \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_



## EQUIPMENT\*

YEAR/MAKE/MODEL xxxx, Caterpillar/xxx PURCHASE COST/DATE \$ \$xx,xxx, 1/01/21

ESTIMATED VALUE \$ xxx,xxx (current) BASIS \$ (amount paid) DEBT OBLIGATION \$ (amount owed)

YEAR/MAKE/MODEL \_\_\_\_\_ PURCHASE COST/DATE \$ \_\_\_\_\_

ESTIMATED VALUE \$ \_\_\_\_\_ BASIS \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_

YEAR/MAKE/MODEL \_\_\_\_\_ PURCHASE COST/DATE \$ \_\_\_\_\_

ESTIMATED VALUE \$ \_\_\_\_\_ BASIS \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_

YEAR/MAKE/MODEL \_\_\_\_\_ PURCHASE COST/DATE \$ \_\_\_\_\_

ESTIMATED VALUE \$ \_\_\_\_\_ BASIS \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_

YEAR/MAKE/MODEL \_\_\_\_\_ PURCHASE COST/DATE \$ \_\_\_\_\_

ESTIMATED VALUE \$ \_\_\_\_\_ BASIS \$ \_\_\_\_\_ DEBT OBLIGATION \$ \_\_\_\_\_

## TIMBER\*

Stand ID/description	Age	Est. value	Valuation date	Value	How was value estimated?
1040 stand along ridge; old	75	\$xx,xxx	mm/dd/year	\$xx	Timber cruise, current log prices

## CROPS AND FEED\*

Item	Total value
Wheat, 80 acres	\$xx,xxx
TOTAL	

## LIVESTOCK *(Market and breeding)*

Stock	Total value
Angus bulls (3)	\$xx,xxx
TOTAL	

\*This information may be useful in Worksheet 5: Planning your retirement.

## BANK ACCOUNTS, CDS AND SAFETY DEPOSIT BOXES\*

Account	Account No.	Bank or company and contact information	Balance
Savings	#####	Local credit union or bank, (541) 123-4567, 890 NW 1st St., Somewhere, OR 97XXX	\$xx,xxx

Safety deposit box: name on account	Key location or password	Bank or company and contact information	Items
First name, last name	sock drawer	Local credit union or bank, (541) 123-4567, 890 NW 1st St., Somewhere, OR 97XXX	House title, old coins, birth certificates

## LIFE INSURANCE\*

Company	Policy #	Owner	Beneficiary	Value
The Best Life Insurance Co.	xx-xx-xxx	First name, last name	First name, last name	\$xx,xxx

## MUTUAL FUNDS/INVESTMENTS\*

Company and fund type	No. of shares	Date acquired	Purchase price	Current value
All-in investments	xx	mm/dd/year	\$X	\$x,xxx

## RETIREMENT/EMPLOYEE BENEFITS\*

Bank or company	Account # (Description)	Beneficiary	Balance
Some Company or Bank	xx-xxxx (IRA)	First name, last name	\$x,xxx

\*This information may be useful in Worksheet 5: Planning your retirement.

**HOUSEHOLD ITEMS** Furniture, kitchen appliances, etc.

Item	Est. fair market value
Grandfather clock	\$x,xxx
TOTAL	

**TOOLS** Power tools, hand tools, etc.

Tool	Est. fair market value
Generator	\$xx,xxx
TOTAL	

**JEWELRY/GEMS/PRECIOUS METALS**

Item, description	Purchase date	Original cost	Fair market value	Location
Old coins	x/xx/xxxx	\$100	\$500	Safety deposit box

**AVERAGE ANNUAL MAINTENANCE COSTS\***

*If using for Worksheet 5, Planning your retirement, divide annual amount by 12 to get monthly costs.*

Item	Amount	Description
House	\$xxx	Chimney/woodstove
Outbuildings	\$x,xxx	Equipment shed
Equipment	\$x,xxx	CAT Maintenance
Vehicles	\$xxx	2000 white Ford truck oil changes
Property	\$xx,xxx	Property taxes, fencing
Crop or animal treatments	\$x,xxx	Annual vaccinations for 150 head cattle
Other	\$x,xxx	Ex. well issues
TOTAL		

**NOTES AND MISCELLANEOUS ITEMS**

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\*This information may be useful in Worksheet 5: Planning your retirement.

# Worksheet 2: Locating your documents

Record the document and its general location here. This list will be useful later in the planning process. You can download and print more copies of the worksheets from [www.tiestotheland.org/landowner-resources](http://www.tiestotheland.org/landowner-resources).

Document	Location
Wills and trust documents	Ex. safety deposit box
Bequest lists	
Medical records	Ex. filing cabinet, online
Durable power of attorney	
Health care power of attorney	
Birth certificates	
Marriage certificate/divorce papers	
Insurance policies	
Mutual fund/investment statements	
Retirement/pension plans	
Debt obligations (such as mortgage)	
Business ownership agreements	Ex. filing cabinet
Business management plan	
Business finance statements	
Farm or forest management plan	Ex. filing cabinet
Conservation easements/agreements	
Real estate deeds	
Contracts	
Lease agreements	
Other	
Other	
Other	
Other	

Other details	
Executor of will	
Guardian	
Death instructions/arrangements	(Cremation/funeral/burial?)

# Worksheet 3: Heirloom scale

Independently assess what your land or business means to you. It will help you communicate the importance of the land or business to others involved in your succession plan. Record your place on the scale and consider your choice independently, then discuss your thoughts with your co-owner(s). You can download and print more copies of the worksheets from [www.tiestotheland.org/landowner-resources](http://www.tiestotheland.org/landowner-resources) for you and your successors.

Name \_\_\_\_\_ Date \_\_\_\_\_



**1** = My property is strictly a financial asset.

**10** = My property is a priceless heirloom.



1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

**My number on the Heirloom scale:** \_\_\_\_\_

### My thoughts about why:

Ex. I chose a 6 because I rely on the land for business and care about being a good steward, but my family is also very important to me.

### A summary of what my spouse or co-owners and I discussed:

Ex. we talked about balancing caring for our land, running the business, and retirement to see more of friends and family.

## Worksheet 4: Vision and goals

Establish your overall vision for your land/business. Complete this worksheet independently and then share it with your spouse or co-owner(s). Next, work together to create a set of shared long-range goals. You can download and print more copies of the worksheets from [www.tiestotheland.org/landowner-resources](http://www.tiestotheland.org/landowner-resources).

### **My immediate goals (within the next five years) are:**

Ex. begin saving more money each month for retirement.

### **In a perfect world, I would like to see this happen over the next 10 years:**

Ex. select a successor or organization to take over.

### **Over the next 20 years:**

Ex. transfer the land and/or business to the next generation.

### **Over the next 30 years:**

Ex. enjoy retirement to its fullest!

### **I see these major challenges standing in the way or potentially occurring during succession planning:**

Ex. 1. maybe the kids won't want to run the business; ex. 2. Don't have kids that I want to take over.

### **After reviewing your individual goals, jot down long-term goals that you and your co-owner(s) have decided on:**

Ex. Maintain an operating business, preferably in the family, but want the business to continue.

## Worksheet 5: Planning your retirement

Assess your retirement needs to prepare for later discussions with your legal and financial advisors. Gathering this information ahead of time can help you be more prepared for those conversations. Note your potential income and any current annual expenses. If applicable, include your spouse when completing this worksheet. You can download and print more copies of the worksheets from [www.tiestotheand.org/landowner-resources](http://www.tiestotheand.org/landowner-resources).

### List some of your retirement goals here.

Examples: Focus more on the orchard, visit Europe, spend more time with grandkids, finish five projects.

**In this table, collect information about you and your spouse's personal net worth, if applicable.** Knowing your personal net worth, or the sum of your debts, assets, savings and investments, can help you plan for life during retirement. Some of the information you need here can be found in Worksheet 1.

Assets	Amount
Real estate	\$
Buildings	
Equipment and vehicles	
Timber, crops/feed, livestock	
Household items	
Other	
<b>Assets total</b>	

Savings and investments	Amount
Bank accounts	\$
CDs	
Mutual funds/investments	
Retirement accounts	
Insurance/annuities	
401(k)/403(b)/Roth IRA/IRA	
Other	
<b>Savings and investments total</b>	

Debts	Amount
Credit card(s)	\$
Mortgage(s)	
Education loan	
Car loan	
Other	
<b>Debts total</b>	

Net worth	
Total savings, investments and assets	\$
Total debts	(\$ )
<b>Personal net worth</b>	

Now that you've completed your net worth calculations, move along to calculating your monthly income and expenses.

## Monthly income and expenses

Calculating your monthly income and expenses will help you anticipate how much money you will need each month to live in retirement. You can also compute these values annually and divide by 12 to get monthly totals.

### Income calculations

Monthly income sources	Amount
Employment income	\$
Other income sources	\$
Social Security	
Veterans' benefits	
Other	
<b>Monthly income total</b>	
Monthly income total	\$
Monthly expense total	(\$ )
<b>Monthly margin (+ or -)</b>	

Positive (+) monthly margin? You may be able to retire comfortably and maintain your style of living. Negative (-) monthly margin? You may consider ways to cut your living expenses in retirement — or start saving more now so that you can enjoy a more comfortable retirement in the future.

Finished your calculations? It's time to talk with your advisor about your financial future.

### Expense budget calculations

Monthly expense by category	Amount
<b>Estimated annual taxes / 12 months</b>	
State	\$
Federal	
<b>Housing</b>	
Mortgage/rent	
Property taxes	
Homeowner's insurance	
Utilities/cable/internet/phone	
Maintenance/fees/supplies	
<b>Food</b>	
Groceries	
Dining out	
<b>Transportation</b>	
Vehicle maintenance	
Fuel	
Auto insurance/registration	
Public transportation	
<b>Health care</b>	
Health insurance (medical/dental/vision)	
Life insurance	
Long-term care insurance	
Disability insurance	
Other insurance	
<b>Personal care</b>	
Clothing, products/services	
<b>Miscellaneous</b>	
Entertainment/hobbies	
Travel/vacation	
Gifts	
Education	
Charitable contributions	
<b>Other</b>	
Loans, credit cards	
<b>Monthly expense total</b>	



## Worksheet 6: Overview of management on your land or business

Determine who does what on your land and identify the professionals you work with, the timing of management activities, and any permits in place on your land. Examine your current management structure and think about what the future could look like. Feel free to adjust the titles and columns within each table to fit your situation. You can download more copies of this worksheet from [www.tiestotheland.org/landowner-resources](http://www.tiestotheland.org/landowner-resources).

### Jobs on your land or in your business

Job title	Who (currently)	Job description	Decision making? If so, what types?	Who will do this job in the future?	What skills are needed for this job?	Are they prepared?
Principal operator or land manager	Ex. First name	Oversees operations	Yes, managerial	Maybe kids?	Time management, critical thinking	No
Bookkeeper						
Land maintenance						
Other						

### Professionals, contractors, and service providers that you work with (include all that apply)

Professional	Name	What do they do for you on the land?	Contact information
Forestry/ag consultant	R.A. Smith	Timber cruising	541-123-5678 rasmith@email.com PO Box 1, Someplace, OR 97XXX
Lawyer or attorney			
Accountant			
Contractor			
Contractor			
Ex. wildlife biologist			
Ex. suppliers			
Ex. veterinarian			
Ex. equipment dealership and repairs			
Ex. mechanic			

**Annual or recurring activities**

Activity	month/date	Who does it?	Activity notes
Ex. maintain equipment	June	TM Mechanics	Call in May; need shuttle to get home
Ex. hunting leases			
Ex. check/maintain roads and trails			
Ex. file income taxes	April	Me and significant other	Collect information in January–February; check and submit in April
Ex. pay bills			

**Permits, leases and easements (agreements)**

Type	Who is the agreement with?	Why is it necessary?	Notes
Ex. road easement	Neighbor up the road	Emergency access	Need to check with county to see lines; want to fence that boundary
Ex. land lease			

# Worksheet 7: Meeting logistics

Record the logistics of your meeting(s) — date, time, location, attendees, invitation rough draft, etc. Consider giving your invitees a range of dates to choose from but recognize that some simply may not be able to attend. You may also consider completing an agenda with designated ground rules while doing this (see Worksheet 8) and attach them to the final meeting invitation so that your attendees can be more prepared for the meeting. You can download and print more copies of the worksheets from [www.tiestotheand.org/landowner-resources](http://www.tiestotheand.org/landowner-resources).

Logistics \_\_\_\_\_

Location \_\_\_\_\_

Date and time \_\_\_\_\_ Host \_\_\_\_\_

Chair \_\_\_\_\_ Minutes \_\_\_\_\_

Other meeting considerations \_\_\_\_\_

Invitee	Date of preliminary call	Date invitation sent out	Date of follow-up call	RSVP?
Ex. Danny	02/03	02/18	02/31	Yes

## Invitation rough draft *Example below*

### Example invitation:

Hi everyone,

As you know, I/we are aging, and it feels like the right time to sit down with everyone and discuss what’s going to happen to the farm/land/ business after I/we are gone. It’s my/our hope that we can get together soon and since we are all in driving distance (OR since we are not all close together, let’s get together) around month day. I/We’d like to have lunch (or brunch) first and then a business meeting afterwards.

**When:** Day of week, MONTH DAY

**Where:** Good local restaurant (or office space or home)

**What:** lunch/brunch at TIME, followed by meeting from TIME to TIME

Your families are more than welcome to stay and socialize at the house while we hold our meeting and I/we would love to spend time with them later in the day. I/we suggest having dinner later as a large group.

Also, please read the attached agenda and bring it to the meeting along with any questions that you have. I/we anticipate the meeting being productive and pleasant. I/we look forward to seeing you soon.

With love,

Signature of sender(s)

## Worksheet 8: Meeting agenda and minutes

Record your meeting agenda and minutes, including major decisions or discussions. Set actions to accomplish before the next meeting or a certain date. You can download more copies of the worksheets from [www.tiestotheand.org/landowner-resources](http://www.tiestotheand.org/landowner-resources). We have included a sample agenda here as an example.

### Sample agenda

- Welcome
- Expectations for conduct/communication
- Reason for meeting
- Land/business management update
- Heirloom Scale
- Action item/homework: Heirloom Scale/Worksheet 3
- Closing remarks

### Meeting agenda

### Meeting minutes

*Take any relevant notes, including thoughts, decisions and action items.*

**Meeting minutes, continued:**

- Set date for next meeting \_\_\_\_\_
- Final minutes sent out? Date sent \_\_\_\_\_

**Action Items for the future**

- Example item: Schedule meeting with professionals who work on property to meet successors \_\_\_\_\_
  - Responsible party: Current landowner(s)
  - Complete by: end of this month
- Item \_\_\_\_\_
  - Responsible party \_\_\_\_\_
  - Complete by \_\_\_\_\_
- Item \_\_\_\_\_
  - Responsible party \_\_\_\_\_
  - Complete by \_\_\_\_\_
- Item \_\_\_\_\_
  - Responsible party \_\_\_\_\_
  - Complete by \_\_\_\_\_
- Item \_\_\_\_\_
  - Responsible party \_\_\_\_\_
  - Complete by \_\_\_\_\_

# Worksheet 9: Successor and organization assessment

Assess the individuals or organization you want to include in your plan. For individuals, think about their age, heirs, character traits, needs and life situation. For an organization, consider its mission, values and conditions for accepting land. Be honest in your assessments. You can download more copies of the worksheets from [www.tiestotheland.org/landowner-resources](http://www.tiestotheland.org/landowner-resources).

For each individual successor, evaluate the following:

## Name and relationship to you:

**Location:** Do they live nearby or are they in another state? Could that change in the future? Ex. live in town four hours away; children are young so don't want to move soon, but may in 20 years.

**Engagement:** How engaged are they in your land? Could you find ways to engage them? Where did they fall on the Heirloom Scale? Ex. helps with bookkeeping; may be interested in more operations; loves visiting whenever possible; they were an 8 on the scale.

**Current role in land/business management (if applicable).** Ex. actively helps with bookkeeping

## Do they have any special skills associated with managing your land and what skills do they need?

Possesses these skills

Ex. accounting, time and personnel management

Needs these skills

Running farm equipment, helping with veggie production

Where can they gain these skills?

Working with John, local Extension workshops

**Potential future role(s):** Ex. principal operator, bookkeeper

**If you have multiple successors, have you considered how you will divide your estate? What will this successor receive?** Ex. there are five successors alive and able to handle inheritance; Dani will become the main owner.

*For each potential organization (conservation, charity or university), complete the following:*

**Name:** Ex. local land trust

**Website:** Ex. [www.locallandtrust.org](http://www.locallandtrust.org)

**Contact info:** Ex. (541) 123-1357, PO Box 135 Someplace, OR 97XXX

**Location (or the area they serve):** Ex. Some counties, OR

**What kind of donation will they accept? Will they accept land?** Ex. they accept land donations, only occasionally offering to pay for portions of it

**If so, what are their conditions for accepting land?** Ex. their conditions are that the land must be kept in original use and give up property rights for subdividing or other land conversion; generally ask you to donate property but occasionally get grants to help with donation

**Do these conditions align with your stewardship and legacy goals? Do they align with your values?** Ex. their conditions mostly align with our values and goals, but we wish that they would be willing to put easements on forestland as well not just on ag lands or sensitive habitats.

# Worksheet 10: Strategies for succession

Record your strategies for succession here. Include any ideas for your contingency plan. You can download and print more copies of the worksheets from [www.tiestotheand.org/landowner-resources](http://www.tiestotheand.org/landowner-resources).

## KEY STRATEGIES

**Current ownership (who/what):** Ex. Mom and Dad

**Transition:** Ex. Mom, Dad, Sam, Braden and Taylor (children); Makiah and Drew (cousins)

**Future:** Ex. Sam, Braden, Taylor, Makiah and Drew

**Current management (day-to-day):** Ex. Mom and Dad

**Transition:** Ex. Dad and Taylor

**Future:** Ex. Taylor and granddaughter

**Current governance (decision-making):** Ex. Mom and Dad

**Transition:** Ex. Dad and Taylor to let someone understand the ropes.

**Future:** Ex. Taylor and other sibling or cousin; eventually grandkids

**Strategies considered but rejected:** Ex. 1. Thought about having Braden as manager but too busy with her kids and career across country.

Ex. 2. Considered having more than one successor on board for decision-making, but decided it would be too difficult.

**Contingency plan ideas:** Ex. Braden will become new manager in case something happens to Taylor.



# Worksheet 11: Your team of advisors

Record important information about your advising team. Include their contact information and why they are a valuable addition to your team (ex. long-term family advisor, highly qualified, knowledgeable, etc.). You can download and print more copies of the worksheets from [www.tiestotheland.org/landowner-resources](http://www.tiestotheland.org/landowner-resources). You can download another sheet if you want to make a “Current” and “Future” Team of Advisors to help account for changes in your team of advisors.

## ATTORNEY

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

EMAIL \_\_\_\_\_ PHONE \_\_\_\_\_

APPT. DATE \_\_\_\_\_ WHY \_\_\_\_\_

## ACCOUNTANT

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

EMAIL \_\_\_\_\_ PHONE \_\_\_\_\_

APPT. DATE \_\_\_\_\_ WHY \_\_\_\_\_

## FINANCIAL ADVISOR

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

EMAIL \_\_\_\_\_ PHONE \_\_\_\_\_

APPT. DATE \_\_\_\_\_ WHY \_\_\_\_\_

## INSURANCE AGENT

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

EMAIL \_\_\_\_\_ PHONE \_\_\_\_\_

APPT. DATE \_\_\_\_\_ WHY \_\_\_\_\_

## CONSULTANT

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

EMAIL \_\_\_\_\_ PHONE \_\_\_\_\_

APPT. DATE \_\_\_\_\_ WHY \_\_\_\_\_

## OTHER

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

EMAIL \_\_\_\_\_ PHONE \_\_\_\_\_

APPT. DATE \_\_\_\_\_ WHY \_\_\_\_\_

# Worksheet 12: Legal and financial instruments

Record the legal and financial documents or instruments that make up your estate plan and their location. Feel free to cross out unused items or add more that are necessary for your plan and you may want to make notes about why you chose a specific instrument for your plan (see example). You can download and print more copies of this worksheet from [www.tiestotheland.org/landowner-resources](http://www.tiestotheland.org/landowner-resources).

## EXAMPLE: WILL

Date completed: 01/01/21

Bequest lists? Son 1, Son 2, daughter, grandchildren (5)  
for after both Mom and Dad are gone

Location? Safety deposit box (see Worksheet 2)

Notes: Leaves the survivor (spouse) with ability to control assets. When both gone, Son 2 will get land and business while Son 1 and daughter will get financial assets and family heirlooms. Grandchildren: college fund in trust.

## WILL

Date completed \_\_\_\_\_

Bequest lists \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Location \_\_\_\_\_

Notes \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## LIFE INSURANCE POLICY

Company \_\_\_\_\_

Agent \_\_\_\_\_

Contact info \_\_\_\_\_  
\_\_\_\_\_

Policy # \_\_\_\_\_

Date completed \_\_\_\_\_

Location \_\_\_\_\_

Notes \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## HEALTH INSURANCE POLICY

Company \_\_\_\_\_

Agent \_\_\_\_\_

Contact info \_\_\_\_\_  
\_\_\_\_\_

Policy # \_\_\_\_\_

Date completed \_\_\_\_\_

Location \_\_\_\_\_

Notes \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## LONG-TERM CARE

Service provider \_\_\_\_\_

Contact information \_\_\_\_\_  
\_\_\_\_\_

Location \_\_\_\_\_

Other info/notes \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## OWNERSHIP STRUCTURE

Name \_\_\_\_\_

Ownership \_\_\_\_\_

Owners \_\_\_\_\_  
\_\_\_\_\_

Date completed \_\_\_\_\_

Location \_\_\_\_\_

Notes \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OPERATING AGREEMENT

With \_\_\_\_\_  
Date completed \_\_\_\_\_  
Location \_\_\_\_\_  
Notes \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

BUY-SELL AGREEMENT

With \_\_\_\_\_  
Date completed \_\_\_\_\_  
Location \_\_\_\_\_  
Notes \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TRUST

For whom \_\_\_\_\_  
Date completed \_\_\_\_\_  
Location \_\_\_\_\_  
Notes \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CONSERVATION EASEMENT

Organization \_\_\_\_\_  
Contact info \_\_\_\_\_  
Date completed \_\_\_\_\_  
Location \_\_\_\_\_  
Notes \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER LEGAL DOCUMENTS

Document 1 \_\_\_\_\_  
Date completed \_\_\_\_\_  
Location \_\_\_\_\_  
Other info \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Document 2 \_\_\_\_\_  
Date completed \_\_\_\_\_  
Location \_\_\_\_\_  
Other info/notes \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# Worksheet 13: Your succession plan timeline

Record important dates for your succession plan here and check them off. You can download and print more copies of this worksheet from [www.tiestotheand.org/landowner-resources](http://www.tiestotheand.org/landowner-resources).

## Annual meeting

- Annual meeting — location \_\_\_\_\_ Date \_\_\_\_\_
- Prepare meeting agenda \_\_\_\_\_ Date \_\_\_\_\_
- Social Event — location \_\_\_\_\_ Date \_\_\_\_\_
- Review succession plan \_\_\_\_\_ Date \_\_\_\_\_

## Advisor meetings

- Accountant \_\_\_\_\_ Date \_\_\_\_\_
- Attorney \_\_\_\_\_ Date \_\_\_\_\_
- Financial advisor \_\_\_\_\_ Date \_\_\_\_\_
- Insurance agent \_\_\_\_\_ Date \_\_\_\_\_
- Consultant \_\_\_\_\_ Date \_\_\_\_\_
- Consultant \_\_\_\_\_ Date \_\_\_\_\_
- Other \_\_\_\_\_ Date \_\_\_\_\_
- Other \_\_\_\_\_ Date \_\_\_\_\_
- Other \_\_\_\_\_ Date \_\_\_\_\_

## Taxes

- Prepare statements (who) \_\_\_\_\_ Date \_\_\_\_\_
- Submit taxes (who): \_\_\_\_\_ Date \_\_\_\_\_

## Annual gifting *(If applicable to your situation)*

- Who/amount: \_\_\_\_\_ Date \_\_\_\_\_
- Who/amount: \_\_\_\_\_ Date \_\_\_\_\_
- Set date to make gifts \_\_\_\_\_ Date: \_\_\_\_\_

## Transition timeline and goals: *Record what you would like to see happen and when.*

- Next year, the goal is to: \_\_\_\_\_
- In two years, the goal is to: \_\_\_\_\_
- In \_\_\_ years, the goal is to: \_\_\_\_\_
- In \_\_\_ years, the goal is to: \_\_\_\_\_
- In \_\_\_ years, the goal is to: \_\_\_\_\_
- In \_\_\_ years, the goal is to: \_\_\_\_\_



# Case studies

**T**hese case studies demonstrate how landowners like you planned for succession. Their stories are unique, but you may relate to some of the individuals or scenarios present in each one. Regardless of what type of land they own or manage, their struggles and triumphs in succession planning may help you in the planning process. If you have questions about the different options and ownerships presented in these case studies, consult your professional advisors.

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*\*Certain names and circumstances have been altered to protect the privacy and identity of the landowners.*

**Wheat fields** in the  
Columbia River Plateau.

PHOTO: LYNN KETCHUM,  
© OREGON STATE UNIVERSITY

## SHIPLEY-COOK FARMSTEAD

### Six generations, one legacy

**THE SHIPLEY-COOK FARMSTEAD** has stood proudly in the Hazelia area outside of Lake Oswego for six generations, and the family wants that legacy to continue. Their motto, “six generations, one legacy,” is a part of how the Cooks maintain emotional ownership over their property and work to engage younger generations as they craft a succession plan.

Current overseer Rick Cook is the fourth generation of Cooks to occupy the farmstead, moving back to the farm that has been owned by the family for 120 years. The house he lives in, built in 1862, and the barn, constructed in 1860, were originally built by Adam Shipley, an Oregon Trail pioneer. When Shipley settled in Oregon, he purchased 1,000 acres stretching from Oswego to the Tualatin River and farmed them. Shipley’s widow sold 130 acres of farmland, the house, and the barn to the Cook family in 1900. Some part of the Cook family has owned and managed the property ever since. By the time Rick became the overseer, the original acreage had dwindled to six as Lake Oswego’s neighborhoods and subdivisions grew into the rolling countryside and parcels of the farmstead were sold.

Almost immediately after moving in, Rick got the farmstead back on farm deferral. To maintain that status, he raised chickens, sold eggs and flowers, and put in a 4-acre vineyard that supplies Eugene Wine Cellars. Rick also recognized the historical significance of the farmstead so close to the urban sprawl of Lake Oswego, and he began working to preserve it. Today, after jumping through many hoops, the house is registered on the National Register of Historic Places, and the barn is registered on the Restore Oregon Heritage Barn list. Additionally, a grove of trees planted by the Shipley and Cook families around the house is listed as a State and Clackamas County Heritage Grove. The farmstead is also a stop on the Hazelia Agri-Cultural Heritage Trail that recognizes historically significant locations in the Lake Oswego area. It is listed as a Century Farm by the Oregon Century Farm and Century Ranch Program. Rick hopes that the farmstead’s heritage features will protect it against urban sprawl and eminent domain as Lake Oswego continues to grow.

The city of Lake Oswego wants the Shipley-Cook Farmstead to continue to be an operational farm for generations to come. As of 2018, Rick and the city are in conversations about placing a conservation easement on the farmstead to preserve it into perpetuity, and they hope to complete that agreement soon. Although the city has expressed interest in the land, the Cook family strongly desires to keep it in the family. But the family does not yet have a solid succession plan in place. Rick has no children but has been talking to his relatives about their interest in managing the farmstead.

The Cooks’ succession plan has been partially started. As a part of their succession planning, Rick, his older brother Steve, and other family members attended several workshops, including Ties to the Land, to develop a plan that will preserve their legacy. The family is exploring several different options for the best plan for “six generations, one legacy.”



**The historic barn** on the Shipley-Cook Farmstead is listed on the Restore Oregon Heritage Barn List. The property is listed as a Century Farm.

PHOTO: RICK COOK

## THE DOUGLAS FAMILY

### Advice for planning\*

**FOR THE DOUGLAS FAMILY** on the southern Oregon Coast, forestry, family and community engagement were very important. They believed in connecting with their neighbors and being responsible stewards of their working lands. As a family, they all loved the outdoors. But those values, and several unfortunate events, were not enough to unite them when they began succession planning.

Jan and James Douglas became first-generation forest landowners when they purchased 200 acres of farmland and converted it to the Tall Spruce Tree Farm in the mid-1980s. They planted spruce mixed with western hemlock and Douglas-fir. James was a forester as well as a teacher and researcher over his career and he lovingly tended the tree farm. Jan worked in Cooperative Extension, served the community in many capacities and was an avid naturalist. Jan and James raised five children on the tree farm. Daniel and Diana, the older siblings, left home and became busy with successful careers and families. The middle child, David, was known in the family for his inability to hold a job, and he worked on the tree farm as a handyman and logger at his convenience. The youngest children, Drew and Dawn, lived nearby and helped on the tree farm as time allowed. When the family began discussing the future of the tree farm, it was clear to them that Drew was the most willing and able to take over, and he moved closer to help with the transition.

As the family planned for succession, they agreed Drew would become the manager of the tree farm with his siblings as members or general partners. But before they finalized a plan, Drew was struck and killed by a car. Needless to say, succession planning stopped while the family grieved.

Several years later, family members resumed succession conversations in earnest and attended Ties to the Land workshops to figure out how to restart their plan. They held biannual meetings, but very little became of them. James was getting older and less active around the tree farm but was unwilling to share his management role. He adamantly believed that the land should be divided equally among his four children, but he recognized that there were significant differences in their perspectives and management styles. He didn't want to grant one child more authority because he valued their personal relationships, yet he didn't want to see his cherished land divided or sold. Jan didn't want the tree farm to continue at the expense of her children's relationships. Their conflicting, albeit thoughtful, feelings made it difficult to form a plan.

These conversations continued through Jan's death and ended when James died. He left the Tall Spruce Tree Farm in trust to his children with Diana as the trustee. But James left little direction about how to manage it. This became problematic as David challenged his older sister's authority as trustee and made claims about his right to own the tree farm. His siblings didn't trust him because they felt he was financially unstable and irresponsible. The language of the trust further complicated this situation. Ultimately, Diana, Dawn and Daniel were forced to take legal action against David to preserve what assets they could.

The Tall Spruce Tree Farm was eventually sold, legally ending the bitter battle over its ownership. While selling the land to pay legal fees was the least desirable outcome, it is a potential result for many landowners, so it is important to learn from the Douglas family. There are several key takeaway messages from their situation:

- **Begin succession planning early** and work through family differences.
- **Have a structured process** for the transition to the next generation.
- **Ensure family policies** are consistent and set expectations for behavior during the transition.



PHOTO: ROLAND TANGLAO,  
CC BY 2.0

As the family planned for succession, they agreed Drew would become the manager of the tree farm with his siblings as members or general partners. But before they finalized a plan, Drew was struck and killed by a car.

\*Certain names and circumstances have been altered to protect the privacy and identity of the landowners.

## THE BIERAUGEL FAMILY

### Management acres build ties

Gene and Marge Bieraugel live in the remote northeast corner of Oregon, far from city lights and surrounded by public lands. They own over 1,450 acres of farm, range and timberlands, and they hope to keep it in the family. When they began succession planning, they used the idea of a management acre to build their grandchildren's ties to their land.

The Bieraugels first purchased 890 acres in Wallowa County in the mid-1970s, while Gene was active in the U.S. Navy. They looked long and hard before purchasing land in Oregon and bought more than they originally intended to in order to increase cash flow from farming, grazing and harvesting timber. A decade later, they began leasing their farm and grazing land to a neighboring farmer and rancher. They've maintained this lease agreement with him over time because he is a conscientious steward of the land and has become a close family friend.

Soon after, Gene retired from the Navy and they moved to the Seattle area. They now were much closer to their Oregon property and often traveled back and forth. Gene also became a seasonal farmhand for their tenant farmer and worked for him for the next 10 seasons. The farmer joked that Gene, a pilot and former farm boy, was a heavy equipment operator at heart. This amicable relationship helped integrate the Bieraugels into the local community. During this time, Marge also earned her master's in education in English from University of Idaho. She then taught at Snohomish High School and coached the debate team while they lived near Seattle.

Fifteen years later, the Bieraugels moved to Oregon. They built a log home from red fir (Douglas-fir) and larch they harvested from their property. They also began taking Master Woodland Manager classes and attending Tree School, hosted by Oregon State University Extension, in order to better understand how to manage their 500 acres of forestlands. They have performed several harvests and are improving the forest's fire resiliency. They also began looking at how to pass on their love for the land to their three sons and grandkids.

This is when they came up with the idea for a Management Acre for their grandchildren. Their sons live far away and were busy with families and careers, so the Bieraugels decided to connect their grandchildren to the land. At roughly the age of 8, each grandchild measures out and flags an acre or 200-by-200-foot plot. This is their "M.A." and they are responsible for learning about its characteristics, such as the animals, trees and plants on it as well as monitoring all activities on it. They could approve tree removals and thinnings, perform brush clearing, and initiate tree planting. These acres hold many memories, from pushing through brush to lay it out, to putting up bird nest boxes, holding picnics or planting memorial groves. These M.A.s have been integral to developing their ties to the land. The older grandchildren, now in their 20s, are beginning to look at how to manage the property at a landscape scale. All the grandkids have also helped Gene and Marge around their property, limbing trees, mulching seedlings, clearing brush, building fences, planting trees and tending the garden.

Right before they moved to Oregon, Gene and Marge created the Courtney Butte LLC to help pass on ownership of their land to their three sons. As a family, they've had open conversations about succession, and their sons have agreed to be gifted equal portions of the LLC. Today, each son owns about 15% of the LLC while Gene and Marge still own the majority. Legally, this ensures that Gene and Marge are still the owners but will ultimately reduce the amount of state estate taxes for their sons and theoretically keep the land in the family. Gene and Marge have told their sons they can do whatever they want with the land after their parents pass, but Gene and Marge think it's likely that the land will stay with the family because of the ties the grandchildren have to the land. The grandkids are strongly attached to it and have many hours of sweat equity invested in it. One has called it her second home, and that is a testament to how the Bieraugels have fostered the next generation's ties to the land.

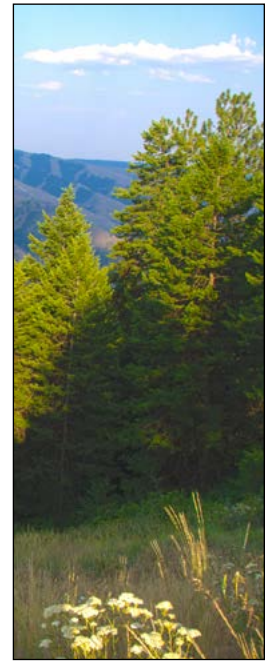


PHOTO: U.S. FOREST SERVICE

At roughly the age of 8, each grandchild measures out and flags an acre or 200-by-200-foot plot. This is their "M.A." and they are responsible for learning about its characteristics — the animals, trees and plants on it.



## THE NELSONS

### Keeping it straight\*

In the rolling plains of south-central Idaho, the smell of dairy cows greets the nostrils and crop circles stretch to the Snake River canyonlands. To the Nelsons, this is the smell and sight of their income. They own 600 acres of land and run dairy cattle and grow hay to support their family. The fourth generation of the family farms this land and is attempting to transition management to the fifth generation.

Great-great-grandpa Nelson settled the area with his family and laid claim to the original 320 acres in the late 1890s. He farmed, growing hay, potatoes and other vegetable crops. When his middle son acquired the land, he quit growing potatoes and changed the direction of the operation to include dairy cows. Great-grandpa Nelson and his sons expanded the farm to 400 acres as other farms folded during hard times. His oldest son, Grandpa Nelson, bought the farm from his father but continued to employ one of his younger brothers on the farm. Grandpa Nelson also expanded the farm to 680 acres.

One crisp winter morning, after Grandma Nelson went out to check the chickens, Grandpa Nelson came running to a blood-curdling scream. His oldest son had committed suicide out behind the barn. He had been quietly suffering from depression linked to the stress of helping run the farm, accruing medical debt, and balancing a demanding home life. This broke Grandpa and Grandma Nelson. Their son's widow blamed his death on the farming lifestyle. She estranged herself from the Nelson family, and the grandparents will probably never see their grandchildren again.

Today, the fourth generation of Nelsons runs the farm. Their father, Grandpa Nelson, sold the farm to his two younger children, each purchasing exactly half of the farm. The farm owners, after their father's death, wanted to consolidate the farm's holdings and the business. They consulted an attorney who helped them create a limited partnership that included themselves, their siblings and children. One owner sibling married but never had children. The other has two grown children and plans to pass the farm onto the oldest, who is already a limited partner. This is a general agreement but isn't yet in writing because the work on the farm has gotten increasingly more difficult for the fourth generation to manage.

However, their succession plan may never be completed. The family and the farm's limited partnership are locked in a legal battle with the estranged sister-in-law. Grandpa's will, which was outdated, cryptic and simple, stated that the other children would receive heirlooms and monetary assets and has since been misplaced. The estranged sister-in-law claims to have another document stating that Grandpa Nelson willed the farm to the deceased son, her husband. The Nelsons have already sold some land to pay legal fees and are uncertain about how the case will be settled. They are having difficulty locating the original will, and this is taking important time away from the harvest season. If they had kept their legal documents in one place and updated them, the legal battle would have less merit and it could be resolved by now. However, the future of the farm hangs in uncertainty as the Nelsons are forced to divide their resources and time on an issue that should have been resolved years ago.



PHOTO: LYNN KETCHUM, © OREGON STATE UNIVERSITY

*\*Certain names and circumstances have been altered to protect the privacy and identity of the landowners.*

The family and the farm's limited partnership are locked in a legal battle with the estranged sister-in-law.

## THE DAVIDS

### Three states, three plans

Kirk and Madeline David own forestland and farmland in Idaho, Florida and Montana, although they call Idaho home. Kirk is a forester, and Madeline has a strong business background. Both are involved in local, state and national forestry organizations. They also have no heirs. Given their situation, they have had to be creative in crafting succession plans for each property.

Kirk first purchased 120 acres of southern pine forestland in the Florida Panhandle from his mother in the mid-1970s. The land exists in two parcels, 80 acres and 40 acres. Kirk knew that his mother (who grew up in Florida) inherited it from her father, a land broker who bought and sold land statewide, but why those particular parcels remained in the family was unknown. However, when the Davids traced the ownership of the two parcels, they found out that they had been in the family for much longer. Kirk was the fifth generation to own it! They combed through county property deeds and found that the land was originally deeded to his great-great grandmother from the Louisville and Nashville Railroad in 1864. Today, the land is managed as a southern pine forest with regular thinnings and harvests every 10-15 years. As absentee landowners, the Davids enlist the services of a local consulting forester to help manage their land. Although their properties are reported to support longleaf pine and gopher tortoise restoration, they are not seeking any cost-share assistance. Instead, they hope to sell or transfer their working forests to a neighboring forest landowner who will manage it for sustainable harvest and ecological values. They have not yet determined who that will be but hope to decide soon.

The Davids' property in central Montana was also acquired from Kirk's family. Nestled among the fertile coulees of the Judith Basin, it occupies 280 acres of dryland agriculture. His grandparents homesteaded there, and they willed their land to Kirk's father, which Kirk in turn inherited. For three generations, another local family has leased and lovingly managed the property, growing wheat and barley and raising cattle. The Davids, as absentee landowners, thoroughly trust the tenants, have good working relationships with them and share their values about sustainable farming practices. Their goal is to deed the land to their tenants because they know it will stay in responsible hands. The Davids and the tenant family have had conversations about the transfer and are discussing the legal details of their plan. They have agreed that their decisions will depend on what is best for the land.

The Idaho forestland is where the Davids live, on 155 acres of predominantly mixed conifer forest in the Idaho Panhandle. Kirk purchased the original 20 acres in the early 1980s and added 135 acres several years later. The land was in good shape when he acquired it, having been recently thinned. Today, the forest is called the Cedar Mountain Working Forest and is certified by the American Tree Farm System and enrolled in Idaho's Forest Stewardship Program. Periodically they hire a contract logger to harvest declining trees, which provides resiliency against insects and disease and promotes the growth of healthy trees. To plan for the future of their forest, they have formed a relationship with the Inland Northwest Land Conservancy and placed a conservation easement on their land. The Davids gave up two property rights for the conservation easement. Their agreement prevents the subdivision and extensive development of their property in perpetuity and will maintain an unfragmented piece of forestland on the landscape. This is worth it to the Davids. There are provisions in the agreement that allow for development in the 5 acres around their existing home so that future owners could add to or rebuild the domicile as need be. They have a forest management plan in place to guide management of their forestland. They anticipate selling their land when the time comes, but they have provided a means to keep it forested and intact for generations.

The Davids understand the need for succession planning. Madeline experienced an unplanned inheritance, which included unexpectedly managing an LLC, creating a trust, and dealing with debt and a relative's addiction issues. She was able to turn the business around and make it a successful enterprise. Kirk, as a forester, wants to leave the forestland healthier and more resilient than when he purchased or inherited it. They both have been heavily involved in facilitating Ties to the Land workshops, and actively encourage others to find succession solutions for the future of their land.



PHOTO: U.S. FOREST SERVICE

To plan for the future of their Idaho forestland, the Davids have formed a relationship with the Inland Northwest Land Conservancy and placed a conservation easement on their land.

## THE SHIBLEY FAMILY

### It's all in the family, LLC

For the Shibley family of northwest Oregon, working their farm and forestland has been a family affair. Gilbert Shibley is the fourth generation to manage it and some parcels have been owned by the family since 1864. So how do they manage the family land and how will they pass it on to future generations? Their answer includes putting most of it in two LLCs. Each LLC has two owner-managers in the fourth generation and a few owners in the fifth generation.

The Shibley family owns over 600 acres with roughly three-fourths in forestland and the rest in farmland. They acquired the land through both inheritance and purchase. The inherited land came from their father's side and was mainly farmland. Their mother's legacy was largely forestland, but she also passed on a tradition of large family reunions, which help strengthen the Shibley family's ties to the land. They have always actively managed their forests, and the third generation added more forestland over their lifetime. Gilbert individually has purchased more land and traded some to acquire better farmland.

The LLCs represent two distinct parts of the Shibley family — Gilbert's generation owns the Broader Family LLC with the members consisting of Gilbert, his sister and some of the next generation. The second is the Narrower Branch LLC, which he set up with his wife and children. This form of ownership was chosen to fit the overarching goals of the Shibley family: Keep the land in the family and in farm-forest use. Gilbert is the day-to-day onsite manager of the LLCs, overseeing operations on the farm and forestland. The family has written forest management plans for each part of the ownership. Gilbert enlists the services of a younger forestry consultant to help implement the plans by inventorying the property and contracting loggers. His services and a cost-share program have helped Gilbert to make stewardship plans for the forestland while meeting the family's goals of sustainable forest management.

Putting the land into LLCs and creating forest stewardship plans have been crucial pieces in the Shibleys' succession planning efforts. For the Narrower Branch LLC, Gilbert and his wife have involved their children and grandchildren in the ownership and in large-scale decisions. They have gifted each child a portion of the LLC while maintaining the majority ownership, and have scheduled quarterly video conferences for the whole family. Each child and spouse is expected to attend the conference, and the grandchildren are encouraged to as well. They also regularly hold family gatherings on the property and encourage frequent visits. Gilbert and his son have attended the Ties to the Land workshops to get a grasp on succession planning and have used what they learned. Several of their children have expressed interest in future management of the land, giving the Shibleys hope the land will stay in the family.

For the Broader Family LLC, the succession planning is less complete. As Gilbert and his siblings found out, transferring land over several generations in a large family can lead to diluted ownership and can make it difficult to manage if there are uninterested members. Gilbert and his sister have worked to buy out younger relatives' shares to consolidate the land and improve their chances of a smooth intergenerational transition. Like the Narrower Family LLC, some family members have attended Ties to the Land workshops. A possible solution for the Broader Family LLC is that they hire a nonfamily member, such as a consulting forester, to help manage the land while an LLC steering committee makes large-scale decisions with input from the forester. These ideas have yet to be implemented but are being actively pursued. Regardless, the Shibley family has had open conversations about what to do with their family land and that has helped them get to where they are today.



PHOTO: ANNA ROSE PETERSEN, © OREGON STATE UNIVERSITY

The LLC form of ownership was chosen to fit the overarching goals of the Shibley family: Keep the land in the family and in farm-forest use.

## PEG TANAKA, LINDA WU AND TOM SINGH

### An organic approach\*

In the Skagit Valley of Washington, Peg Tanaka, Linda Wu and Tom Singh are first-generation vegetable and berry growers. They are proud of their 26 acres of certified organic farmland, and delight in sharing their love of growing food. They currently own their business as a tenancy in common and employ 10 additional full- and part-time workers. How they have chosen to pass on their organic farm is based on their values of growing healthy food in a sustainable system to benefit their community.

Peg and Tom first fell in love with farming and gardening on their parents' properties in the Bellingham area. Linda grew up on an orchard in the Yakima Valley and moved to Seattle for college. They met over their love of growing food in the organic gardening club. Over a decade later, life events and their love of farming brought them together and they went into debt to purchase 5 acres of farmland in the Skagit Valley. There, they worked long hours to nurture leafy greens, tomatoes, bulbs and herbs, and learned how difficult farming could be after failed crops and low-income years.

But their dedication paid off. Thirty years later, they are proud of their bustling farm stand, farmers market booths and Community Supported Agriculture stamp. They offer a wide variety of crops and have expanded the business. The local community has also welcomed them with open arms and many residents support their business. But now, their older bodies are asking for retirement. As joint owners of their farm business, they must agree on a successor to keep their thriving farm operating.

Peg and Linda don't have children. Tom has two, but they are uninterested in the business. Several other local organic farmers want to buy their business, but Tom, Peg and Linda agreed that someone from their farm should own it because they will understand its mission and have ties to the farmland. Several of their full-time employees are qualified candidates, but they cannot decide on one. The farm has limited financial resources and can only support two owner-families. They have had conversations with their full-time employees to gauge interest, and they all were interested. This has made it difficult for Tom, Linda and Peg to decide who their successor(s) will be and they know they could lose employees and friends based on their decision.

They eventually selected the Lopez family and a younger man, Reid Jackson, to become the new co-owners. One full-time employee quit, hurt by their decision, but the others were willing to support the new owners and help train new farm managers. Over the next five years, Peg, Linda and Tom will transition the ownership. They consulted an attorney to help plan the transfer, and decided to create a limited partnership that would facilitate the transition. Peg, Linda and Tom could gift their assets in the business to the Lopez family and Reid while still enjoying some retirement income and remaining connected to the farm. In their operating agreement, they decided that if Reid marries or starts a family, they will decrease their shares or gift the remainder to him altogether. They plan to begin training the Lopezes and Reid next June for the transition, and are happy to keep their organic farm operating.



PHOTO: TIFFANY WOODS, © OREGON STATE UNIVERSITY

Peg Tanaka, Linda Wu and Tom Singh could gift their assets in the business to the Lopez family and Reid Jackson while still enjoying some retirement income and remaining connected to the farm.

\*Certain names and circumstances have been altered to protect the privacy and identity of the landowners.

## THE OTTINGER FAMILY

### The cows no longer came home\*

Along the coast of Oregon and Washington, many small hamlets straddle the rivers and floodplains and are dotted with small dairy farms nestled among fertile pastureland. The farms prospered for generations before dwindling in numbers as young generations left for urban life, higher education and better-paying jobs. Norma and Ernie Ottinger's dairy farm on the Oregon Coast would ultimately suffer the same fate.

Norma, a third-generation dairy farmer, married into Ernie's family of fourth-generation dairy farmers and loggers. Her parents sold the family dairy to her older brothers and excluded Norma, hurting her pride and feelings. After marrying Ernie, Norma moved into the Ottinger farmhouse to forget the snubbing and easily fit into the family. Several generations lived in the old farmhouse, and many of Norma's and Ernie's relatives lived nearby.

Ernie's great-grandfather homesteaded the land in 1885 and converted surrounding woods into more pastureland. He first ran 25 head of dairy cows and calves, but with the help of his oldest son, Ernie's grandfather, he expanded the operation to 45 animals. His other sons were not very interested in running the farm but articulated their expectation that they would be able to regroup there. Two went off to sea, one became a schoolteacher, and the others became loggers and mill workers. Ernie's grandfather managed the farm into his late 80s until he could no longer milk the cows.

Ernie's mother inherited the dairy farm since she was the only child who remained on the farm. Her nine siblings left home after high school and wanted no part in managing the farm. Instead, they received some family heirlooms when their parents passed away. Ernie's parents grew the operation to 60 head and cleared more land for their herd.

Ernie's parents sold him and Norma the dairy farm after over 20 years of joint management. His four younger sisters married dairy farmers, fishermen, and loggers in the community, and they remained closely attached to each other and the farm. Norma and Ernie were part of the local dairy co-op and were well-known in the community. On the dairy, they raised four kids and sometimes the neighbors' kids. All of their kids went off to college and none came back except to visit and bring the grandchildren, who saw the dairy farm as a novelty.

Over time, Norma and Ernie became less able to carry out the farm work. They began selling cows, equipment and land to pay for their health-care expenses. Although their children noticed and offered to help them, the Ottingers politely refused. They also refused to interfere with their children's busy lives and careers, although it hurt them when none of their children returned to work the farm. This stubbornness and lack of conversation was a fault that neither Ernie nor Norma could overcome. After owning the farm for 25 years, Ernie required continuous care for Alzheimer's. They turned down numerous offers of support from their children because they didn't want to burden them. With heavy hearts, they sold the farm to a developer and entered hospice care, where they lived out their days.

On the road in front of the old Ottinger dairy farm, an old rusty sign sways in the light coastal breeze. A dilapidated barn and boarded-up old farmhouse can be seen from the driveway unchanged since the developer went under in the Great Recession. Since there was no talk about succession, one less small dairy farm thrives in a remote coastal hamlet.

The couple turned down numerous offers of support from their children because they didn't want to burden them.



PHOTO: LYNN KETCHUM,  
© OREGON STATE UNIVERSITY

\*Certain names and circumstances have been altered to protect the privacy and identity of the landowners.

## THE DEFREES FAMILY

### Keeping it sustainable and in the family

The Defrees family of northeast Oregon is proud that their ranch has been in the family for over 100 years. So have their values of environmental stewardship. Today, they own over 2,000 acres dedicated to sustainable forest management and cattle production. Lyle is the third generation to own and manage the ranch, and his son, Dean, the fourth generation, works alongside him. They manage a predominantly ponderosa pine forest for a variety of wood products and graze their cattle on the landscape. Dean's three children, the fifth generation, are attached to the land and someday hope to manage it with the intent of passing it on to their children.

Lyle's maternal grandparents, the Izaats, were the first generation to purchase land in Oregon. They bought the original 160-acre parcel that is now mostly meadowland in 1904 and the family initially raised workhorses and sold hay. In 1908, Lyle's paternal grandparents, the Defrees, settled on an adjacent parcel, where their enterprises were dairy, poultry, hay and cereal crops. They ran cattle but did little to improve the timberland. Over 100 years later, Lyle and Dean are grateful for the rangeland improvements that they made, their foresight and their protection of the ranch land.

Over the years, the first generation of Defrees consolidated and purchased land, making it large enough to support their growing family. The land transitioned to the second generation in the 1940s when Lyle's father bought his parent's land and his mother purchased her parent's property. Combined, these became the Defrees Ranch, where the primary enterprise was beef cattle. Over the next fifteen years, Lyle's father purchased additional timbered land and increased the ranch's size to over 1,700 acres. Two decades later, Lyle's parents sold the original Defrees portion of the ranch to Lyle and the original Izaat portion to his brother. A decade later, Lyle purchased his brother's Izaat portion of the land.

As the land transitioned to the third and even fourth generations, succession planning became more complex for the Defrees. After owning the family land for 40 years, Lyle's father died without a will and his mother inherited her husband's share of the land. A decade later, his brother died and his wife inherited his land. Lyle's mother died shortly after with a will, leaving the land in trust to the children. The remaining land was divided equally between Lyle and his sister-in-law. When Lyle's sister-in-law passed, their three children inherited Lyle's brother's shares of land. One child sold his portion to Dean and his wife, Sharon. Another child has died, and her share was inherited by her husband while the remaining child still owns his share. These two individuals are uninterested in managing the land's resources but are unwilling to sell their shares, although Lyle and Dean have offered to purchase them. This division of the land in trust makes it difficult for the Defrees to manage it, especially with their personal investment on the land and how the beneficiaries of the trust are compensated. This requires a lot of communication, honesty and patience from all members of the Defrees family.

Today, Lyle is the land trustee under a revocable living trust for the extended family, and they will need to name his successor at some point. For his immediate family, Lyle and his wife planned for succession. When she died, she left a will to help her family dispose of her assets. For his part, Lyle has created provisions for his three children to receive his assets. He has created the Defrees Ranch, LLC, a domestic LLC for the real assets he owns and with his son Dean as manager. He plans to use that to transfer his assets to Dean and his daughters. Lyle's daughters have expressed little interest in managing the land, so they will receive life insurance while Dean will receive the real estate.

As for Dean, his family has already begun succession planning. They have had several conversations about the future of the Defrees Ranch. His three children are interested in the family's land, but it is not economically viable to support all three families in the future. While they enjoy being a family business, they also acknowledge that owning, managing and transferring it is not easy. As a family, they have agreed upon two major goals for their land: maintain family unity and keep the ranch in the family. They don't have a succession plan in place yet, but they are already talking about the future and making sure that there is a plan for upcoming generations.

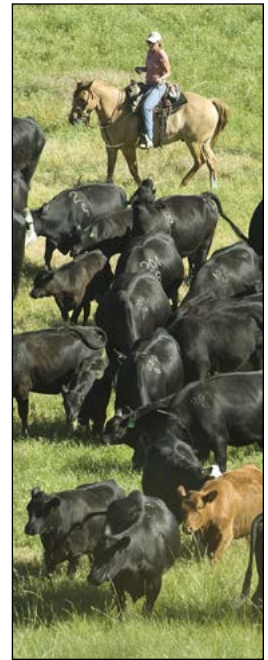


PHOTO: LYNN KETCHUM,  
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As a family, they have agreed upon two major goals for their land: maintain family unity and keep the ranch in the family.

## THE SMITHS

### Tree of succession\*

Washington's Yakima Valley is renowned for its long growing season and its ability to grow fruit tree crops in its rich volcanic ash soil. Fourth-generation growers Nancy and Paul Smith and Rob and Julie Smith are proud managers of their 3,000-acre orchard, YV Fruits Inc. Paul, Rob and Nancy operate as managers and the board just elected Julia as the new CEO to follow Paul and Rob's mother, Lisette. Their children, the fifth generation, are in their 30s and three of them are expected to take on more managerial roles in the future. But they also have family members with different plans for succession.

Great-grandfather Smith first acquired 320 acres of land in the late 1800s and began laying irrigation and planting apple and cherry trees. By the time the second generation of Smiths bought the land, they were growing on 800 acres. Three brothers — Jack, Russ and Adam Smith — jointly owned the land. After several years, Jack and Russ Smith wanted to grow the family business and increase production to fit the market's hungry demand. Adam, on the other hand, resisted the expansion and claimed that they were selling out. His dissatisfaction with the direction of the business led to a split: His brothers continued expanding the family business and created YV Fruits Inc., while Adam sold them his share of the business and looked for land elsewhere. With the help of an attorney, financial advisor and insurance agent, Jack and Russ created the corporation, making it easier to pass on the business. Their children, Lisette among them, became the new managers and served on the board of directors. They stipulated that only family members could become CEO, and that they could only serve a 10-year term. Today, they are a thriving enterprise under the direction of the fourth generation, and soon the business will pass on to the fifth generation.

Adam took a different route when he split from the family business. With the money from selling his shares, he bought an 80-acre orchard in the Hood River area. An old grower without heirs was delighted to sell the orchard to Adam and gave him a good price. The carefully tended orchard had many varieties of heirloom pears and apples and the enterprise focused on local markets. Later in life, Adam sold his beloved orchard to his daughter Nellie and son-in-law Rich. Nellie never thought that she would return to run the orchard after many long, hot days harvesting fruits, but after her mother begged her to come home and help run the orchard, she couldn't refuse. Her youngest sibling was left money in trust because he suffered from addiction and bounced in and out of rehab. Her older brother's kids were gifted money for college tuition. Nellie and Rick are trying to foster their middle-aged children's interest in the business but are often too busy and tired, so they aren't actively planning for succession. If they find out that none of their children is interested, they will attempt to sell the orchard to a neighbor or beginning grower. If none of that works, they will sell their land.

This story demonstrates two ways in which to appreciate and plan for the same type of working lands. It is important to understand that families are dynamic, and many evolve over time. While the great-grandfather undoubtedly wanted all of his sons to remain in the same business, he knew that they had differing ideals and views on fruit tree management. Today, not all members of the extended family get along, but their grievances are easier to handle since they went their separate ways.



PHOTO: LYNN KETCHUM,  
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\*Certain names and circumstances have been altered to protect the privacy and identity of the landowners.

## THE SCHMIDTS

### Keeping it a family forest

Dave Schmidt owns 630 acres of healthy forestland in the mid-Willamette Valley and manages the forestland alongside his children. He first purchased 100 acres of overcut and mismanaged forestland in 1965, and over time has added more than 500 acres to his holdings. Dave saw the potential for all the parcels and has invested a lot of sweat equity, time and money into the forestland to nurture it into the highly productive forest that it is today. The four separate timberland tracts are managed fairly intensively in order to produce desired wood products while maintaining wildlife habitat and water quality. Each tract has a certified management plan, and the Schmidts are committed to sustainable forest management on their timberlands. Although nurturing these forests was not an easy journey, with near bankruptcy at one point, the Schmidt family has worked hard to be proactive in managing and planning for the future of their timberlands.

With all the sweat equity and personal investment into their timberland, Dave and his family needed to create a succession plan; otherwise their hard work would go to waste. Dave has three adult children, so how does he plan to transfer his working timberlands to them? The plan is that they will all someday become owners of an LLC and keep ownership of the timberlands in the family. The LLC is a legal package of the properties that enables Dave to gift or sell ownership shares to his children over time. During the last decade, Dave has been gifting them the annual maximum allowed by the IRS in order to reduce estate taxes and begin investing in the future owners and managers of his land. Each child now owns at least 10% of the LLC, and the final shares will be conveyed to them through a living trust at a later date. This was not an easy road, particularly the conversations about transferring the land to the next generation since family dynamics were not always conducive to a constructive conversation. But the Schmidt family was persistent and have come up with a plan that will keep their healthy forestland in working hands.

The story of the Schmidt family is one solution for transferring land to the next generation. They went through tough conversations to get to this point, but their perseverance has paid off.

Dave Schmidt has three adult children, so how does he plan to transfer his working timberlands to them? The plan is that they will all someday become owners of an LLC and keep ownership of the timberlands in the family.



PHOTO: ANNA ROSE PETERSEN, © OREGON STATE UNIVERSITY



## THE ROBERTS FAMILY

### Woodland donation\*

A small stream gurgles through dry grass under a grove of majestic Oregon white oaks and scraggly tanoaks. They stand proud as the sunset bathes them in gold, and farther north, around the knob, a cool breeze makes the Douglas-firs and incense-cedars wave goodbye to the heat of the day. Several madrones stand sentry around a plain house where a family has gathered to share dinner.

Jim and Terry Roberts never thought that they would become small woodland owners. She was a dental hygienist and he worked in metal fabrication. They bought 23 acres in the foothills of southern Oregon in the 1970s to build a house and raise their three kids. Their woodland did not generate income, but they loved it dearly. As empty-nesters, they focused their energy on their property and made it more resilient to disturbance from disease and fire. They took classes through the local forestry Extension program and joined a small woodland owners association to learn about their forest. They managed their forest carefully, thinning diseased, dying or dead trees to reduce competition and improve fire resiliency. They focused on creating wildlife habitat for native birds and mammals. They pulled invasive species while avoiding the proliferous poison-oak and made a hiking trail around the property. They love their land and tried to share their feelings with the kids and grandkids. But they are beginning to feel their age and wonder how they will pass on their woodland.

After Jim had a heart attack, planning began in earnest. Their children appreciated the woodland, but they wouldn't be able to maintain it. They had all moved out of state and were too busy with their families to move back. They were concerned about their parents' waning health. The youngest carefully approached her parents. She cited their hopes that while Jim and Terry would be around for a while, they wanted to help them plan for the future and couldn't own the forestland. Jim and Terry agreed, although they were disheartened that their children didn't want to continue owning the land. They called a family meeting over the phone, where the family brainstormed what to do with the land. There was consensus to sell the land while conserving the woodland portion, but how would they ensure that? The Roberts consulted an attorney, and she advised them to contact their local land trusts since they wanted their land to remain as a woodland in the future, even if it wouldn't be in the family.

After many discussions with their children and a local land trust, they decided to donate 20 acres to the local land trust and sell the house before their death, with the children receiving the money in trust from the sale of the house. The land trust wanted the land because of its unique wildlife habitat, and they requested that the Roberts donate the land to reduce cost. Jim and Terry agreed, mainly because they planned to sell the house before they passed away and had already saved for retirement. In their situation, the donation of the land lowered their income taxes and ensured that their woodland would remain as such for perpetuity. Making this choice was difficult because of their children's dynamics and need for money as well as their decision to donate most of their land. It required many hours of discussion to come to an agreement.

The Roberts family consulted a facilitator to help them through their more difficult discussions and as a way to hold the children accountable for their actions during a family meeting. Their attorney also patiently helped them through the legalities of donating their land to a conservation organization. They also thoroughly vetted the land trust to make sure that their values aligned. Ultimately, their decision was not favored by all of their successors, but the donation of the land will conserve the woodland, and the sale of the house will generate income for their successors.

After many discussions with their children and a local land trust, Jim and Terry Roberts decided to donate 20 acres to the local land trust and sell the house prior to their death, with the children receiving the money in trust from the sale of the house.

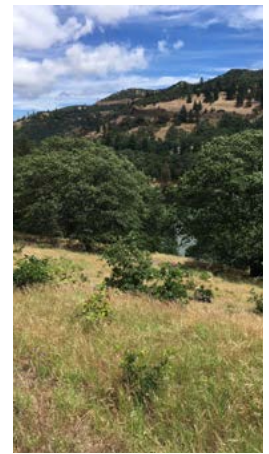


PHOTO: ALEXA PENGELLY,  
U.S. FOREST SERVICE

\*Certain names and circumstances have been altered to protect the privacy and identity of the landowners.

## THE TILLER FAMILY

### Where wheat no longer grows\*

The Tiller family has farmed winter wheat on the Columbia Plateau in Washington for five generations and is considering a transition to the sixth. Even though they have farmed for generations, it hasn't been easy. Today, the fifth generation, Damian, hopes to pass on his sense of perseverance, unwavering optimism and devotion to the farm, but that future doesn't look so certain.

Great-great-grandpa Tiller homesteaded in 1878 during the days of horse-drawn plows and sacking wheat. On 160 acres, his family of eight eked out wheat harvests on the dry land. He eventually bought out his neighbor's land and worked it with his oldest son, Great-grandpa Tiller, who would later inherit it. Once he owned the farm, Great-grandpa Tiller bought out his neighbors until he owned 900 acres and leased some land from a neighbor. Later in life, he sold the farm to his middle son, who had invested the most sweat equity in it. This estranged his two older sons and caused a rift amongst his daughters. The family never fully recovered, and most of his grandchildren never met.

Grandpa Tiller owned the farm while the industry rapidly evolved. He oversaw the farm's mechanization but experienced the most soil erosion from tilling and worked to reduce it. His family also went through incredible hardship. They lost two children in World War II and another was disabled in a farming accident. Gramma Tiller held the family together by working in town, parenting and combining. She outlived her husband and inherited the farm upon his death. In her will, she dictated that the disabled child and her family receive life insurance while Father Tiller receive the 1,600-acre farm.

Father Tiller inherited the farm during a time of increased crop production and equipment improvement. Mother Tiller worked in town to provide the family's health insurance but also influenced many of the farm decisions. Their son Damian was the only child to show an interest in farming and went to college for ag business and soils. He returned home after graduation and worked hard to earn his father's trust, leasing land and purchasing his own. But Father Tiller balked at sharing a management role because he didn't want to lose control of decision-making on the farm.

After 20 years, Damian's wife divorced him and left him with three children. Damian and his mother persuaded his father to form a limited partnership so their combined 3,000 acres could support the multigenerational family. It took three years to finalize the limited partnership, especially since they were short-staffed during harvest. Father Tiller grudgingly allowed Damian to manage the farmland alongside him. Concurrently, they enrolled 25% of their land in the Conservation Reserve Program to generate income on the side. Damian worked for his father for another decade before finally earning his father's trust to run the farm. His parents called a family meeting to inform the other children of their plans for succession of the farm. Damian would receive the farm with the promise to hold annual family reunions, while the other three children would receive life insurance and money in trust. This decision was met with little resistance, and the youngest brother joked that he wouldn't want the stress of farming anyways.

But after Damian's death, the farm didn't continue to the sixth generation of Tillers. Damian's three children don't want to run the farm. Their parents' divorce left them bitter about farming, even though it helped develop a strong work ethic and motivation in their careers. Their father willed them the limited partnership, but they don't get along and have brought the estate settlement into court, bickering about who gets what. Eventually, after three years of legal battling, they spent too much money and couldn't settle the estate. Now the bank owns the farm and has an ad in the newspaper for its sale.



PHOTO: LYNN KETCHUM,  
© OREGON STATE UNIVERSITY

The son returned home after graduation and worked hard to earn his father's trust, leasing land and purchasing his own. But Father Tiller balked at sharing a management role because he didn't want to lose control of decision-making on the farm.

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## THE BEECHINOR FAMILY

### Maintaining a love of the land

The snow-capped Blue Mountains rise in stark contrast to the east against a clear sky. In the rolling grassy foothills of the Blue Mountains, many homesteaders laid claim to land with a beautiful view. They eked out a living running cattle and farming. Today, their great-great grandchildren and their families still cherish the same view.

Great-great-grandpa Henry Copeland homesteaded in 1863 in those rugged foothills. He was a farmer by trade, but also wanted to run cattle. As his neighboring homesteaders gave up farming and ranching, he bought them out. He raised a family there and several of his children inherited his love for the land. Great-grandpa Thomas Copeland and his brother stayed in the area and became entrepreneurs of a customized harvesting operation. With the capital that they made, they bought their own homesteads and expanded them. Like his father, great-grandpa Thomas farmed, ran cattle and passed his ties to the land onto his children. Grandpa Glenn Copeland inherited the land from his father and continued the family tradition of running cattle, growing timber and farming. He and his wife raised two girls there, but they weren't interested in taking over management of the operation. So, what did Grandpa Glenn do? He skipped to his grandchildren to see if he could foster his love for the land in them.

His tactic worked. His grandson, Thomas Beechinor, worked on the ranch from an early age and learned the ins and outs of running cattle and farming. He came back to the ranch a few years after he graduated college and purchased it from his grandpa. He promised his grandpa that although the future is unpredictable, he wouldn't let the ranch go during his life and would do his best to keep it in the family.

Thomas and his wife, Cynthia, ran the ranch, farming, raising cattle and managing their timber. They completed local Extension courses to learn about forest management and worked to make their timber more resilient to disease and fire. They are deeply attached to their land and knew that they wanted to keep it in the family. While their children were growing up on the ranch, many hours were devoted to work but many hours were also set aside for fun activities. Picnics, mushroom hunts, hikes, motorcycle rides, and deer and elk hunts were common pastimes. Not only was the ranch their "office," it was their playground. Thomas and Cynthia used these activities to share their appreciation for the land with their children and grandchildren because they knew it was necessary to endure the trials and tribulations of their lifestyle. Needless to say, they effectively developed their children's ties to the land.

As Thomas and Cynthia aged, they began to think about succession planning. They knew that their children wanted to manage the land someday. But they were unsure how to transition the land so that it wasn't a financial burden. They sought legal advice and were discouraged by a barrage of "what-if" questions, and they put off creating their plan.

Several years later, they found rejuvenation for creating their plan at a Ties to the Land workshop. They realized that they needed to confront difficult issues and consulted a different attorney, who helped make the planning process manageable. They created two LLCs that separated their farmland and mountain ground and based the shares of each LLC on the value of the different properties. In the mountain LLC, Thomas and Cynthia have transferred the majority of the shares to their children and grandchildren through a trust, although they maintain the management shares. One of their sons has taken over management of the farmland. They have also pulled out parcels of the mountain land and directly gifted it to their children so that they have the opportunity to outright own and manage it. Each child has different management ideas, and they can now put them to the test with minimal oversight from their parents. Every year, they hold a large family meeting for the sole purpose of determining major management activities on the mountain LLC. And they keep doing the fun activities that created their family's strong ties to the land in the first place.

The Beechinors built their children's and grandchildren's ties to the land early on and shared the family's heritage with them. They included everyone in their discussions and clearly articulated their succession planning goals for the land. Although they procrastinated planning, they luckily accomplished it and were unafraid to consult different professionals to get the job done. Their persistence in tackling this difficult subject has paid off.

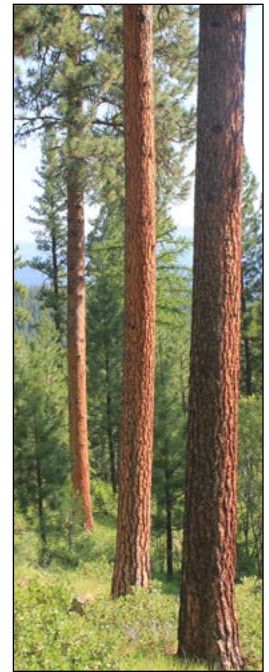


PHOTO: PEG HERRING,  
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Not only was the ranch their "office," it was their playground. Thomas and Cynthia Beechinor used activities like hiking, mushroom hunting and motorcycle rides to share their appreciation for the land with their children and grandchildren.

## THE HARTWEILER FAMILY

### Their donation will make a difference

In the Willamette Valley, summers are filled with waving golden fields and winters pour rain over Christmas tree trucks and tree planters. Early spring brings calving while hazelnut harvesting goes through the fall. For the Hartweiler family, this has been their life for three generations. On 200 acres of farmland, they run cattle and grow Christmas trees, hazelnuts and hay. They have an additional 12 acres with four homes. Although the farm is small, it's manageable because their spouses work as loggers, nurses, educators and engineers. They all share one thing — a love for the family farm.

The great-grandparents built the first farmhouse in the 1920s and ran cattle and hayed. They willed the land to their oldest son, who then sold it to his brother, Grandpa Hartweiler, who added hazelnuts and Christmas trees. He worked the land for 50 years before finally creating an LLC with his children. Grandpa and Gramma Hartweiler no longer own managing shares of the farm business, but they still live on the property and frequently offer advice about everything from cooking to irrigation to planting trees.

Today, the third generation, Joseph and Patty, owns and manages the farm's LLC while other generations hold minor shares. Their spouses, Doris and Bill, are not members of the LLC, but are included in family meetings. They work other jobs in town to help boost income and provide health insurance. The other Hartweiler children are scattered across Oregon and come back for family reunions. One child is bitter because she didn't get a farmhouse, but the written rules state: You farm, you get a house.

Patty's oldest son plans to marry over the summer and wants to buy the dilapidated fourth house. This situation has strained the family. Patty was distraught because she knew that her son was financially insecure, unmotivated and irresponsible. The family often voiced their opinions that he would make an awful farmer. Joseph is unwilling to let him take any management role in the LLC and doesn't want to give him a house. He has expressed his feelings to Patty. She knew what the best choice was for the farm and the family, but she risked estranging her son and even her husband. Her daughter and Joseph's oldest son would be the best managers, but they are both still in high school.

Joseph and Patty called a meeting of the senior Hartweiler LLC members to explain the situation. The consensus was to deny her son the fourth house and Grandpa Hartweiler would deliver the message at a larger family meeting. Bill was visibly upset but understood. He, too, thought his son was irresponsible yet understood the stakes at hand. At the larger family meeting, her son was enraged by the decision and barged out of the house, declaring that the family was uninvited from the wedding. Patty and Joseph's families are now on tense terms because of the decision and often struggle to communicate.

This rift continued. After Grandpa and Gramma Hartweiler passed away, Patty and Joseph decided they didn't want the farm anymore, but they didn't want to see it subdivided and developed. Joseph wanted to see the land donated to the local university, but Patty's oldest daughter wanted to continue farming the land. This further complicated the situation, so Patty and Joseph chose to dissolve the LLC. This took nearly five years because they had to persuade their siblings, nieces and nephews to sell their shares. This was tedious, and several shouting matches over the phone ensued before the dissolution was complete.

After those stressful five years, Patty's daughter and Joseph got their wish. Patty sold her 100 acres of hazelnuts and some pastureland to her daughter. Joseph donated 100 acres of Christmas trees and pastureland to the local university. The university gladly accepted the donation and is using half of it for research and is selling the other half to an undisclosed buyer. The family is on better terms now, but the situation is still tense, with Patty's son still not speaking to the family.

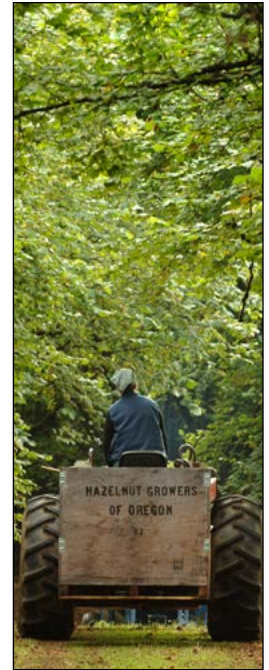


PHOTO: LYNN KETCHUM,  
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It took nearly five years to dissolve the LLC because Joseph and Patty had to persuade their siblings, nieces and nephews to sell their shares.

## THE RIVER

### Making a second chance count

It's not often that you get a second chance to own forestland after it's sold. But for Dave and Dar New and their family in the Puget Sound area, that's exactly what happened.

Over 70 years ago, Dar's grandfather, Leroy Nourse, purchased 160 acres of forestland for family recreation, a property fondly referred to as "The River." It was the site of many family get-togethers, weekend adventures, picnics, campouts and the family garden. When he passed away, his son, Bob Nourse, inherited the property and continued the same tradition of sharing the land with his extended family for nearly 50 years.

As Bob aged, he refused to confront the future of his property, even when others broached the topic. When he passed, his estate consisted of The River, a 40-acre farm and roughly \$300 in the bank, all of which he willed equally to 10 heirs. All of the heirs, save Dar and her mother, Nina, wanted to sell the properties for cash. That's what happened. The sale of the 40-acre property occurred first and the sale of the larger property to a developer was completed a few years later. But then, the 2008 Great Recession hit and the land/housing bubble burst. The developer's bank failed, and he was forced to liquidate his assets. The River went back to the heirs. Nina and Dar offered the others an acceptable amount for The River, and it was officially acquired by the New family.

Now that the New family owned forestland, they wanted to learn about their management options as well as put the land in a form of open space/forest deferral. As a teacher, a civil engineer and geologists, they had little forestry knowledge. They contacted a local consulting forester and enlisted his services to create a forest management plan for their property. With his assistance, they've conducted a 60-acre harvest and replanting. They connected with the local conservation district, which has helped the family complete riparian restoration projects and use conservation enhancement programs. The New family is also involved in the local small woodland owners association and have taken several forestry Extension courses. They learned about succession planning through Extension and created an LLC for their family, with David, Dar and their daughter Jennifer and son-in-law Jeff as equal members. The Nourse River LLC is the result of their succession planning. The News know their children won't lose The River. They willingly share their experiences about sustainable forest management and stewardship, and are advocates for small forestland owners. They also continue the tradition of making the Nourse Tree Farm a retreat and have spent many weekends tending the garden, playing with the grandkids and dogs, pressing cider, wading, observing wildlife, carving pumpkins and wandering through the woods.

The News have created a succession plan that maintains their family's ties to the land using fun family activities while ensuring that the land will be passed on to future generations.



PHOTO: ERIK SIMMONS, © OREGON STATE UNIVERSITY

The New family learned about succession planning through Extension and created an LLC, with David, Dar and their daughter Jennifer and son-in-law Jeff as equal members.

## COWLITZ RIDGE TREE FARM

### Remaining flexible in planning

Lou Jean Clark and Ann Stinson are partners in Cowlitz Tree Farm LLC, which owns 320 acres of forestland in Lewis County, Washington. The land was originally purchased by Doug Stinson and Fae Marie Beck in the late 1970s. Ann grew up on the tree farm, and Lou Jean joined the family when she married Steve, Ann's brother. Lou Jean has lived on the tree farm for over 30 years.

The 320 acres were originally part of a larger tree farm made up of four parcels totaling 1,200 acres. Doug and Fae Marie raised their three children — Steve, Ann and Julie — on a parcel near Toledo, Washington. As children and teenagers, the three children planted and mulched trees, pulled tansy and split and stacked firewood for an hourly wage of \$1.50. After Doug retired from the timber industry at 55, the family depended on the tree farm for income.

The family also planned for succession. After owning the land for about 15 years, Doug and Fae Marie set up a family limited partnership to begin transferring the land to the children. Later, Steve became involved in Ties to the Land, and he and Doug decided that an LLC would be the best legal instrument to keep the land in the family and growing trees. Several years ago, Doug and Fae Marie transferred the tree farm to the children in the form of an LLC. This process was complicated and expensive, requiring the help of a lawyer, but it made for a smooth transfer of assets and allowed them to create an ownership structure that fit their needs. In the operating agreement for the LLC, they stipulated that each child receive a third of the tree farm, with the main goal of keeping the land in the family. They also made contingency plans for the what-if scenarios — planning for the worst and hoping for the best.

All three children have worked on the tree farm as adults. After 30 years of owning the tree farm, Doug made Steve a co-manager to assist in everyday duties and large-scale planning. In addition to stand development and harvest planning, Steve obtained a 15-year harvest permit, made many alternate plans and converted a 33-year-old Douglas-fir stand that was severely infected with root rot into a ponderosa pine/western redcedar plantation.

After co-managing the tree farm with Doug for a couple of years, Steve was diagnosed with an aggressive cancer and passed away several years later. It was a devastating blow to the family. But the LLC provided a framework within which the family could still manage the farm. Ann was elected to manage the tree farm for the first year after Steve's passing. During this year, the decision was made to dissolve the LLC. Several years later, Steve's wife, Lou Jean Clark, and Ann formed the current LLC with land they received from the original LLC. Doug maintains an active presence on the tree farm as visionary, laborer and source of forestry knowledge. He helped Lou Jean and Ann plan their first harvest a couple of years ago. They toured log yards in Toledo, Longview and Olympia, gaining knowledge of what various mills wanted. Doug also helped them negotiate a contract with a local logger. When it was time to replant, all three family members helped tube the newly planted cedars. Lou Jean's dog, Izzy, also enjoys the tree farm activities.


Lou Jean and Ann also enjoy looking for mushrooms in the forest and have been rewarded with morels and chanterelles. They also harvest lovage in the spring and trailing blackberries in the summer. They feel blessed to be able to continue the vision of Doug and Steve.

Based on their experiences, Lou Jean and Ann offer some advice for succession planning. They suggest starting the conversation early and getting knowledgeable legal advice. They also point out that family dynamics change over time. Also, they recommend including spouses in the conversation. Finally, plan for the worst and hope for the best because a contingency plan helps with unplanned events.



PHOTO: ANNA ROSE PETERSEN,  
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The LLC process was complicated and expensive, requiring the help of a lawyer, but it made for a smooth transfer of assets and allowed the family to create an ownership structure that fit their needs.



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