



FARM SUCCESSION PLANNING



ORMAN
SOLICITORS

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WHAT IS FARM SUCCESSION PLANING?



Farm succession planning, is the process of transferring ownership, management and operation of a farm from one generation to the next. This multifaceted transition involves the transfer of not only physical assets, such as land and equipment, but also, the knowledge and skills that define a family's agricultural legacy. Navigating farming succession requires careful planning, communication, and thoughtful consideration of financial, legal, and emotional impacts to ensure the seamless continuation of a farming enterprise.

Why a will is not a succession plan.

A will is a document that details how you would like your assets to be distributed in the event of your passing. However, farm succession planning involves a unique set of challenges and operational considerations that extend beyond asset distribution. Unlike a will, a robust farm succession plan encompasses not only the transfer of land and physical assets but also addresses the complexities of managing and sustaining an agricultural operation. It involves a strategic approach to ensure the seamless transition of knowledge, skills, and the day-to-day responsibilities inherent in running a farm.

A well-crafted farm succession plan takes into account the aspirations, abilities, and interests of potential successors, aiming to preserve the farming legacy and maintain the viability of the agricultural enterprise across generations. In essence, while a will is an essential legal tool, a comprehensive farm succession plan is indispensable for the continued success and continuity of a farming operation.

WHAT DOES THE FARM SUCCESSION PLANNING PROCESS INVOLVE?

The farm succession planning process at Orman Solicitors is a comprehensive and collaborative journey designed to ensure the seamless transition of your farming enterprise through the following:



Individual Family Member Meetings:

Our process begins with individual meetings with family members to understand their needs, aspirations, and perspectives on the farm succession process. This personalised approach is crucial to addressing the unique concerns and goals of each family member.



Enterprise Analysis:

We conduct a thorough analysis of the farming enterprise, assessing its strengths, weaknesses, opportunities, and threats. This strategic examination provides a holistic understanding of the business dynamics, laying the groundwork for informed decision-making.



Independent Valuation or Amount Agreed by parties:

Independent valuers can be engaged to determine the value of the farm as well as assets such as plant, equipment, and stock. The value of these items can also be agreed upon by all parties. The valuation figures or agreed amounts serve as a foundation for the equitable distribution and financial planning.



Financial Planning Meetings:

We facilitate meetings with your accountant and/or financial planner to delve into essential aspects like tax planning, investment planning, estate planning, and asset protection. This collaborative approach ensures that financial considerations are integrated seamlessly into the farm succession plan.

WHAT DOES THE FARM SUCCESSION PLANNING PROCESS INVOLVE?



Family Workshops:

If necessary, we organise workshops involving family members to address issues, resolve conflicts, and collectively formulate a plan that aligns with the overarching goals of the family.



Documentation of Farm Succession Plan:

Following comprehensive consultations, our expert team documents the succession plan. This involves capturing the goals of the family, outlining the assets involved, and considering the future needs of each family member.



Review and Agreement:

We bring all parties together to review the succession plan, ensuring that everyone is onboard and in agreement with the proposed strategy. This step is crucial for fostering a shared understanding and commitment.



Signing Off the Farm Succession Plan:

Once agreement is reached, the succession plan is formally signed off by all involved parties, solidifying the commitment to its implementation.



Implementation Phase:

With the succession plan signed off, we move into the implementation phase. This may involve actions such as transferring assets on the farm, winding up or establishing trusts, and drafting new Wills, Power of Attorney, Enduring Guardian, Partnership Agreements, or new Companies.

BENEFITS OF FARM SUCCESSION PLANNING



1

Taxation and finance

Implementing a farm succession plan allows for strategic tax planning, potentially minimising tax liabilities associated with the transfer of assets. By optimising the financial structure, families can ensure a smoother transition and safeguard the economic well-being of both the farm and the succeeding generation.



2

Certainty for the future

A well-structured succession plan provides a sense of security and certainty for all family members involved. Knowing the direction of the farm's future and having a clear roadmap for the transition fosters stability and confidence, reducing uncertainties and potential conflicts.



3

Passing on knowledge:

Beyond the transfer of assets, a succession plan serves as a vehicle for passing on invaluable knowledge and experience. It provides a structured platform for the current generation to impart wisdom, guidance, and best practices to the succeeding generation. This ensures a seamless transfer of skills and expertise, contributing to the ongoing success of the farm.

BENEFITS OF FARM SUCCESSION PLANNING



4 Harmony in family relationships

One of the significant emotional benefits of a succession plan is the promotion of harmony within family relationships. Clarifying roles, expectations, and the distribution of assets helps alleviate potential tensions and misunderstandings. This, in turn, fosters a supportive family environment and allows individuals to focus on their respective roles without the burden of uncertainty hanging over them.



5 A weight off your shoulders

Knowing that the future of the farm is securely planned brings a profound sense of relief to the current generation. The weight of uncertainty is lifted, allowing individuals to focus on the present while having confidence in the future. This emotional benefit is immeasurable, contributing to the overall well-being of those involved.



6 Enthusiasm About the Future

A well-defined farm succession plan instills a renewed sense of purpose and enthusiasm among family members. When individuals have clarity about their roles and the farm's trajectory, they are more likely to approach the future with energy and optimism. This enthusiasm becomes a driving force for innovation, growth, and sustained success.

TIPS FOR FARM SUCCESSION PLANNING

Maggie Orman has dealt with many farming succession matters over her 23 years of experience. Coming from an extensive farming background, Maggie is passionate about succession planning and its processes.

Maggie's top tips



1. Start the process early

Succession planning is a meticulous process that demands thoughtful consideration and open dialogue. Early planning allows for unhurried discussions, ample time for reflection, and the ability to adapt the plan as circumstances evolve. By commencing the succession journey proactively, families can navigate complexities with greater ease and set a solid foundation for the future.

2. Communicate with an open mind and heart

Effective communication is at the heart of successful succession planning. Approaching discussions with an open mind and heart creates an environment where everyone feels heard and valued. Maggie encourages families to share their aspirations, concerns, and expectations openly, ensuring that the succession plan reflects the collective vision and addresses individual needs. Clear communication is the key to building consensus and minimising the potential for misunderstandings.



TIPS FOR FARM SUCCESSION PLANNING

3. Formalise your agreements

To safeguard the integrity of the succession plan, Maggie recommends the necessity of formalising agreements in writing. Conversations, even with the best intentions, can be subject to misinterpretation over time. Having a comprehensive plan documented in writing not only provides a clear reference point but also minimises the risk of family conflict in the future. This written agreement serves as a tangible commitment, outlining roles, responsibilities, and the agreed terms, ensuring a smooth transition and mitigating the potential for disputes down the line.

Maggie's experience in farming, coupled with her legal expertise, enables Orman Solicitors to offer innovative solutions for succession planning within farming families. Having previous experience as a wool classer and shearing contractor, and running her own sheep and cattle farming operation, Maggie understands the intricacies and pressures that conversations around succession planning can put on farming communities.



"The overarching goal, in the farm succession matters I have worked on was to ensure the continuity of farming operations for future generations. I take pride in determining the division of responsibilities. As someone who not only understands the legal intricacies but also possesses a personal connection to farming, I am dedicated to facilitating resolutions that allow farming legacies to continue."

Maggie Orman



"Maggie has a wealth of real world experience and practical legal knowledge to help business owners and especially farmers work thru the complicated issues of succession planning."

Greg

In summary, a thoughtfully crafted succession plan extends far beyond the legal and financial aspects of farming, touching on the emotional and relational dimensions of family farming. By embracing the benefits of a succession plan, families can pave the way for a harmonious transition, financial prosperity, and the enduring success of their agricultural legacy.

Are you ready?

If you are ready to talk to our team and make a step towards putting your Succession Plan in place, call us now to book a free 15 minute consultation to discuss your needs.



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