ENTERPRISING RURAL FAMILIES

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Equal versus Fair

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For most farm couples working through the succession planning process, the hardest issue to resolve is how to treat all their children equally. Most farms or ranches aren't big enough to divide equally between all their children and still leave each with an economically viable operation.

To resolve this conundrum, a handful of producers in one region have decided that treating their children equally isn't necessary or even advisable.

"I want to treat my sons Wayne and Rick fairly and equitably," says rancher Louis Yonkman, "but that doesn't mean equally."

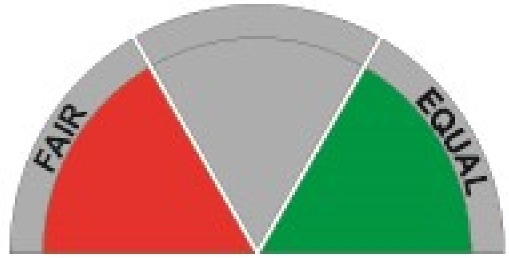
Yonkman's eldest son, Wayne, has worked on the farm for the past 10 years and is now responsible for much of its management. His youngest son, Rick, helps out on the farm, but is pursuing a degree in engineering.

Wayne will inherit the farm. Rick is aware of that. Louis and his wife Pat have made an agreement with Wayne that they will retire and turn the farm over to him within five years.

Louis and Pat intend to give Rick "all the help they can," but he won't be active in the farm.

"I will not have the two brothers farming together," says Louis. "Partnerships seldom work. I wouldn't wish that on anybody." It's more important for "the boys to be brothers," agrees Pat.

The desire to ensure family relations are harmonious and have a solid footing for the future may lead some farm couples to treat their children unequally. For other farmers, children's aptitudes and attitudes cause them to treat their children differently.
For example, if the eldest son does not have an aptitude for farming, it would be unfair to him and his siblings to pass the farm on to him.



"Everybody says you've got to treat all your kids equally," says poultry producer Margaret Speitelsbach. "The trouble is, your kids don't treat you equally."

Speitelsbach's daughters help her manager her 60,000 laying hens, pullets, and broilers, as well as an organic fertilizer business. Monica, 18, wants to go to Australia and appreciates the opportunity to make money. Karen, 15, has a horse and needs money to pay for its care. But 19-year-old Edward refuses to help out.

If one child helps out and another doesn't, treating them equally isn't fair, says Speitelsbach.

Herb Hosmer, one of three brothers running Burnaby Lake Farms, agrees that treating children equally is not always necessary.

"If one child has worked alongside his father all along and the others have gone out and done their own thing, I don't think they have any right to the business," says Hosmer. "The only claim they have is to their parents' estate."

That's the way things work at Craig Ranches. Casey Shackleton began working on the family's ranch 15 years ago and now runs the business. His brother and two sisters pursued other careers.

Casey holds all the common stock in the company; his father Walter holds the preferred shares. Casey's siblings will inherit those preferred shares upon their parents' death. They will, therefore, receive dividends from the business, but they will not have a say in the day-to-day operations of the business.

Farm couples who decide that dividing up the family farm equally is not a viable option have a couple of alternatives open to them.

If, as Louise and Pat Yonkman plan to do, they move off the home place and start another farm or business "to give themselves something to do," they can bequeath their new home and business to their remaining children. They can also use the proceeds of their life insurance policy and other estate assets to endow their remaining children.

If you are interested to learn more about succession planning for family businesses, take a look at the materials hosted by AG LEGACY at AgLegacy.org. This multi-faceted site includes newsletters, online courses, recorded presentations, as well as links to bulletins and other websites all addressing the transition of family business ownership and management to the next generation.

(Transitioning family businesses ownership and management is covered in greater detail in the **Enterprising Rural Families: Making It Work™** on-line course.)

* Originally authored by Lorne Owen P.Ag., Ph.D., Judy Carter M. A.

Tip of the Month

How to Make Sure Your Goals are yours and Not Someone Else's
It is more common than we think: We often unconsciously take on other people's wishes for us. It can be difficult to tell the difference between something we want for ourselves and something a cherished friend or family member wants for us. It can be hard to tell where our dreams stop and someone else's start.

Before adding someone else's idea to your list of goals or resolutions, answer these questions:

1. Is this something I actually want to do?
2. How would achieving this goal fit with the other things I want in my life?
3. Do I have the money or time needed to pursue it?
4. What must be dropped from my list if I add this goal?
5. What does the person suggesting this get out of the deal? Does that matter?
6. Why does the person suggesting this think it is a good idea?
7. If I do this, what logically comes next? Do I want that next thing?

Answering these questions before adopting a new goal can save you time, money, and the future frustration of realizing you never really l wanted to achieve that goal in the first place.

Adapted from "How to Make Sure Your Goals Are Yours and Not Someone Else's: Stop Chasing Other People's Dreams (so you can chase your own). R.Camarote. December, 2016. Inc. | http://Inc.com.