

Teagasc Notes for week ended Friday October 18th 2019

Planning Farm Succession-Timing is everything.

Transferring the family farm is so much more than just a simple business transaction. There are a number of complex issues to be addressed including the fact that the family home is normally inseparable from the business, and there are usually a number of family members to be catered for fairly. Teagasc are currently running 'Transferring the family farm clinics' around the country to help farmers plan.

Traditionally in Ireland family farms in Ireland have been passed onto the next generation on the passing of the landowner. In recent times social and economic changes have resulted in more transfers taking place during the owner's lifetime. It is a very personal decision and every family has a different set of circumstances. It is always better to have a plan in place, and by not having one it can be even more difficult if the transfer is unplanned through illness or the death of the owner.

The first step is to make a will. This becomes the backstop, if the unforeseen happens before the final plan is put in place. Many people put off this task as they probably do not want to think about the inevitable. In some cases there is total denial, but it's important that a conversation is started about making the will. If there is no will the State decides what happens to your estate using the Succession Act of 1965.

At each of the Teagasc clinics, which are taking place around the country, information is being made available on all aspects that need to be considered when writing a succession plan. Farmers approaching retirement are urged to prepare by organising their thoughts and having a discussion with the family at an early stage in the process. An open conversation is recommended with all those involved so misunderstandings can be avoided.

We have come across a common situation, where the lack of early discussion results in no successor. For example the farming parents (mid 50's) with a child (early 20's) eager to start farming, but parents not ready to hand over (as they have not reached pension age, other children to look after etc.) so no conversation takes place. The potential Heir goes away and gets a job in the city. This farming parents review the situation then in ten years (close to retirement age) and the heir, has settled away and has no intention of farming.

In many situations, the farm is seen as being too small to generate two incomes, which is true for lots of farms given the enterprises carried out, when we examine the data from the National Farm Survey. Options such as forming a partnership with a child, who could develop an alternative enterprise/ expand the farm/ do some off farm work to supplement the total household income may be a way of bringing in the child into farming, while the parents are still significantly younger than pension age.

Plan how the "farm" is going to be passed on. From both a tax and a legal point of view early planning is the key to reducing potential cost issues. Make appointments with the professional experts you require to make informed decisions. If the transfer is planned to take place during the owner's lifetime then some of the issues to be considered would include insuring an income for the land owner, as well as possibly the recipient depending on the circumstances.

If there are no successors, then other options should be examined. These might include a partnership with a neighbour, changing to a less labour intensive enterprise, leasing out or selling some land, planting some forestry.

The Fair Deal Scheme always comes up in conversation with farmers looking at retirement. If nursing home care is needed in the future, it is better to have the farm transfer completed at least 5 years prior to making application for the Fair Deal scheme. The problem is nobody can see into the future, and time spent thinking or ignoring the problem, could be time wasted.

Family involvement in planning for succession is essential. A key aim must be to have an open conversation with the people involved so that misunderstandings can be avoided.

This is the time to get this item off the "to do" list, government policy could change significantly over the course of a few budgets. If your decision is delayed, it may be more difficult to achieve your wishes in the future.

.../,,,

Upcoming Events

1. Teagasc, in conjunction with IFAC, will host a **Succession & Partnership Event on the farm of Tom and Tommy Murphy Ballycahane Portlaw Co. Waterford on Thursday the 17th October at 11am**. There is a very interesting story to be heard on this farm in relation to putting a succession plan in place, what was required to set up the partnership and the advantages it brings to the farm business and the people involved. All are welcome.

Are you interested in rearing heifers or having your heifers reared off farm next Spring?

Teagasc will host an event on the farm of **Liam Cassin, Sion Rd. Kilkenny on Friday the 18th of October at 11am** to discuss both sides of the equation i.e. the experience of the dairy farmer having his heifer calves contract reared as well as the experience of the drystock farmer rearing the calves. The event will deal with the structures that need to be put in place to establish a solid relationship. Gordon Peppard, Teagasc Farm Business Structures Specialist will be in attendance. This event will be open to all farmers.

