

# Farm transfer – it's time

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**Y**ou'll certainly have heard the saying that the only certainties are death and taxes. Another unpalatable fact is that farmers, on average, are getting older. Hence the huge interest in farm succession. On the plus side, Government and EU incentives have improved significantly. On the other hand, sorting out your succession planning takes time and energy. The effort involved will pay dividends by ensuring a smooth transition and the optimum outcome for your family.

### Time and timing

Putting the job 'on the long finger' often results in greater financial cost (tax). None of us knows when we will die. We might expect to live to a normal age and therefore assume we have plenty of time. But, before we know it, we may have missed out on important incentives and still have no plan!

Benjamin Franklin said: **“You may delay, but time will not, and lost time is never found again.”**

### Have you a will?

In Ireland, only about 50% of adults have written a will. Thinking about writing a will can be stressful, which seems to be a barrier. I have spoken to many people who felt as if a great weight was lifted off their shoulders once they had written their will.

A will is an important document as it sets out how you would like your possessions to be divided on your

passing. If you don't have a will, the Succession Act of 1965 decides as per Table 1.

Writing a will is the starting point in any succession plan and should be reviewed when your succession plan is completed.

### Should you transfer your land your land while still living?

I have spoken to thousands of farming families, and it seems there is a never ending list of excuses to delay, some of which are trivial others are more difficult to resolve.

There are good reasons to transfer your farm, but this is a personal decision for every land owner. Financial incentives are aimed at the young person entering farming, while taxation incentives are aimed at both parties in the transaction.

Remember that just because you transfer the assets to your child(ren) does not mean that you have to stop farming, you could continue farming in partnership.

Many farming families start by bringing a child into the business in a partnership arrangement, then follow with asset transfers in a planned approach.

Government and EU policies incentivise early transfer for many reasons, unfortunately I don't have the space to discuss these in detail in this article.

Research in the area has shown, investing in the transferee gives the best results for Government money.

### Get help

Putting together a succession plan will take time. Do not attempt it alone. There are lots of agencies



and professionals that can help you to shape your family farm succession plan. There's a lot of information published on this topic on the Teagasc succession webpage which is easily found by Googling Teagasc Farm Succession.

If you follow the “five steps” below it may help you with the task. Please note: Once the farm is transferred, you cannot reverse it, and any mistake made could have a hefty taxation or other cost. So it is important that no actions are taken until the right choices are made for your family situation. See Table 2 for a list of agencies and professionals that can help.

### Communication

Effective communication is the key ingredient to successful succession planning. It allows family members to share concerns, decide on options available and what actions to take. This can be the most difficult step. Hiring a professional mediator can help with this process.

Good communication allows for effective planning and helps avoid disputes, misunderstandings and unnecessary anger. It is important to have the discussion early and with all family members. When planning any discussion on succession, consider

**Table 1:** Example of how an estate is distributed on intestacy (where you die with no will in place)

Surviving relative(s)	Share of estate received.
Spouse and children	Spouse gets two-thirds and children share the remainder
Spouse and no children	Spouse gets entire estate
Children and no spouse	Children share entire estate
Father, mother, brothers and sisters	Each parent gets one half
Parent, brothers and sisters	Parent gets entire estate
Brothers and sisters	All get equal shares
Nephews and nieces	All get equal shares



The effort involved will pay dividends by ensuring a smooth transition and the optimum outcome for your family.

## Excuses for no succession plan

I have no obvious successor and I don't know where to start.

My children are all working away from home.

I still have young children to educate.

I'm afraid to pass over the farm in case my successor's marriage breaks up.

If I hand over the farm what will I do for an income?

I'm concerned about the Fair Deal Scheme as I don't know how it works.

Starting a conversation will end in a big row.

I'm afraid there could be a big tax bill on handover.

I don't want to lease my farm as I think I would be seen as a failure.

I have a large farm debt that needs to be paid first.

## Five steps to develop a succession plan

- Write a will as a backstop until you have your succession plan worked out.
- Hold a family meeting to take account of everybody's position while developing a plan.
- Work out the cost (e.g. tax implications) and best timing for implementing the plan.
- If the financial cost is low proceed with the plan.
- Update your will if necessary.

Table 2: List of agencies and areas of expertise

Profession/agency	Area of expertise
Accountant	Capital taxes and tax returns relating to transfer, setting up partnerships/trusts
Solicitor	Completing legal documents, power of attorney, writing wills and other legal instruments
Mediator	Creating effective communication within family, dispute resolution.
Agricultural advisor	Education requirements, changing herd numbers, CAP payments, farm business advice, changing enterprise, farm partnerships, and forestry.
Auctioneer	Valuating the assets for the transfer
Citizen's Information Service	Pensions, entitlements, Fair Deal scheme.
Department of Social Welfare	PRSI record, pension qualification, entitlements

the following:

- Who should be involved in the discussion?
- What needs to be discussed?
- When and where to meet?
- What life stage are the children at?

### Transferring the family farm clinics

Teagasc's "Transferring the Family Farm" clinics will take place in October. Thousands of farming families have attended these events around the country over the last decade.

There will be six events across the country. You should book a place

through your local Teagasc office, or online on the Teagasc events webpage in September.

So, finally, this is like the question about when is the best time to plant a tree; before now ... so now is the next best time; it's time to get going!

Right is a QR code that links directly to the Teagasc farm succession and inheritance webpage.

To use this, simply open the camera on your smartphone and scan the code.

This webpage contains links to articles and booklets that we have

published on farm succession and inheritance and it contains a booking link to allow your book into farm transfer clinics that we will hold in October more details on that will be included in the next issue of *Today's Farm*.

