



FCC Knowledge Podcast – Transition Happens: How to Plan and Stay Ahead

PODCAST TRANSCRIPT

Interviewer: Marty Seymour (MS)

Guest: Andrea DeGroot (AD) & Allison Henkell (AH)

MS: From AgExpert, it's the FCC Knowledge Podcast, a show that features real Canadian producers, real stories, and real good conversations about the business of farming. I'm your host, Marty Seymour.

AH: If tax did not matter, what do you want to see happen with your stuff? Just in plain English language, if you could have your ideal picture, what would it look like?

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MS: Today's show is the first episode in a two-part special on farm transition. We're going to mix things up a little bit, kind of sugar and spice with a couple of different guests. You might even notice a different voice popping in from now and then. My colleague, Andrea DeGroot is going to lend her talent and co-narrate with me.

AD: Hello everyone. My name is Andrea DeGroot and I'm a business advisor with FCC. I'm part of a national team that focuses on pre-transition, and I believe that successful planning takes a team. We can help you communicate with your current technical advisors or we can provide resources and encouragement to help you find experts that you could trust. I'll be joining Marty today to talk about the ins and outs of preparing for a farm transition. We are also joined today by Allison Henkell. Allison is a tax partner with BDO. Her specialties are planning and implementing tax effective strategies to assist clients with topics such as retirement, business transition and estate planning. She has a lot of great information to share on farm transition, so stick around.

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MS: Lots of valuable learning to come.

Welcome to the FCC Podcast. I've got a couple of special guests here this week. I've got Andrea DeGroot and Allison Henkell. If anyone has listened to our podcast before, I actually want to know where you're from. And most of the time people know I ask my farming friends what the price of land is, but I'm actually interested from your perspective the craziest transition story that you might have top of mind, the most outlandish thing. Allison, let's start with you.

AH: Well, I am from Woodstock, Ontario, dairy capital of Canada. I don't even know if that's a current stat or if that's the old one, but I still claim it, so we're going with that. There have been lots of crazy stories. Here's one that could have gone terribly wrong. We had done a transition from parents while they were alive to their son who was married with children. And it was all good and things were going great. And then unfortunately, the son died suddenly. His will left everything to his wife, so the daughter-in-law now has the farm and everything is still fine. People are still okay with this. They're going to transition to the grandkids eventually, and that's fine. The daughter remarries, and then the daughter was killed in a car accident, and she did not have a will. So, the immediate transition for Ontario was that the property went to her husband. The husband turned around and said, this isn't right, I'm not entitled to this, I would like to give this back so that, in some way, this ends up with your grandchildren, which is where it belongs in the first place. So, it turned out to be an awesome story. But I tell people, don't do your planning based on your son's wife's second husband being a good guy. That is not going to happen all the time.

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MS: Thanks for opening with a positive bucket filling story because this could have went any direction. Alright, our second guest is Andrea DeGroot. We work together at Farm Credit, but tell us where you're from and then I want to know the most craziest story around farm transition.

AD: Oh, geez. I'm from Stratford, Ontario, so not very far from Allison. She's about 45 minutes away from me. Since I'm in pre-transition, I get the people who haven't yet even made a transition plan. There are tons of crazy stories in terms of people picking up the phone saying, I really, really need to start. And last year I had one of those cases and I'm like, it was COVID, so this was all over the phone. There was no actual face-to-face. And I said, okay, so your mom still owns some of these key assets. And I knew that the person on the phone was a bit elderly. And he's like, yeah, we have two other generations below. And I'm like, wait a minute. So, when we're talking about mom, how old is she? She's 101. And I'm like, oh my goodness. That's not maybe the craziest thing, but we had four generations and mom was over 100 years old. Why exactly at 101 we thought that was a good time to start? So, I'm not quite as severe as what Allison's story is, but don't wait until your mom is 101 to try to figure out how to transition the farm. Let's start before then.

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MS: What a segue as to why we're here today. So, normally on our podcast, we talk to farmers and we talk about their perspective as the senior or the junior in the transition. What I'm interested from you guys today is, what's it like on the service side of that conversation and where you guys get to some of the hard spots, maybe some thumb rules, etcetera. Andrea, you had kind of an idea of if you frame this out, where do I start? I'm not even sure I believe in the need for a transition plan.

AD: Well, for starters, we really need to make sure that mom and dad are taken care of. Mom and dad have put their life, their energy into this farm and we want to make sure that they're taken care of. And many times when I get a client, they pick up the phone and they say, well, we need to take care of the business. The next generation wants some ownership or I need to deal with fair versus equal. And so many times, they're calling about somebody other than themselves. So, when we start the conversations and they pick up the phone and want to talk to me, I want to have that conversation about, how can we help you figure out your pension, figure out what you want to do with your assets, because you really own them. And that's a solid starting place from where we're going to go from there. But we have to start with them. Allison, do you have some ideas on that as well?

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AH: When I sit in a room, particularly if I'm sitting in the room and both generations are there, I kind of turn to generation one and say you're probably going to like what I'm going to say. And then generation two, you might not like this as much, but in 25 years, I'll be having the same conversation with you. So, generation one, it's your stuff until you give it to the next generation. So, we need to make sure you are taken care of, that you are happy with this whole transition. Your children who are coming up may have expectations, but that doesn't mean they're owed what they expect. And there are ways that we can make sure that the second generation also feels like they're being treated fairly. But the starting point has to be the parents who currently own it, they've got to be comfortable that they are going to be looked after. I mean they should be. They've worked hard for, in many cases, 40 years, 50 years, and so they should be able to lie down at night and not worry about finances. So, that is, I think, an excellent starting point for the discussion.

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MS: Andrea and Allison both highlight how important it is to look after the senior generation when planning a farm transition. I think this is the obvious answer as senior partners move into retirement. But if you're listening, you're going to know just how hard it is to have a family conversation about money. This is why I brought the experts on board.

AD: This is exactly why people like myself exist. Planning a farm transition can be a very sensitive process. Farm transition specialists can help you navigate difficult discussions with family and other stakeholders.

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MS: So, Allison, I'm sitting in the room me and my dad side by each and I'm generation two as you described, and you give me that advice that I might not be too happy and then you set this up that mom and dad deserve it. And now I throw my sucker in the sand and I'm done with your process and I've checked out. Is that what happens?

AH: No, I have not lost people at this point because we make it very clear that first of all, the transition is not going to happen unless we can make the parents comfortable. So, as you're sitting in the room wanting to be able to take over and wanting to figure out what your next steps are, we're just going to spend a lot of time talking. While we're figuring out what would make the parents comfortable, in fairness to the generation who is going to be taking over, they also need to know what the payment terms are going to be and what's their commitment. So, they know, can I put robot milkers in, can I build the new barn, can I buy that land, without having to worry that, well, last year mom and dad wanted \$50,000 and next year they might want \$500,000. So, you get the parents comfortable because otherwise they're not going to do the transition. And then build it up so that, yeah, it's your stuff and you are entitled to this money, but in order for the next generation to run a successful business, they have to know what their payment terms are.

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MS: So, do I need a pro? Do you only see the people that are stuck, or that think, oh, I'll solve this at home around Sunday dinner? What kinds of people are coming to seek your support or advice?

AH: I see all of them. I see the people who don't think there's any way they can possibly do a transition because I've only got one farm and I've got seven kids and there's no way I can do this. We're going to have to sell. So, we start with that, with people who are very concerned that they can't do this. I've been with BDO now 19 years, and in my first year that I was here, I met with a gentleman who was in his late 80s, to be generous, and he thought it was time to do the transition to his boys. And he said, yeah, they're probably any time now ready to come home to farm. So, as I start going through this and I'm taking my notes, I sort of say, well, where are they now? Are they working on the farm? What's the story? So, we've got three sons. I don't remember exactly their professions, but they were like, one is a lawyer, one is a doctor, one is a pharmacist, and they live in Toronto, Vancouver, and Calgary. I'm listening and I'm like, these guys aren't coming home to farm. They don't have a little job at the factory down the road to help support the farm. They have careers that have taken them across the country. But this gentleman had never had the conversation. So, we get those. He had a plan in his mind, but it was only in his mind. Nobody else was onboard with it and it probably wasn't realistic. We have ones where quite honestly it's quite clear when they come in what the plan is going to be, right? The one kid has been working the dairy, the one kid has been doing the cropping. It seems very clear. They don't know how to legally get it transitioned. They don't know. They know how much the farm makes. They don't know how much different parts make. So, we get them. And everybody is getting along fine. I have unfortunately had ones where we're transitioning and we have two brothers who don't even speak to each other. So, it is a real wide range. So, everybody needs something different.

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AD: Well, and I think for myself, that's exactly why one of the first things that when I come to the table, I want to know about your family. And not just because I want to know about you, but I want to understand who is in the family, who is in the business, because just as Allison had identified, there's a lot of people who have big assumptions but haven't necessarily communicated that. So, when we're meeting and we're trying to get them to get themselves organized as that senior generation, we acknowledge where are all your children? Are they in Canada? Because that's something for their tax specialist or for their lawyer, they're going to need to know if they're in the country or not. So, there is a reason why we're asking these questions, but it really is to start getting people to open up and have some of these conversations with their adult kids about where they are and what kind of expectations the next generation have. So, that's one of the first things that we ask when we sit down with the families, is explain who is in your family and who is in your business. And if the next generation is at the table, I ask them the same question, and more often than not, it's not the same answer. So, then that's a good opportunity to explain who's in that family and who's in that business, because everyone has a slightly different perspective.

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MS: I think it's justifiable to say that Andrea and Allison have both dealt with a wide variety of families. And many of those families really need some help in communicating and planning. I guess I always find these situations terribly complex. The simplicity that Allison and Andrea bring to the conversation really helps people sort out the details.

AD: One of the biggest things I find helpful is making a list of your key assets, list out things like your farms, your quota, equipment, really any key business asset that is important to consider in the transition. And then following this, you need to list out who owns everything. This may all seem obvious, but in 90% of the time when I'm at the table with the next generation, a lot of this is new information to them.

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MS: That's really good advice, Andrea, and I'm super curious about the simple approach to starting a transition process from a tax perspective. I don't think many people associate the word *simple* with taxes. I have this vision of a farmer showing up at Allison's office with a shoebox of old receipts and a Hilroy scribbler, saying, hey, sort this out. So, how does Allison keep it simple?

AH: So, unfortunately, I have all kinds of people who will come in to see me and they have a tax plan because they talked to so-and-so at Tim Hortons and that's where all the best tax advice is, at Tim Hortons over coffee. So, they come in and they have this idea. So, I start with, let's just wipe all of that out. If tax did not matter, what do you want to see happen with your stuff? Just in plain English language, if you could have your ideal picture, what would it look like? And we can't always get everything that people want, but we can get a lot, particularly with the farm role. If you've kept your farm as a farm

for tax purposes, there's a lot of stuff we can do. I just like people to step back and say, what do you want to have happen to your stuff. And then start from there and let me worry about what section of the act it is or whether you can or can't do it, right? That's my job. It's my job to make sure they understand their options. So, yes, dream big.

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MS: Okay, so does it make sense to come and see you then before I have my assets in place or feel my net worth? If I think about process, our listeners need some advice and steps, so it sounds like I've got to get a declaration of what I own and who owns it. If I don't have that, don't do anything, start there?

AH: Ideally, you would spend some time before you come and see me and get an idea of what do we own, who actually owns it, what do we have that's not farm assets, who are the people that we want to benefit from all that we have done. If people can get that straight in their mind, that's great. If they can't, I would rather they come and have a conversation with me so at least then I can get it started. Part of it is, if you can get that stuff and you're obviously more capable than I am of listing what your assets are, so if you can do that. And even start with just a ballpark of what are they worth. Because what happens is, people come in and I ask them questions. So, they'll say, yeah, we've got the Johnson farm. And like, okay, how many acres is the Johnson farm? Well, I think it's 127. No, no, wait, wait, it might be 129. And then you start saying, how much of that is arable? Ah, 95. And then they argue back and forth. We're wasting a lot of time here. If you just come in with a thing that says, here's our farm, this is how many acres, this is how many acres we can work, and this is the building, and it's worth about \$4 million or whatever, that gives us the starting spot. But again, if even that is too much, you still need to start. You will transition the farm. Somehow, it is going to transition. It's going to transition with planning or without planning, and without planning, it's always worse. So, we've got to start somewhere.

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MS: After the break, we'll continue our talk about farm transition conversations.

AD: We're going to chat about creating a realistic retirement plan and how business viability factors into the transition process.

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MS: Don't go anywhere folks.

AD: This is a process. It's not a single event. So, this is going to take time and the sooner you can start, the sooner you can continue through that process.

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Ad: The FCC Knowledge Podcast is brought to you by AgExpert, farm management software designed for Canadian agriculture. Learn more at AgExpert.ca. Looking for some great advice on how to get started on your farm transition? Visit fcc.ca/farmtransition. We have a lot of fantastic videos, great content and tools about farm transition, and it's absolutely free. Again, that's fcc.ca/farmtransition.

MS: So far, Andrea and Allison have talked a lot about getting our assets and transition plans in order, as well as making sure everyone involved in the transition is on the same page in terms of understanding their role in the transition, and most importantly, how to make sure the business is viable in the transition. So, it takes me to my natural question. What's the next step?

AD: So, step 2 takes a little bit more time of understanding what retirement looks like for the parents. How much is it going to take for you to live on an annual basis, and whether that be on the farm or maybe you're moving in town. And this is hard. So, there are a couple of different options that we have to help, like different tools, different retirement budgets, things like that, that are all ways that we can help make this a bit easier. And this is one thing that I find people go in circles around, because the next generation wants to make plans, but they don't know what mom and dad's number is, how much the parents need to retire. And the parents, they don't really want to feel like they're living to a budget. Their world previously is they could move money around, they had financial independence. And the idea of locking in to one amount kind of seems daunting for them. So, taking some time to think about what you want to do with your retirement. Does this mean more travel? What does that actually look like? And then start to build, and I like to say a range. So, if your retirement budget is, and we're just going to throw out numbers, between \$50,000 to \$75,000, that's okay. You can always round up provided the farm can afford it. But whatever you don't use, it's going to go back to the kids anyway. So, part of what we're trying to get people to understand is that in order for future planning for that farm financial viability, for the debt servicing and all of those other numbers that are yet to come, we need to understand what mom and dad need.

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MS: Okay, this feels to me like the biggest frustration of my entire investing career, when my investment advisor says, how much do you need to retire? And I'm like, well, that's what I pay you the big bucks for. How much do I need? I've been doing this circle for 25 years. I don't see generation one being able to right size that circle. As you've just described, they've had the luxury of cash flow as they farmed. They've moved money around as they farmed. Allison, you've got to give me a little bit more thumb rules or structure around how much does mom and dad need in order to at least get them started down the path. I need a number. I need thumb rules, something.

AH: Yeah, so generally speaking, what we do is I will ask the same question that Andrea asked. How much do you need? But I do it more on a monthly basis. What does it cost you to live in a month? And usually, they throw back a number that's way too low. So, I've had them say, \$1,300 a month, \$1,500 a month, to which I say, you're not living on

\$1,500 a month. I mean there are lots of people who do live on \$1,500 a month, but you may be with these farmers that we're meeting with now, especially in Southwestern Ontario, land is really expensive here. The farms that they may be passing on are worth \$15 million, \$17 million. You're not living on \$1,300 a month in the lifestyle that you envision. So, I have very frank discussions with people to say, if you're going to have to pay for your own car and you're going to want to travel, you're going to want to do those things, I have probably no one that is less than \$50,000 each. But unless there's some reason that the farm can't cash flow, and because, as Andrea says and as I say to clients when we have this discussion, if there's a catastrophic year and the farm cannot pay you, you don't have to take the money, right? But we want it set up that this is what the parents are entitled to, they don't have to ask, and the kids know that I have to service this much every year. So, if I'm contemplating, do I want to buy the new combine, well, no, not yet, because it doesn't fit, because I have the debt payments to mom and dad.

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MS: I like what you said because it kind of links all the way back to where Andrea started around start simple. So, an annual salary is a bit paralyzing because \$100,000 is a lot of money to the generation before me, for example. For those listening, I'm 39. I've been 39 for about 10 years now. So, they start simple though and break it down per month, because most of us can have a general sense of how big the credit card bill is. I might not know how much fuel I used if I was grabbing it from the fuel tank on the farm. But the simplicity there, I think makes this bite-sizable for me.

AD: Well, and some of the other part that I see as a bit of a challenge, is they look at the total value of the farm and they look at how much they're going to take out. They're like, well, that's not very much in the scheme of things. And they're correct. And so, the conversation is not around the total value. It's around the cash flow and making sure that both parties understand the obligation that they're setting themselves up to. And I encourage them to go higher because I've also ran into a number of situations where all of a sudden health is an issue. And having that extra money set aside if you need specialized care or if there's any kind of idea, like you need a wheelchair or there's different things like that. If you have that money and that cash sitting there right now today, that's a good feeling and that's a peace of mind for that senior generation. And so, a lot of the deals that I'm seeing right now have a pot of money that's going to go to the senior parents just as a 'what if' scenario. And it's put into a Tax-Free Savings account, and it's accessible just in the case of what happens if one of them gets sick and they need that care today.

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MS: These are some great points being made by Andrea and Allison. Not only is it important to have a realistic monthly budget for retirement planning that's catered to your lifestyle, it's also important to have some wiggle room just in case life throws you a curve ball. And the conversation is not around the total value, it's about cash flow.

AD: Your monthly retirement budget definitely needs to be higher than the bare minimum you need to survive. Factoring in things like the cost of your lifestyle and unexpected medical costs can help you set realistic budget expectations for the junior generation going forward.

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MS: So, I guess my next thought is, what kind of consideration do we give to the business viability during all these conversations? So far, we've talked a lot about planning, but all this has to be done with viability in mind. Are there differences between the senior and junior generation in terms of comprehension of business viability? Well, I had to ask Allison.

AH: Yes. Not all, but a lot of the senior generation think the next generation is moving too fast. They want to expand too quickly, buy too much, invest too much in equipment, robots. One of the things I find a lot with the senior generation is almost a fear of turning it over to the new generation. I encourage them to talk that out, like, what are you afraid of? Why are you 70 and afraid to transition the farm to your child who is 40 something? What's the fear? I understand it. I do meet with people to talk to them and they're in their 50s and their kids are just passing 20 and they're wanting to start the transition. I'm not opposed to that. It's just different considerations. So, there is a difference of opinion a lot of times. But a lot of times, what I find is nobody is listening to each other. Neither opinion is likely 100% correct. So, sometimes it's just a matter of me having the conversation and saying, what is your opposition to this, and giving them the chance to actually voice really, what their opposition is. And their opposition might be, my child who's taking over wasn't around in the '80s when the interest rates were ... So, they have a fear and it's not a ridiculous fear. They lived through something that the next generation has heard about but did not live through in the same way. So, it's getting everybody talking and then giving the junior generation the chance to say, this is why I want to do the robots. It isn't just because I don't want to work hard. I can reduce the number of cattle I have if I have the robot. And the senior generation sometimes is like, huh, I had no idea, because it's not something they've looked into. So, I find that the difference in what they think is generally a communication thing. But I do think they have to take a good hard look at if you're giving up your off-farm income and you're going to be paying out mom and dad, how is that going to work?

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AD: And the other thing I find is that there's a lot of continuity. Year over year the business ran, it was mom and dad making the decisions. And so from a business structure or various other things, it's just done what it's done. And all of a sudden when we have transition looking at us in the face and we're looking at our whole business, there are some aspects of the succession planning that can't be done because we don't have the appropriate business structure, we don't have, maybe the profitability like Allison just said. There are some of those kinds of business viability conversations that when it was just mom and dad, it didn't really matter. They had the flexibility to take out what they

needed and it was only those two making the decisions. And all of a sudden when you want to add more people in, more opinions in, all of a sudden management gets trickier. Is there enough income for each of the families? Or, some of the bigger conversations that I'm having is, it was okay when it was mom and dad, but if we're going to continue this for the long haul, the facilities are worn out. So, what does that look like for building a new barn or maybe changing some enterprises? Oftentimes I'll see where we're having the conversation about transition and bringing that next generation home, but it's also another time when we're looking at is this what we're going to do? Are we going to expand or are we going to diversify? All of those conversations are all coming home at the same time. So, there's a lot of moving parts. And that's when we have to look at that business viability.

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MS: Allison and Andrea clearly highlight the need to be thorough and assess the viability of the farm transition. The theme of getting everyone on the same page pops up over and over again. I think sometimes the junior and the senior generations have a different idea what viability looks like.

AD: It's super important when going through a farm transition to use the resources around you to help get organized. There needs to be a common understanding from both farming generations of things like retirement budgets and business viability. This is one of the reasons why transition experts like myself and Allison exist.

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MS: Okay, we're nearing the end of our chat and I have a couple of things I'm really curious about. The first one is a very short question. What frustrates you the most?

AH: I can go first. I can say that what frustrates me is I get quite frustrated when people don't speak up. We will get partway through a transition, and I've done this, I've spent hours and hours, I've met with mom and dad, we got the plans, and then they come in. And then mom turns to dad or dad turns to mom and says, I don't actually think that's what we want to do. And I'm like, did I get something wrong? Did I misinterpret? No, I didn't. They didn't talk and nobody spoke up when I was asking the question. I think it's okay. I don't find it frustrating if we're working through the process and it changes, because you're like, oh, I didn't know we could do that, or circumstances change. When I say to people, what would you like to have happen, that's what I need to hear so that I can come up with the best plan for you. The other one that's a little on the frustrating side is if I'm asking questions and not getting any information back. And then all of a sudden I get a call to say, hey, we're buying the new farm. It closes on Thursday. Could you have that plan in place by then? No, I can't. But I think the biggest part of it is just the communication, actually putting out there what it is you want to see happen and then let us try and get you there.

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MS: We have a line in our house. It goes: If you would read my mind a little more often, our communication would be way better.

AH: That's right.

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MS: Andrea, how about you? If you think about this particular chapter, what frustrates you?

AD: I think it's the internal dialogue that some people take, that makes this into a really scary, big task, when in reality, this is all about them doing what they want to do. So, I have a line when I'm working with clients that transition is not a spectator sport. You have to participate. So, one of my frustrations is when people want everyone else to do what they think and they are not doing it themselves, because this is all for you. It's your assets. This is your legacy. And you have to drive the bus. There are lots of people who can put the puzzle pieces together. They are there to support you, but you have to be the one to kind of continue and want to work through it. So, they need to stay involved in it. They need to own the process. And they need to participate throughout it. And it doesn't have to be a scary thing. So, if they can take those smaller bite-sized pieces and move through it, it's not going to be the scary monster that they've made in their heads.

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MS: Okay, well, let me end with my last question here for you guys. Our listeners are from coast to coast. They are from every discipline of agriculture and food production. If you had to leave them with one piece of advice or one insight, what is it?

AD: My key goal, my key takeaway is that this is a process. It's not a single event. So, this is going to take time and the sooner you can start, the sooner you can continue through that process. So, it's not just about transitioning one asset. It's about transitioning your management. It's about dealing and working with your family for what you want to do. So, this is a longer-term process. That would be my key takeaway. If they could hear anything, that's what I would hope that they would hear.

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MS: Allison, last word to you.

AH: I would say that it is a start early, revisit often. It's not necessarily a one and done process. The rules change. Find an advisor who you trust and who you can communicate with, and communicate with them regularly. There's a lot on the line. When you had said, Marty, about coast to coast and different parts of agriculture, one of the biggest mistakes I see people make is not recognizing that agribusiness, while awesome, is not farming. So, you can't have your agribusiness in your farming corporation and get all the benefits that farming corporations get. So, find someone you trust who is an agriculture

expert. The rules in agriculture from a tax perspective are complicated and they're different than anything else. I've actually started doing so much agriculture, I find myself sitting in meetings with manufacturing clients who want to do the transition, because they transition too. And I'll be happy to (inaudible) them. No, no, wait, you can't do that, you're not a farmer. There are a lot of really good rules but you have to know what they are and how to implement them. And I think that the key that a lot of people see, right, is that fair is not always equal. But I always add to the end of that, fair is not always equal, but if it's not equal, you need to explain why it's fair. That, in my mind, saves a lot of Christmases close to transition.

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MS: Well said. Alright, well, thank you ladies.

I've been doing these farm transition talks for quite a while and this conversation today was particularly productive for me. For those of you listening or currently pondering a farm transition, I'm hoping something you heard here today gets your wheels turning or advances the conversation for you to reach out to a transition expert like an Andrea to get that conversation started.

Ad: If you want to reach out to one of our pre-transition team members, please reach out to your regional FCC office and they can connect you to us. And if you'd like to get more on FCC resources on transition, please check out the website at fcc.ca.

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MS: So, what did we take away from today's conversation? I've got some key thoughts here. The first one, transition is a collaborative process. As our conversation clearly shows, there are a lot of cooks in the kitchen during a farm transition. Senior generations, junior generations, off-farm kids, spouses, advisors. The list goes on and on. Everyone has to feel represented at the bargain table. The reality is that sometimes individual family members can have a very different idea what transition would look like and what's fair. That's when enlisting the help of an expert like an Andrea or an Allison is vital to the transition process that can help all the parties have a thorough understanding of the logistics in the transition process, which helps mitigate the conflict when discussing sensitive issues like money and family legacy.

AD: Point number two is get organized and get involved. You really do need a good understanding of your assets and who owns them. You also need a good grasp on your business structure and your viability. The reality is the farm is going to transition whether you are proactive about it or not. You can make the process much less painless by taking initiative and doing some of the leg work. If you want it to work out well and in the way that you envision, you have to start doing the work. This is your transition and you really are the one who is the expert on yourself and your needs throughout retirement. So, get yourself organized and make a good plan with the help of advisors when needed.

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MS: Point number three. Be realistic about retirement planning. As Allison mentioned, sometimes the senior generation can underestimate how much money or cash flow they're going to need to stay afloat. It's important to consider lifestyle choices when you're budgeting, how much money you're going to need for the senior generation to be comfortable following the farm transition. Do they have plans to travel? Are there health considerations to consider? There are a lot of really relevant questions to ask when coming up with a realistic budget for retirement.

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AD: The fourth point is, take simple steps to keep the process manageable. Transitioning can seem like a really scary and complicated thing, and in some ways, it is. But like any big task in life, you can break it down into smaller manageable pieces. One thing I suggested earlier was sitting down and making a list of your assets. Allison suggested that you start envisioning what your ideal transition looks like, what do you want to happen to your assets. What does retirement look like for you? I know we've said this a lot today, but again, this is where the help of an expert advisor is key. We can help you ask the right questions and as Allison suggested, we can help you sort out the highly technical aspects of the transition process, which can free you up to focus on the planning end of things. Remember to start with answering simple questions and reach out for help as needed. Farm transition is best viewed as a process and not a sprint to the finish line. And again, the farm will transition with planning or without. Without planning, it's always worse, so please start the process early.

0:38:03.5

MS: Well, that's it for today. Thanks for joining me, Andrea and Allison, and thanks for lending your expertise to our audience.

AD: Thanks for having us, Marty.

0:38:11.8

MS: So, if you enjoyed chat today, be sure to listen to our next episode in this transition series where I talk to a lawyer, Eric Dalke, about his views on farm transition. Thanks again, until next time.

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