

# PLANNING FOR THE FAMILY BUSINESS

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Planning for a farm or family business involves more than just writing a will or drafting a deed. That's because a family farm or business is not just "one thing".

If you have a family farm or business you actually have three pools of assets to consider in your estate planning:

1. Land/real estate. Every farm business needs land to rent or own. Many people own farmland who are not "farmers". The oversight of farmland, however, is the same regardless of whether you personally grow the crops or not.
2. Equipment/leases. This is generally the "farming" business, which is the crop-growing and marketing. The farmer uses the equipment, often on leased ground, participates in farm programs, and markets the crops.
3. Non-business property. This is anything you own which is not an immediate part of the business. It may consist of outside investments, time shares, the house in town or even the old family homestead next to the farm.

Estate planning involves planning for the day there will be changes in the control of what you own now. These changes will be necessary due to your disability or death. A spouse who has never participated in the "business" of farming doesn't become a successful farmer making great farm business decisions just because her husband had a stroke. The time to decide who takes control and start training is now.

Once you decide who should be making decisions when you no longer can, the next step is to decide who will receive the economic benefit of your assets. The same farm spouse who can't be expected to become the managing farmer still needs the income to support herself and her disabled husband.

It works best if you ask and answer these questions separately for each pool of assets. The answers might surprise you. Viewing these elements separately and distinctly is an important part of estate planning.

When you don't separate things out and make decisions based on what you wish was true (rather than on what people's real skills, abilities, time, interests and needs are), you plant the seed of disagreement, discord, confusion and, ultimately, the destruction of the family farm you hoped would be your legacy.

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There are many tools available to create a plan to protect and nurture your family's farm and economic interests. There are user-friendly trusts and business entities that thousands of American farm families use routinely to protect what is important to them.

We can work effectively with your tax and other advisors to blend what you have into what you and your loved ones will need for a successful future.

By putting rules in place, you can assure that family land stays in the family and/or remains in tact as a farm, rather than being split into smaller parcels of land which may be transferred outside of the family.