

THE KEY COMPONENTS OF A TYPICAL FARM PLAN

<u>STEP 1 LAND COMPANY</u>	<u>STEP 2 FARMING OPERATIONS COMPANY</u>	<u>STEP 3 OPTIONAL EQUIPMENT COMPANY</u>	<u>CONNECTIONS</u>
<p>Owens land LLC Title.</p> <p>Equity only in Bloodline</p> <p>Entire Family?</p> <p>Title Control Income.</p> <p>Members Voting Non-Voting</p> <p>Mgt. Succession</p> <p>Buy-Sell Exit/cash out</p>	<p>The VERB-the LLC that FARMS is a farm tenant, may also be equipment owner</p> <p>LABOR.</p> <p>Risk and Reward shared among fewer people</p> <p>T C \$</p> <p>Participants are SELECTED by Insiders, not just because they are relatives</p> <p>Voting and Non-Voting.</p> <p>Control Rules</p> <p>Buy-Sell</p>	<p>Buys Equipment</p> <p>Leases Equipment to Operating Company and perhaps others</p> <p>Can help avoid retirement tax crunch.</p> <p>Typically used when multiple people of different generations are contributing equipment</p> <p>Debt transition Issues.</p> <p>IRC Section 179 issues</p>	<p>Team of Professionals</p> <p>In planning and later</p> <p>Record Keeping</p> <p>Tax Returns</p> <p>Written Leases</p> <p>Multi-year annually renewing leases</p>