

12-1-2004

Minimizing Farm Business Succession Risk in New England: Delivery of Transferring the Farm Workshops

Debra Heleba

University of Vermont Center for Sustainable Agriculture, debra.heleba@uvm.edu

Robert Parsons

University of Vermont, Bob.parsons@uvm.edu

Michael Sciabarrasi

University of New Hampshire Cooperative Extension, mike.sciabarrasi@unh.edu



This work is licensed under a [Creative Commons Attribution-Noncommercial-Share Alike 4.0 License](https://creativecommons.org/licenses/by-nc-sa/4.0/).

Recommended Citation

Heleba, D., Parsons, R., & Sciabarrasi, M. (2004). Minimizing Farm Business Succession Risk in New England: Delivery of Transferring the Farm Workshops. *The Journal of Extension*, 42(6), Article 17. <https://tigerprints.clemson.edu/joe/vol42/iss6/17>

This Research in Brief is brought to you for free and open access by the Conferences at TigerPrints. It has been accepted for inclusion in The Journal of Extension by an authorized editor of TigerPrints. For more information, please contact kokeefe@clemson.edu.



Minimizing Farm Business Succession Risk in New England: Delivery of *Transferring the Farm* Workshops

Abstract

To minimize the risks associated with farm business succession among New England farmers, *Transferring the Farm* workshops were held in March 2003. The workshops introduced farm families to elements of transfer planning, including current estate tax laws, methods to transfer farm assets, and determining family and farm goals. More than 200 farmers and others participated in the workshops. Participation was balanced across age and gender, and represented a diversity of farm enterprises across New England. There was a statistically significant increase in participant knowledge gained at the workshop and strong satisfaction with all aspects of the program.

Debra Heleba

Land Link Vermont Coordinator
University of Vermont Center for Sustainable Agriculture
Burlington, Vermont
debra.heleba@uvm.edu

Robert Parsons

Extension Assistant Professor
University of Vermont
Burlington, Vermont
bob.parsons@uvm.edu

Michael Sciabarrasi

Extension Specialist, Agricultural Business Management
University of New Hampshire Cooperative Extension
Durham, New Hampshire
mike.sciabarrasi@unh.edu

Introduction

Farm business succession is critical to the future of farming. According to the 1997 U.S. Census of Agriculture, the average age of farmers in New England is 54 years, with four times as many farmers over age 65 as those under age 35. The United States Department of Agriculture now estimates that more than 500,000 of the nation's 1.9 million farmers will retire during the next decade (Farm Transfers in Wisconsin, 1996). A smooth transition to the next generation of farmers is essential but challenging, given financial risks of start-up costs, tight profit margins, and escalating values of farm assets, as well as increasing development pressures facing agriculture in the region. Recent changes in estate tax law have further complicated farm transfers and the impact of estate taxes on farm operations (Monke & Durst, 1998).

Many New England farm families are grappling with these succession issues, trying to sustain viable farm businesses for incoming generations while providing adequate retirement for exiting generations (Fetsch, 1999). How Extension serves these clients attempting to make the transition from one generation to the next will shape New England agriculture for decades to come.

Since its inception in 1998, Land Link Vermont, a program of the University of Vermont Center for Sustainable Agriculture, has been working closely with University of Vermont Extension (UVM EXT) to assist Vermont farm families with business succession through technical assistance and one-day workshops called *Transferring the Farm*. To extend the delivery of these workshops to farmers

throughout the region, UVM EXT and Land Link Vermont teamed up with the University of New Hampshire Cooperative Extension, Connecticut Department of Agriculture, New England Small Farm Institute, and Maine FarmLink to offer five *Transferring the Farm* workshops during March 2003. A generous grant from the Northeast Center for Risk Management Education provided funding for the project.

Approach

The workshops were offered as daylong programs in five locations across New England. They blended traditional information delivery methods (one speaker, lecture presentation) with innovative approaches such as small group discussion, self-tests, and farmer testimonials. In addition, workshop packets were developed as take-home resources for participants to use in planning their farm transfers.

The program included presentations by Extension personnel, attorneys, licensed social workers, farmers, and representatives from land trusts and farm linking programs. A variety of topics were presented to give participants an introductory yet comprehensive look at farm business succession concepts. Each workshop included the following segments.

Welcome. The workshop started with an overview of elements to consider when transferring the farm and/or farm business to the next generation.

First Things First--Getting the Farm Transfer Process Started. We addressed interpersonal communication, goal setting, and ways to include the whole family in farm transfer planning.

Retire Comfortably and Save the Farm: Retirement and Estate Planning. This presentation included a discussion of the tools for transferring farm assets, business entity selection, and keys to manage a business transition.

Farm Transfer Nuts and Bolts. Here, a local attorney addressed legal aspects that may affect a farm business transfer, including estate-planning issues.

New Ideas and Creative Solutions. This section addressed the role that farm linking programs and land trusts can play in farm transfer planning.

First-hand Experience--Farmer Panel. Farmers shared their experience with farm transfers to either related or unrelated farm successors.

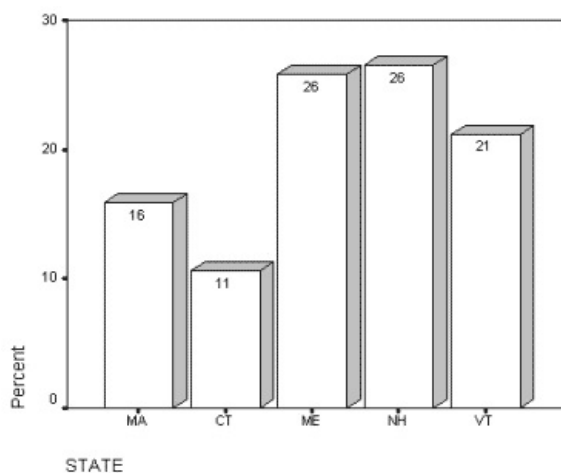
Workshop effectiveness was measured by a post-workshop evaluation. Among the questions posed, participants were asked to complete Likert-scales that assessed their satisfaction with the workshop and effectiveness of the instructors. Retrospective questioning was used to assess levels of knowledge about farm business succession issues. The evaluation also included open-ended, qualitative questions about barriers to farm transfer and how participants plan to use the information presented.

Results

Audience

Across the five sites, 228 farmers and agriculture professionals attended the workshops, and 66% responded to the evaluation. As Figure 1 reveals, the majority of participants attended the northern New England locations, which corresponds to the greater farming populations in these states.

Figure 1.
Workshop Participation by State (n=151)



In looking at the respondents, gender representation was balanced, with 53% male respondents

Getting the farm transfer process started Instructor(s): licensed social worker	0.0	2.8	8.3	47.6	41.4	4.28	145
Retirement and estate planning Instructor(s): Extension specialist	0.0	1.4	16.3	46.3	36.1	4.17	147
Farm transfer nuts and bolts Instructor(s): attorney	0.7	2.7	12.2	37.4	46.9	4.27	147
New ideas and creative solutions Instructor(s): land trust/farm link personnel	1.5	0.7	16.8	46.7	34.3	4.12	137
First hand experience Instructor(s): farmer panel	1.0	4.8	3.8	33.7	56.7	4.36	104
* Scored on a scale of 1 - not effective to 5 - very effective. Valid percent of scores reported.							

The level of participant knowledge of farm transfer issues was assessed through retrospective questioning. A paired-samples t-test was conducted to evaluate the difference in mean ratings in participant knowledge before and after the workshop. Table 3 shows that participant knowledge significantly increased from prior to attending the workshop to the close of the workshop. The greatest degree of increase in the level of knowledge cited by participants was their understanding about estate planning and assessment of goals. In addition, it was observed that the standard deviation for post-workshop scores was consistently less than pre-attendance scores, indicating a greater overall increase in confidence of knowledge regarding farm succession issues.

Table 3.
Knowledge Levels Regarding Farm Succession*

	Mean	SD	N
Assessment of Goals**			
Prior to Attending	2.88	1.00	143
Post-Workshop	4.05	0.68	
Retirement Planning**			
Prior to Attending	2.58	1.03	139
Post-Workshop	3.91	0.77	
Business Transition**			

Prior to Attending	2.41	1.01	136
Post-Workshop	3.87	0.78	
Estate Planning**			
Prior to Attending	2.58	1.03	144
Post-Workshop	4.02	0.79	
*Scored on a scale of 1-low knowledge level to 5-high knowledge level.			
**Significant at $p < 0.01$ level.			

To measure actions taken by participants in planning their farm transfers, participants were asked to indicate the steps they had taken within the last 5 years (Table 4). Most respondents indicated that they had taken at least some action; only 13.4% said they taken no steps. The majority said they had talked to a family member(s) about transfer issues. Several indicated they had contacted or met with either an agricultural professional (from Extension, land trust, etc.) or service provider (attorney, accountant, insurance agent, lender, etc.).

Table 4.
Steps Taken Within Last 5 Years in Planning Farm Business Transfer

Steps Taken	(Valid %)
No steps taken	13.4
Talked to family member(s) about transfer issues	67.2
Contacted/met with an agricultural professional	35.1
Contacted/met with a service provider	44.0
Attended other workshops related to farm transfer	27.6
Wrote/updated a will	38.8
Changed business structure to include younger generation	16.4
Developed a business plan	13.4
Other	8.2
N=134	

In conducting further analysis of steps taken through t-test analysis, it appears that participants' gender had no significant effect on steps taken. In addition, it seems that age had no significant effect on steps taken, except with regard to those who had written or updated a will. Here, it appears that older participants were more likely to have written or updated a will within the last 5 years ($p < 0.02$, $n=124$).

Qualitative Feedback

Qualitative feedback was requested from respondents. Open-ended questions were posed, soliciting participants to share the most valuable thing they learned during the day, suggested workshop improvements, major obstacles to farm transfer, and suggestions for topics to include in future workshops.

When asked about obstacles in transferring the farm to the next generation, participants had varied responses, but most revolved around the following barriers: effective communication, financial concerns, legal and tax issues, and family dynamics. The following are a sampling of individual responses regarding participants' thoughts on barriers to farm transfers.

- "Probably the social issues--the business issues can be solved with outside professional help if necessary, the interaction of family members and communication are much different."
- "Taxes, legal expenses, more taxes, communication."
- "Wondering if we can afford to do it, and worrying about how the next generation will be able to afford to do this with the current economic situation."

Participants were also asked to share something they learned at the workshop that they might incorporate into their farm. Many responses focused on communication and goal-setting techniques, the importance of starting the planning process now, and increased understanding about specific transfer tools (trusts, LLCs, etc.). The following are a sampling of individual responses.

- "Importance of communication, options and various instruments in estate planning."
- "Came with in-laws and husband, learned a lot about transferring and laws and regulation, and some good family discussions."
- "That it will take time and a lot of work to do estate planning and we should start now but work slowly."

From the qualitative feedback received from participants, particularly the information on what they learned, it seems that the workshop was effective in responding to participant needs.

Follow-Up Evaluation

To better assess immediate effects the workshop had on participant satisfaction and/or behaviors, a follow-up evaluation was conducted in January 2004. All participants were mailed a postage-paid, one-page evaluation that posed questions about their satisfaction with the workshop, action steps they had taken following the workshop to plan their farm transfer, and whether they would be interested in follow-up farm transfer assistance.

Evaluations were returned at a response rate of 14% (32 responses out of a possible 228 total participants). Of the 32 respondents, 2 were service providers, and 30 were farmers; 63.3% were male, and 36.7% were female.

Overall, as Table 5 indicates, participants remained satisfied with the workshop. However, it is unclear whether the workshops made an immediate effect on participant behavior. The evaluation results showed that 10 respondents (37%, n=27) said they had incorporated something they learned at the workshop into their farm or their work with farmers. It also showed that 25 respondents (86%, n=29) took at least one action step toward planning their farm/business transfer since attending the workshop.

These results should be interpreted with caution. Estate and farm transfer planning can be a long-term process. The workshop stressed the importance of family communication and defining family goals before the process can begin. Therefore, indefinable events such as establishing family communication and goals may not be thought of as "actions" by participants.

Table 5.
Follow-Up Evaluation: Participant Satisfaction with Workshop*

	1	2	3	4	5	Mean Score	N
Satisfaction with Workshop Format	0.0	0.0	3.1	28.1	68.8	4.66	32
Satisfaction with Presentations	0.0	0.0	12.5	21.9	65.6	4.53	32

Satisfaction with Educational Materials	0.0	0.0	6.3	28.1	65.6	4.59	32
Satisfaction with Location	0.0	0.0	9.4	21.9	68.8	4.59	32
* Scored on a scale of 1-dissatisfied to 5-satisfied. Valid percent of scores reported.							

Respondents did not necessarily desire follow-up assistance with their transfer planning. When asked, "if follow-up farm transfer assistance were available for a fee in the following formats, would you be interested in participating?," the majority of respondents said no for each format, as Table 6 shows. The exception was a one-on-one format; here 50% of respondents said they would be interested in this format for follow-up assistance.

Table 6.
Follow-Up Evaluation: Response to Farm Transfer Assistance *

	Yes	No	N
Advanced workshop on specific topic	46.2	53.8	26
Small group meetings with speaker	31.8	68.2	22
Farmer-to-farmer group discussions	36.8	63.2	19
One-on-one visit	50.0	50.0	24
* Valid percent of scores reported.			

Conclusions and Recommendations

Transferring the Farm workshops offered throughout New England were an effective way to introduce farmers and others to farm business succession concepts. The blend of instructors and teaching techniques allowed participants to increase their knowledge of transfer planning topics. Therefore, it is recommended that Extension programs of this nature include a diversity of presentation styles and presenters from both private and public sectors for effective delivery.

While it is essential to provide farm families with technical information on estate taxes, business entity, and other business transfer tools, it's clear that farmers also require information and support on family communication and goal-setting to start and continue to develop farm succession plans. Inclusion of family specialists, licensed social workers, or other human resource professionals in programming is highly recommended to address these interpersonal issues.

Results from the follow-up evaluation have been key in planning future programs. The Northeast Center for Risk Management Education has funded an additional year of workshops. In response to the follow-up evaluation, efforts will be made to offer one-on-one visits following a workshop participant's attendance to encourage farmers to begin the planning process. It is recommended that similar Extension programs also conduct follow-up assessment of participant needs and actions to better provide follow-up services.

References

- Fetsch, R. J. (1999). Some do's and don'ts for successful farm and ranch family estate Transfers. *Journal of Extension* [On-line], 37(3). Available at: <http://www.joe.org/joe/1999june/iw2.html>
- Monke, J., & Durst, R. (1998). *The Taxpayer Relief Act of 1997: Provisions for farmers and rural communities*. USDA Economic Resource Service Agricultural Economic Report No. 764. Available at: <http://www.ers.usda.gov/publications/Aer764>

Wisconsin Department of Agriculture, Trade and Consumer Protection. (1996). *Farm transfers in Wisconsin: A guide for farmers*.

[Copyright](#) © by *Extension Journal, Inc.* ISSN 1077-5315. Articles appearing in the Journal become the property of the Journal. Single copies of articles may be reproduced in electronic or print form for use in educational or training activities. Inclusion of articles in other publications, electronic sources, or systematic large-scale distribution may be done only with prior electronic or written permission of the *Journal Editorial Office*, joe-ed@joe.org.

If you have difficulties viewing or printing this page, please contact [JOE Technical Support](#)