

Gaining Insights, Gaining Access

**WHAT WE LEARNED FROM SENIOR FARMERS WITHOUT
SUCCESSORS
NOVEMBER 24, 2015**



Gaining Insights Research Project

A seven-state (New York and New England) project
done in collaboration with



and a 10-member Advisory Committee that includes
Cooperative Extension, Farm Credit, Farm Bureau,
land trusts, young farmer orgs, and a state
Department of Agriculture.

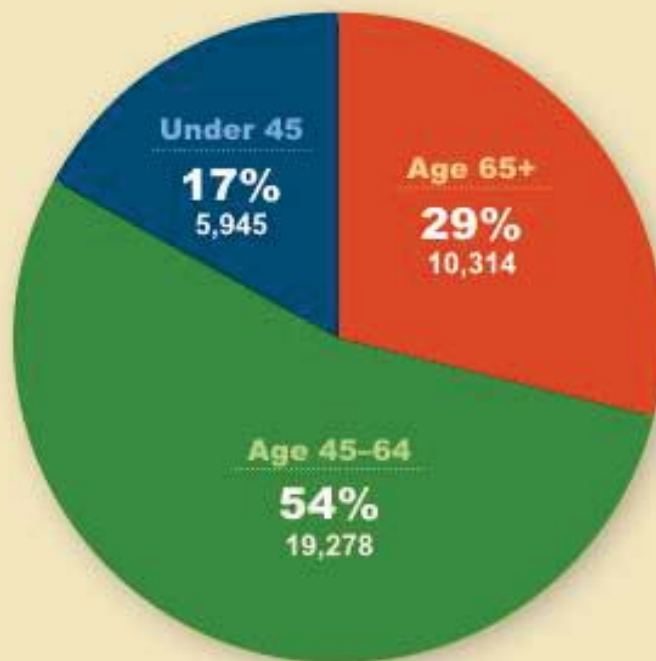
Gaining Insights Research Project

Objective: To improve our understanding of senior farmers—what they are farming, and with whom; their motivations; and their concerns about their future—in order to keep land in farms and farmers on the land as these seniors exit farming.

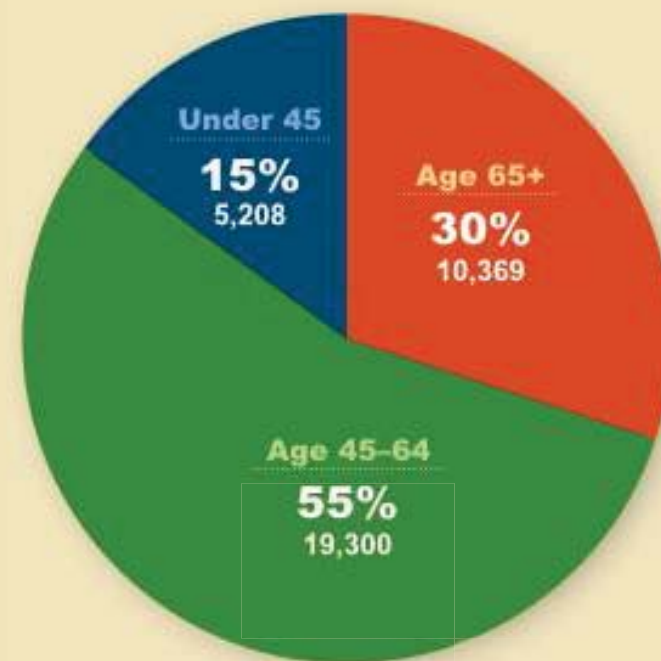
- Special tabulation of 2012 Census of Agriculture data
- Focus groups: Senior farmers without successors
- State profiles

Principal Farm Operators by Age in 2012

NEW ENGLAND



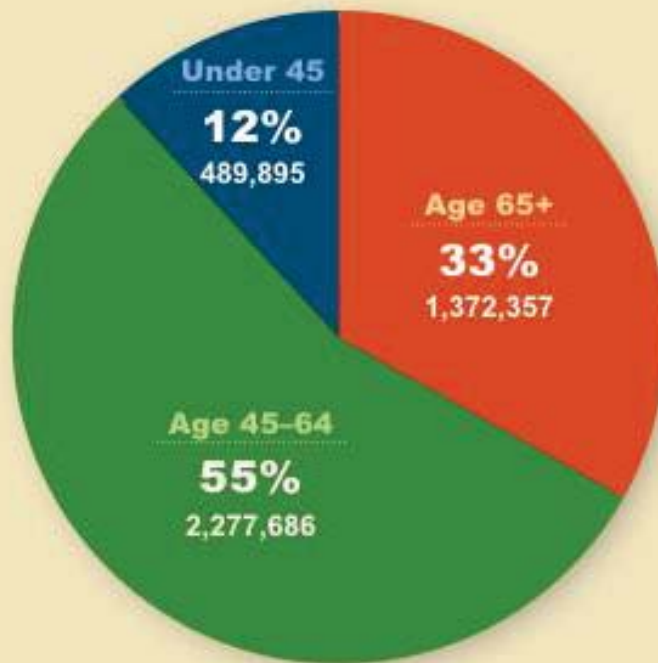
NEW YORK



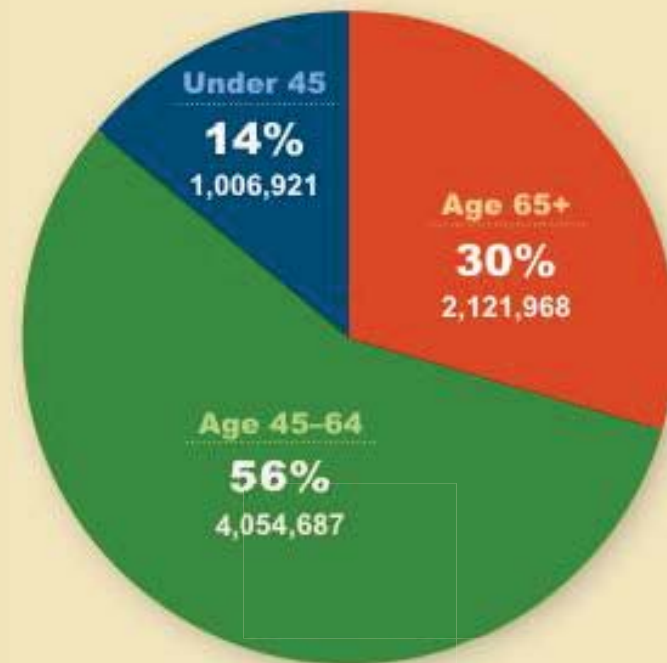
Source: U.S. Census of Agriculture

Acres Managed by Age in 2012

NEW ENGLAND*



NEW YORK



* Excluding Rhode Island

Source: U.S. Census of Agriculture

Focus Groups: Senior Farmers without Successors



Overview of Focus Groups

- 7 focus groups (one each in Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont)
- 67 participants total
- Professionally facilitated conversations were recorded and transcribed
- Participants were asked to fill out questionnaires at the end of the discussion

Participant Profile

- Acres owned: 2-950
- Ages ranged from 46 to 85
- 80% had kids; of those, about half said kids were “somewhat involved or interested” in the farm
- Commodities produced included: beef, Christmas trees, dairy, equine, flowers, forest products, fruit, hay, maple, vegetables
- 27% farm some amount of protected land

Their Vision for the Future

Seniors want to see their land remain in farming.

- In a position where we could help a young farmer start out, so are hoping to find someone who wants to lease a part of our land. We're not ready to sell.
- Mentoring a new farmer who can take over the operation would be ideal.
- Open to many types of operation on our protected farmland, just looking for someone who will keep it in agriculture.
- Want our family to recognize that the important thing is for it to stay a farm, and it doesn't necessarily have to be in the family.

Finding a Successor

Seniors are interested and willing to look outside the family for a business successor.

- 54% had taken some steps to find a non-family successor for their farm business.
- 32% had tried or are currently trying to find someone to lease their land.
- Some said it was important that their children feel comfortable with the successor. Others said that children who have left the farm would not have a say in the decision about a successor.

Approaches to Farm Transfer

Seniors are open to innovative approaches and strategies around farm transfer and succession.

- When asked about approaches they would consider, answers included:
 - ◆ *“Lease to own, gradual transfer”*
 - ◆ *“I really want to know what the options are, which models have been successful”*
 - ◆ *“Purchase or lease-to-purchase”*
 - ◆ *“We are open to whatever works”*
 - ◆ *“Anything but sale of farm”*

Farmland Protection

Most seniors see farmland protection as a key tool in farm succession and transfer.

Of those who have not protected their land, 70% said they viewed it as an important tool in their succession strategy.

Those who did not view it as an option offered these reasons:

- *“Wish to retain options for next generation”*
- *“Value of land very high”*
- *“Not eligible”*
- *“At this point in our lives, we are not willing to commit”*
- *“Availability of money sources”*

■

Economic Viability an Obstacle

Seniors see financing and future economic viability for younger farmers as an obstacle.

- Hard to find someone that would have the capital to take over the operation
- Children might be interested in farming but recognize that the operation is not making much money
- Young farmers are looking for smaller parcels where they can be profitable with specialty crops
- Farm operation is small enough that a buyer wouldn't get enough out of it to recoup their investment and pay the farmer who is retiring

Succession Planning

Seniors without someone to take over the farm feel particularly overwhelmed about succession, and want help navigating the complex process of choosing the right succession strategy and finding a suitable successor.

Of those who have begun to look for a successor, services they had used included:

- Land linking websites
- Technical assistance from a variety of organizations, including Extension, land trusts, other ag service providers, land access orgs

Succession Planning, cont.

Resources seniors said they would like to have to help find a successor:

- Technical assistance in identifying a suitable successor, transferee or tenant
- A screening service that would help identify a suitable buyer or lessee
- Financial assistance to enable [them] to hire someone to find a suitable buyer or lessee

Four Things To Do Before I Die

- ✓ “I want to make sure we have enough income till we die...
- ✓ We have worked hard, [and] I would like to step away from the work...and have a chance to do a lot of the things we have on the back burner.
- ✓ We built up a really great business and it has a lot of reputation in the community and there would be a lot of people that would really have their feelings hurt if it disappeared...so I would like to see the business keep going.
- ✓ I would like to preserve the farm, intact if possible for forestry and agriculture.

If I could do all four of those things I would die a happy person.”

Implications for Programing and Policies



- Need for technical support to help exiting farmers explore their succession options
- Importance of purchase of agricultural conservation easements as a farm transfer strategy
- Need to showcase examples of economically viable succession strategies
- Policies to encourage succession planning need to focus on growing demographic of 45-64 year olds

Succession Planning: Working With Seniors Without Successors



Succession Planning

- Transfer of the farm business, real estate or both
- No *family* successor vs. no *identified* successor
- May identify potential non-family successor: employee, neighbor?
- Beginner??

Succession Planning: Obstacles

- Financial: funding exit/retirement
- The “soft issues”
- “Not ready”; not a priority
- Finding advisors
- Perceived expense of planning
- Finding a successor

(FarmLASTS, 2011)

Planning processes & tools

- Fairly standard across situations
- Personal, family and financial assessment
- The “soft” issues
 - Start with goals and values
 - Communication, communication
 - Trust, interpersonal dynamics
- Team of advisors

Unique to “no-successor” demographic

- Price and financing terms
- Due diligence in selecting successor
- Formality of the process
- Timing of the transfer

Bringing on the successor

- Recruit and select (assistance!)
- Line up legal and financial agreements
- Build the relationship (staged?)
- Establish benchmarks and monitor progress
- Trial period?

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