

Worksheet 1.1

QUICK RISK ASSESSMENT: THE 5 D'S

Each family member should use this worksheet to preliminarily assess the 5 D's and how they could affect your *current plan* - or simple goals - for your future and the future of your farm. Start by keeping in mind the business, family, and personal goals of your family members. List the present plan in the column titled "Current Risk Management Plan", for example, a document you currently have in place like a will. Next list the risks not addressed in the next column. Rank the possibility of this risk occurring in the next column. Then consider the impact on meeting the identified goals if this event were to occur. After completing these columns the 5 D's rank the risks in priority from 1 to 5 or as high, medium, or low. The last step is to identify steps to take to manage these risks. These steps become the building blocks of your farm transfer plan. The plan should be reviewed and updated as changes occur in the business or the people involved, and as goals change.

Risk	Current Risk Management Plan	Risks not currently addressed	Probability of risk at present	Impact of event on current plans	Steps needed to manage risk
Death					
Disability					
Disaster					
Divorce					
Disagreement					

Worksheet 1.2

PLANNING THE FAMILY MEETING

Meeting with family to discuss important issues relating to the farm is crucial to meeting your goals for its use. This worksheet is to help you get everyone to the kitchen table, with an agenda to guide the discussion in a business-like fashion.

Target meeting date: _____ Place: _____

Time start: _____

Persons needed to attend:

Date contacted:

Best dates to attend:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Proposed agenda:

Suggested preparation tasks	Person(s) responsible	Target completion date
1.		
2.		
3.		
4.		
5.		
6.		
7.		

Worksheet 1.3

RATING FAMILY VALUES

To start your family discussion, read and rate the questions below. Rate the importance of each item below, with 1= not important, 2 = somewhat important, and 3 = very important. Use these ratings as a basis for your family discussion. Copy and have each family member complete to help get a clearer picture of what is most important to each in the farm transfer process. Conflicting values will need to be addressed at some point.

I want the farm to remain in our family's possession. <i>Why is this important/not important to you?</i>	1	2	3
I want the farm to continue to be farmed after I/we retire. <i>By who?</i>	1	2	3
I would like to remain physically involved in the farm after I/we retire. <i>Why is this important/not important to you?</i>	1	2	3
I want our children to have the opportunity to continue management of the family farm. <i>In what capacity?</i>	1	2	3
I would like the division of farm property to be equal in dollar value among our children.	1	2	3
I want the division of property among our children to be fair (not necessarily equal).	1	2	3
I want to give financial help to our children who choose a farm career.	1	2	3
I want to have the financial resources to do new things after farming. <i>What do you want to do? (see Sketch Your Lifestyle Plan, pg. 26)</i>	1	2	3
It is important that our children agree with our plans for the farm's future. <i>Why is this important/not important?</i>	1	2	3
I would like to maintain some measure of financial control over the farm while I am alive. <i>Reason:</i>	1	2	3
I would like to be involved in the decision-making of the farm throughout my life. <i>Reason:</i>	1	2	3
I want to receive what the farm is worth when it is transferred. <i>What is your farm worth to you? (E.g. full market value?)</i>	1	2	3
I want our children to play a part in the decision-making for the farm's future. <i>Why is this important/not important?</i>	1	2	3
I would like everyone in the family to be satisfied with the plan for the future of the farm.	1	2	3
It is important to me that our children's requests regarding the farm transfer be honored.	1	2	3

Worksheet 1.4

RATING YOUR COMFORT LEVEL

It's a given that risk tolerance differs between generations. The senior members of the farm family are quite justified in their concern about protecting what they have. Confidence in their own ability to manage resources to meet their own needs often eclipses their ability to transfer management to the next generation. Likewise, the younger members can see the necessity that their ideas and energy be put to work earlier to grow and secure their income interests. Agreement is not easy, but exposing risk tolerance levels is the start to helping each generation understand the other. The table below contains a list of possible actions for your farm during/after the farm transition process starts. Please rate your personal level of comfort for each of these actions on a scale of 0-10 (Zero indicates you are very uncomfortable with taking that action; 10 indicates you are extremely comfortable with taking that action). Each member of the family that is interested in managing the farm should fill out this form and compare. Add your numerical responses, and divide by eleven (11), the resulting figure is your "risk basis" of how far each of you have to go in reaching a consensus. Use each statement above as a platform to discuss your ideas on changes you would make in management of the farm resources.

Expanding the size of the current operation	1	2	3	4	5	6	7	8	9	10
Reducing the size of the current operation	1	2	3	4	5	6	7	8	9	10
Taking on added debt to expand	1	2	3	4	5	6	7	8	9	10
Adding new enterprises	1	2	3	4	5	6	7	8	9	10
Eliminating one or more enterprises	1	2	3	4	5	6	7	8	9	10
Making dramatic changes to the operation	1	2	3	4	5	6	7	8	9	10
Taking more time away from the operation	1	2	3	4	5	6	7	8	9	10
Increasing the amount of physical labor you provide to the operation	1	2	3	4	5	6	7	8	9	10
Increasing your managerial responsibilities	1	2	3	4	5	6	7	8	9	10
Relinquishing managerial responsibilities	1	2	3	4	5	6	7	8	9	10

Worksheet 1.5

SKETCHING YOUR LIFESTYLE PLAN

As the family discusses the long term future, it will be helpful for both generations to sketch out what they would like to do as their working lives wind down in later years. In farming, retirement can be a vague concept, as it often simply means transitioning to less labor, management, and risk intensive activity. Nevertheless, this exercise may serve to help in situations where parents are looking to articulate how they would like to spend their time away from farm work and management to make room for use of the land by another family member or tenant. Though space is limited, jot down a few ideas in the grids provided, and use other paper to further explore your ideas.

Activities	What will you do and where will you do it?	How much time per week? (or which months)	Related expenses (dues, clothing, travel, material)	How will your health affect your planned activities?
Farm work				
Involvement in organizations (church, Farm Bureau, etc.)				
Second career				
Special interests and hobbies				
Travel				
Visiting with friends and family				

(Adapted from *Business Planning for Farmers: Planning the Late-career, Retirement-mode Years*, Midwest Plan Service, 2003)

Worksheet 1.6

ESTIMATING INCOME AND EXPENSES

Use this worksheet to estimate your annual living expenses. This is useful to get a real grasp of your retirement income and expenses, or if not nearing retirement, your annual living and income needs.

Part I: Income	Current	Expected	Expenses Cont'd	Current	Expected
Wages (Annual)			Homeowner dues		
Social Security			Water/Sewer/Garbage		
Pension/IRA/401K			Telephone		
Social Security			Maintenance and Repairs		
Net Farm Income			Lawn Care/Cleaning		
Other Business Income			Miscellaneous Household		
Rent/Lease Income			B. Food/Clothing/ Transportation		
Conservation Program Income			Food/Groceries/Supplies		
Forestry Income			Clothing		
Taxable Interest			Laundry/Dry-cleaning		
Tax-Exempt Interest			Auto Loan/Lease		
Stock Dividends			Auto Insurance		
Annuity Payments			Gasoline		
Other (e.g. alimony)			Auto Maintenance/Taxes		
Total Gross Income			Public Transportation		
Estimated Taxes			C. Discretionary		
Federal			Charitable Contributions		
State			Movies/Concerts/Dining		
Medicare/Social Security			Recreation/Vacation		
Total Taxes			Gifts (birthdays/holidays)		
TOTAL NET INCOME			Children sports/lessons		
			Pet Veterinary		
Part II: Expenses	Current	Expected	Cable Television/Internet		
A. Housing			Total Expenses		
Gas/Oil/LP			TOTAL NET INCOME		
Electric			(less)		
Real Estate Taxes			TOTAL EXPENSES		
Mortgage Payments (P+I)			(equals)		
Home Equity Line			TOTAL DISCRETIONALRY INCOME		
Home-Owners Insurance					
Rent					

Worksheet 1.7

SETTING GOALS AND OBJECTIVES

Use this worksheet to write down your long-term goals, what you want to do over the next ten years. Then take a shot at drafting shorter term objectives you think are necessary to achieve these goals. Try as best you are able to separate your personal goals and your goals for the management of the farm (ie. your involvement in the income the farm produces, passively or as a family farm business). Make copies of this sheet and have each family member fill it out for discussion at your family meeting.

Long Run Goals (5 to 10 years)	
A. Personal	
1	
2	
3	
4	
5	
B. Farm, other business or career	
1	
2	
3	
4	
5	
Shorter Term Objectives (12 months to 2 years)	
A. Personal	
1	
2	
3	
4	
5	
B. Farm, other business or career	
1	
2	
3	
4	
5	

Worksheet 1.8

RECONCILING PRIORITIES

Use this worksheet for summarizing the discussions and agreements reached in a family conference that reviews and discusses the objectives and goals from the “Setting Goals and Objectives” worksheet filled out by each family member. Try to focus in on the most important goals and objectives for each family member, and identify the common ground and where potential conflicts exist. These of course will need working out.

Have each family member rank their top 2 longer-run goals	
Name	Brief description of goals
	1.
	2.
	1.
	2.
	1.
	2.
	1.
	2.
	1.
	2.
	1.
	2.
List the SHARED goals and note whom they are shared by	
List the potential CONFLICTING goals identified above	

Worksheet 1.9

TURNING GOALS AND OBJECTIVES INTO ACTION

Now that you have identified longer term business and personal goals in the previous worksheets, and hopefully met to reconcile priorities among each family member's goals, use this worksheet to further identify the actions steps for each goal and objective, followed by a person responsible and when the tasks should be completed. Task deadlines should be set in advance of a next scheduled meeting.

Goal	Objective	Action Steps	Person(s) Responsible	Deadline

Part II: On-Farm Buildings and Infrastructure

Building 1:	Poor	Adequate	Strong
Current Condition			
Capacity			
Layout/Design			
Building 2:	Poor	Adequate	Strong
Current Condition			
Capacity			
Layout/Design			
Building 3:	Poor	Adequate	Strong
Current Condition			
Capacity			
Layout/Design			
Building 4:	Poor	Adequate	Strong
Current Condition			
Capacity			
Layout/Design			
Fencing			
Fuel Storage (tanks)			
Feed Storage:			
Crop Storage:			
Other:			

Notes:

Part III: Local and Community Infrastructure

Take some time and think about the community where your farm is located. Does it have the elements needed to support the type of use you envision for your land, or the type of enterprise you would like to operate on your land? Your assessment of local services and support is important to identifying gaps that with community attention could be improved.

Resource	Poor	Adequate	Strong
Availability of farm supplies			
Repair services			
Availability of financing			
Availability of business support (training, tax professionals, etc.)			
Competitive tenant market			
Availability of processing			
Competitive labor market			
Road system			
Local zoning policies			
County and Municipal government support of agriculture			
Community support of agriculture			
Local Farmers Market			
Urban pressure			
County economic development			
Voluntary Agriculture District			
Availability of health services			
Timber Markets			

Notes:

Part IV: Farm Asset Net Worth Statement

Use this worksheet to sketch your farm's net worth. Later worksheets will help you estimate the value of your overall estate. Supply the information to the page below by completing the schedules [noted in parentheses] following. Note that not all schedules will apply to all situations and operations.

Farm Assets	Cost Basis	Market Value	Farm Liabilities	Market Value
Farm checking (M)			Accounts payable (N)	
Crops held for sale or feed (A)			Farm taxes due	
Investment in growing crops (B)			Current notes and credit lines (O)	
Commercial feed on hand (C)			Accrued interest - short (P)	
Prepaid Expenses (D)				
Market livestock (E)			Accrued interest - fixed (P)	
Supplies on hand (F)				
Accounts receivable (G)			Other current liabilities	
Other current assets				
Total Current Assets			Total Current Liabilities	
Unpaid cooperative distributions (H)			Notes and contracts, remainder	
Breeding livestock (I)				
Machinery and equipment (J)				
buildings and improvements (K)				
Farmland (L)				
Timberland (L.1)				
Merchantable Timber (L.2)				
Pre-Merchantable Timber (L.3)				
Other fixed assets			Total Fixed Liabilities	
Total Fixed Assets				
a. Total Farm Assets			b. Total Farm Liabilities	
			$\frac{\text{Current Assets (market)}}{\text{Current Liabilities}} = \text{_____ Ratio}$	
c. Farm Net Worth (a - b)			$\frac{\text{Current Assets (market)}}{\text{Current Liabilities}} = \text{_____ Debt to Asset Ratio}$	

Part IV: Supporting Schedules

Schedule A: Crops Held for Sale or Feed				
Description	Unit	Price per Unit	Quantity	Value
Total				

Schedule B: Investment in Growing Crops			
Description	Acres	\$/acre	Value
Total			

Schedule C: Commercial Feed on Hand				
Description	Unit	Price per Unit	Quantity	Value
Total				

Schedule D. Prepaid Expenses				
Description	Unit	Price per Unit	Quantity	Value
Total				

Part IV: Supporting Schedules (cont'd)

Schedule E: Market Livestock				
Description	Number	Average weight	Price per head	Value

Schedule F: Supplies on Hand				
Description	Unit	Price per Unit	Quantity	Value
Total				

Schedule G. Accounts Receivable		Schedule H. Unpaid Cooperative Distributions	
Description	Value	Source	Value
Total		Total	

Schedule I. Breeding Livestock				
Description	Number	Average weight	Price per head	Value
Total				

Part IV: Supporting Schedules (cont'd)

Schedule J: Machinery and Equipment						
Description	(a) Previous Cost Basis	(b) Cost of Purchases/ Trades	(c) Deprecia- tion	(d) Cost Basis of items sold	New Cost Basis (a+b-c-d)	Current market value
Total						

Schedule K: Buildings and Improvements						
Description	(a) Previous Cost Basis	(b) Cost of Purchases/ Trades	(c) Deprecia- tion	(d) Cost Basis of items sold	New Cost Basis (a+b-c-d)	Current market value
Total						

Schedule L: Farmland						
Description and number of acres	(a) Previous Cost Basis	(b) Cost of Purchases/ Trades	(c) Cost basis of land sold	(d) Cost Basis of items sold	New Cost Basis (a+b-c)	Current market value
Total						

Part IV: Supporting Schedules (cont'd)

Schedule L.1: Timberland						
Description and number of acres	(a) Previous Cost Basis	(b) Cost of Purchases/ Trades	(c) Cost basis of land sold	(d) Cost Basis of items sold	New Cost Basis (a+b-c)	Current market value
Total						

Schedule L.2: Marketable Timber						
Description and number of acres	(a) Previous Cost Basis	(b) Cost of Purchases/ Trades	(c) Cost basis of land sold	(d) Cost Basis of items sold	New Cost Basis (a+b-c)	Current market value
Total						

Schedule L.3: Premarketable Timber						
Description and number of acres	(a) Previous Cost Basis	(b) Cost of Purchases/ Trades	(c) Cost basis of land sold	(d) Cost Basis of items sold	New Cost Basis (a+b-c)	Current market value
Total						

Part V: Management (Human Resource) Assessment

This worksheet could certainly challenge your objectivity, particularly where family members are involved. Please duplicate for multiple relevant individuals, particularly if you are looking at business succession issues. This sheet is also useful for deciding who is best suited to handle important tasks like land management, entity management, etc. Duplicate, complete, and discuss steps that can be taken to improve challenging areas.

Skill/Trait	Comments
Farm production management	
Financial management	
Marketing management	
Personnel/Labor management	
Organization	
Scheduling	
Creativity	
Innovation	
Decision-making ability	
Ability to listen	
Logical thinking ability	
Work ethic	
Other:	
Other:	
Other:	
Other:	

Notes:

Table 3.1

QUICK COMPARISON OF BUSINESS ENTITIES

	Sole Proprietorship	General Partnership	Limited Partnership	Corporation	Limited Liability Company
Ownership	Single individual	2 or more general partners	1 or more general partners and 1 or more limited partners	1 or more shareholders	1 or more members
Direction and Control	Single individual	All partners	1 or more general partners and 1 or more limited partners	1 or more directors	1 or more members
Management	Single individual	Managing partner or all partners	1 or more general partners	1 or more officers	1 or more members
Liability	Owner has unlimited liability	Partners have unlimited personal liability	Limited for limited partners, unlimited personal liability for general partner	Limited	Limited or unlimited
Transferability	Not applicable	May be assigned, but assignee not a partner	May be assigned, but assignee not a partner	Corporate stock freely transferable, "S" corporation restrictions must be met	May be assigned, but assignee may or may not be a member
Continuity of Life	Terminates on owner's death	Dissolves upon death or withdrawal, unless continued by partners	Generally dissolves upon death or withdrawal, unless otherwise specified in agreement	Perpetual	Operating Agreement determines continuity
Federal Taxation	Individual Taxed	Pass-through entity (each partner taxed individually)	Pass-through entity (each partner taxed individually)	"C" corporation and shareholders taxed; "S" pass-through entity, shareholders taxed	Pass-through entity (members taxed individually)
Franchise and Excise Taxes	No	No	Yes	Yes	Yes, unless 66.7 percent of activity is farming
Legal and Administrative Costs	No initial or annual filings or fees or legal costs	No initial or annual filings or fees but may need legal service to draft partnership agreement	Initial and annual filings and fees for drafting limited partnership agreement	Initial and annual filings and fees, legal fees for drafting documents, annual meetings	Initial and annual filings and fees, legal fees for structuring entity

Worksheet 3.1

CHECKLIST FOR BUSINESS AGREEMENTS

As you will note from the preceding article on business entities, a lot of decisions are required for constructing an agreement to meet your needs. The worksheet below identifies some of these decisions and provides space for you to jot down answers for discussion with your business partners, family members and professional advisers. The following list was developed by Jesse Richardson, JD, Virginia Tech.

General	
Under what state law will the business be formed?	
What is the name of the business?	
Has the name been checked with the Secretary of State?	
What is the purpose of the business? (very important for farm LLCs)	
What is the term of the business?	
Is the business member managed or manager managed?	
Who is the manager if manager managed?	
Who is the agent for service of process?	
Capital Contributions	
What is the initial capital contribution of the managing member?	
What is the initial capital contribution of the other members?	
Will members be required to make additional contributions if necessary?	
What happens if a member fails to make a required capital contribution?	
What approvals are required to add new members?	
Are members allowed to withdraw their capital contributions? If so, under what circumstances?	
Is a member entitled to interest on his or her capital contributions?	
Does any member have any priority on distributions over any other members?	
Allocations	
How are profits and losses to be divided among the members?	
How are tax allocations made?	
When are distributions to be made?	

Should the agreement require special distributions to be made to at least pay for tax on each member's pro rata income from the business?	
Compensation to the Manager	
What fees is the manager entitled to?	
What reimbursements is the manager entitled to?	
Is the manager entitled to incentive compensation?	
Books, Records, Accounts and Reports	
What books and records are to be maintained by the business?	
What access rights will the members have to books and records?	
What reports will the members be required to receive?	
Who will be the tax matters partner?	
Voting Rights	
What voting rights will the members have?	
What major actions can the manager take without other members' approval?	
Will a supermajority be required for some actions of the business?	
Meetings	
Where will meetings be held?	
How often will meetings be held?	
How can meetings (regular and special) be called?	
What notices for meetings must be given?	
What quorum is necessary for meetings?	
Can actions be taken by written consent of the members?	
Assignment and Transfer of Interests	
Do the members have the right to assign their interests in distributions?	
What rights does an assignee of a member's interest get?	
In what situations will assignment be prohibited?	
What are the procedures for substitution of members?	
What happens on the death, incompetency or bankruptcy of a member?	

Is there a right of first offer or first refusal on transfers of interests?	
Are there restrictions on transfer of ownership interests? (i.e., owners can only be direct lineal descendents of grandma or grandpa)?	
Should a buy/sell agreement be included, setting out a formula to value ownership interests upon divorce, withdrawal of an owner, etc.?	
If included, should the buy/sell agreement include terms of payment for such business interests, allowing installment payments at a modest interest rate?	
Should key person life insurance provisions be included to fund purchases of a deceased owner's interest in the business?	
Should there be a prohibition on sale of ownership without permission of the other owners?	
Termination of a Manager	
Under what circumstances can the manager voluntarily withdraw as the manager of the business?	
What are the events that will result in the manager ceasing to be the manager of the business?	
Under what circumstances can the members remove the manager?	
What happens to the manager's interest when it has ceased to be the manager?	
Dissolution and Termination of the Business.	
Under what circumstances will the business be dissolved?	
Under what circumstances can the business continue notwithstanding a technical dissolution?	
How are distributions to be made on liquidation of the business?	
Miscellaneous	
How can the business agreement be amended?	

Worksheet 3.2

SHORT-TERM LEASE CHECKLIST

Use this worksheet to ensure key areas are addressed in your discussion of a lease agreement. Each item will require discussion between both parties and legal counsel.

- 1 _____ Who are the parties? Make sure you have evidence of ownership and authority to act if the landowner is an entity (ie. LLC, estate, trust) other than an individual. Make sure the lease binds “heirs and assigns.”
- 2 _____ What will be the least term? State law may require recording of the lease or memorandum in the register of deeds for the county where the land is located.
- 3 _____ Will the lease be renewable? Will both parties have the option to renew or not renew? How much notice is required for renewal, and what is the procedure?
- 4 _____ Do you have an adequate description of the property (real and personal) to be leased (land, boundaries, farm structures, residence, equipment, etc.) If a good written description is elusive, include an FSA aerial photo with boundaries marked as an exhibit.
- 5 _____ How much and what type of rent will be paid? When must the rent be paid? (see worksheet *Determining Rent*)
- 6 _____ If the agreement includes a residence, will there be a separate residential lease?
- 7 _____ What will be the allowable and prohibited uses of the property under the lease? If chemicals are allowed, who bears liability for their misuse?
- 8 _____ How will the landowner and the tenant allocate responsibility for repairs and maintenance of the property? (see worksheet *Repairs and Maintenance*)
- 9 _____ How will the landowner and tenant allocate responsibility for capital improvements? If the tenant invests in capital improvements, how will they be compensated?
- 10 _____ Who will be responsible for obtaining and maintaining insurance - liability, casualty or crop insurance?
- 11 _____ What actions by either party will constitute default under the lease? Will the non-defaulting party have the right to terminate the lease or withhold rent until the default is cured? Will the lease include a procedure for dispute resolution?

Worksheet 3.3

ESTIMATING COSTS AND ESTIMATING RENT

Use this worksheet to establish a fair rental arrangement between landowner and farmer. It will help establish a baseline of land ownership and operating costs to orient both parties toward an agreement on allocations of costs, income and establishment of a rental rate.

Item of expense	Estimated total value of asset	Interest rate %	Estimated Annual Expense		
			Whole Farm (\$)	Landowner Share (\$)	Farmer Share (\$)
SECTION ONE. Fixed Expenses					
PART A. Fixed Investment Expenses					
1. Land					
2. Farm Buildings					
3. Farm Vehicles					
4. Machinery and Equipment					
5. Breeding Stock					
6. Dwelling					
7.					
8.					
9. TOTAL PART A					
PART B. Fixed operating expenses					
10. Labor					
a.	Tenant's				
b.	Unpaid family				
c.	Landowner				
d.	Hired				
11. Depreciation					
a.	Buildings, fences and other farm structures				
b.	Farm machinery and equipment				
c.	Farm vehicles				
12. Repairs					
a.	Buildings, fences and other farm structures				
b.	Farm machinery and equipment				
13. Real estate and other taxes					
14. Insurance					
a.	Liabilty				
b.	Casualty				
c.	Crop				
15. Soil amendments					
16. Conservation measures					
17. Timber					
18. Other:					
19. TOTAL Part B					
20. TOTAL SECTION ONE					

Variable Expenses					Estimated Annual Expense		
					Whole Farm (\$)	Landowner Share (\$)	Farmer Share (\$)
SECTION TWO: Items of Variable Expenses							
21. Cash farm operating expenses							
a.	Livestock breeding						
b.	Hired labor						
c.	Conservation expense						
d.	Fertilizer/lime						
e.	Fuel						
f.	Seeds/plants						
g.	Utilities						
h.	Veterinary expense						
i.	Farmer training and development						
j.	Cash rent						
k.	Machinery expense						
l.	Marketing expense						
m.	Timber net expenses						
n.	Other:						
o.	Other:						
22. TOTAL VARIABLE EXPENSES							
SECTION THREE. Annual Farm Receipts					Whole Farm (\$)	Landowner Share (\$)	Farmer Share (\$)
	Crops						
Expected yield (1) (unit per acre)							
Expected price (2) (per unit)	\$	\$	\$	\$			
Crop income (1 x 2)							
Other income (gov't, hay, other)							
	Spring		Fall				
Livestock sales	\$	\$	\$	\$			
Other							
23. TOTAL PROJECTED RECEIPTS							
SECTION FOUR. Summary Expenses							
TOTAL FIXED EXPENSES (#20)							
TOTAL VARIABLE EXPENSES (#22)							
24. TOTAL EXPENSES (#20 plus #22)							
RECEIPTS LESS TOTAL EXPENSES (#23 minus #24)							

This worksheet developed from USDA Pub. No. 836 and *Holding Ground: A Guide to Northeast Farmland Tenure and Stewardship*

Worksheet 3.4

REPAIRS AND MAINTENANCE CHECKLIST

This worksheet can be used to support a clause in a lease agreement requiring that landowner and farmer will visit the issues of repair and maintenance on an annual basis. Each party should keep a copy.

Year: _____				% of Cost Contributed by Landowner and Tenant				Total Dollars Contributed Toward Repair		Value of Labor	
	Repair or Replacement to be Undertaken	Date to be Completed	Estimated Cost of Materials and Labor	Materials		Labor		L	T	L	T
				L	T	L	T				
Structures: Exterior siding/ Windows/ Roofing											
Fences											
Barn Equipment											
Water, Heating, Ventilating Systems											
Waste Management Systems											
Conservation Structures											
Total											
Landowner (signed)				Farmer (signed)							
This worksheet adapted from USDA form AD 562 (Mar 1960)											

Worksheet 4.1

LOCATE IMPORTANT DOCUMENTS

Use this worksheet for help locate the documents you will need in meeting with professional advisers. It is important to gather certain documents to assess your current financial situation, but also to determine ownership and obligations related to your real and personal property. Doing this exercise prior to meeting with professionals will save time, money, and will help them better serve your needs.

DOCUMENT	WHERE IS IT?
Birth Certificates (all family members)	_____
Marriage Certificates	_____
Divorce decrees/separation	_____
Medical Records	_____
Healthcare Power of Attorney and Living Will	_____
Durable Power of Attorney	_____
Bequest list of tangible personal property	_____
Wills and Trust documents	_____
Cemetery deeds/burial instructions	_____
List of special bequests (to heirs, charity, etc.)	_____
Insurance policies	_____
Stocks, mutual fund and bond certificates	_____
Real estate deeds	_____
Promissory notes, contracts, mortgages, receivables	_____
Partnership/corporation documents	_____
Checking/savings account statements	_____
Pension statements	_____
Income/gift tax returns	_____
Farm and other business financial statements	_____
Property tax statements	_____
Farm conservation contracts (NRCS, etc.)	_____
Forestry Management Plan	_____

Worksheet 4.2

WILLS AND TRUSTS BASICS

Regardless of the size of your estate, all wills and trusts require basic decisions about who will administer the estate or trust property, whom property will go to, how it will be divided, etc. Use this worksheet to help make some decisions on key elements of your will and trust documents. Factors to consider are noted with each ques-

Executor of the estate: If all or parts of your estate passes through probate, whom do you want to handle the details of paying your debts and death taxes, and distributing the remaining assets to the beneficiaries named in your will? A spouse is appropriate as well as adult children, close friend, accountant, lawyer, or a bank's trust department. The individual is generally paid. Successors (1 or 2) should be named in case the first predeceases you or is incapacitated or is otherwise unable or unwilling to serve.

Name/Address: _____

Successor(s): _____

Trustee: If you are advised to make use of a trust, whether in your will or in a separate living or insurance trust, you will need to name a trustee to manage investments, pay taxes, make distributions, and so forth. In the event he or she cannot serve, you will want to provide for one or more successor trustees. Many who establish a living trust will become the trustee, with a trusted family member or institution taking over upon death or incapacity.

Name/Address: _____

Successor(s): _____

Do you want a corporate or individual fiduciary as executor or trustee? Executors and trustees are referred to as fiduciaries because of the high standard of care required of them to manage the assets of another person.

Guardians for minor children: For younger parents using this workbook, it is important to accept the possibility that you could, through accident or illness, predecease your children. You may suggest a guardian for your children in the body of your will. A thorough discussion of who might best serve as the guardian of your children in that event should take place before drafting or updating your wills. It is important to identify secondary and tertiary guardians in the event your first choices are unable through changed circumstances to serve or otherwise care for your children. You do not want a judge to decide whom your children will live with.

Factors to consider would include: age of proposed guardians and ages of their children; ages of your children and the number of them who are still minors; and health and financial situations of all parties. If you name a couple as guardians and one of them dies, would you want the surviving co-guardian to act as sole guardian? What if they divorce? Is a brother, sister, grandparent or a close friend the better choice? Be sure to discuss the matter with your intended choices to make sure they are willing — or otherwise feel confident they are able — to serve as guardians for your children. Remember that your will is merely a suggestion to the court, but in all likelihood the suggestion of guardian will ensure your children are cared for according to your wishes.

Guardians for minor children: Who do you think is best able to cope with the raising of your minor children?

Name/Address: _____

Successor(s): _____

Worksheet 4.2

WILLS AND TRUSTS BASICS

Regardless of the size of your estate, all wills and trusts require basic decisions about who will administer the estate or trust property, whom property will go to, how it will be divided, etc. Use this worksheet to help make some decisions on key elements of your will and trust documents. Factors to consider are noted with each ques-

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Name/Address: _____

Successor(s): _____

Worksheet 4.3

GATHERING INFORMATION ABOUT YOUR ESTATE

Use this worksheet to take stock of your personal wealth, your family situation, and your current plans and ideas, so that your professional advisors will have a good starting point from which to guide you through the farm transfer planning process.

I. PERSONAL INFORMATION

Date: _____

Your Full Name: _____

Birth Date: _____

Spouse's Full Name: _____

Birth Date: _____

Date, County, and State of your marriage: _____

Home address: _____

Home telephone: _____ Email address: _____

Business Name(s) and Address(es): _____

Husband: _____

Wife: _____

Business telephone: Husband _____ Wife _____

II. PROFESSIONAL ADVISERS:

Attorney: _____

Address: _____

Telephone: _____ Email address: _____

Insurance Agent: _____

Address: _____

Telephone: _____ Email address: _____

Financial Advisor: _____

Address: _____

Telephone: _____ Email address: _____

Accountant: _____

Address: _____

Telephone: _____ Email address: _____

Lender: _____

Address: _____

Telephone: _____ Email address: _____

Other Advisors: _____

III. ALL CHILDREN: (if any children are adopted or from a previous marriage, please indicate)

Name	Spouse	Date of Birth	Resides (City, State)

III.B. GRANDCHILDREN:

Name	Parent	Date of Birth	Resides (City, State)

IV. GENERAL FAMILY INFORMATION:

Does any child or grandchild have a health problem or handicap? Yes No

If yes, please explain:

Are there any persons dependent on you? Yes No

Monthly obligation: Alimony or child support \$ and years to be paid:

V. CURRENT ESTATE PLANS:

Does Husband have a will/trust at the present time? Yes No

Location of original(s):

Does Wife have a will/trust at the present time? Yes No

Location of original(s):

Do you have a marital property agreement? Yes No

VI. REAL ESTATE (Personal residences, farm properties, rental properties)

Location	Ownership*	Basis**	Estimated Value	Mortgage Balance

VI.1 TIMBER REAL ESTATE (Timberland, merchantable timber, pre-merchantable timber)

Location	Ownership*	Basis**	Estimated Value	Mortgage Balance

*List the name(s) that appear as grantees on the deed for each property to the best of your knowledge. If you are certain the deed contains language such as “jointly” or “with right of survivorship,” please indicate.

**Basis is the value of the property at the point you came into its ownership, less any depreciation taken, and is determined by the manner in which you acquired it. As a general matter, if you inherited it, your basis is the value placed on it during the estate settlement. If you purchased it, the purchase price is your basis. If the property was gifted to you, generally your basis is the same as the previous owner’s. Basis is used to determine any capital gains you or your heirs may be exposed to by sale of the property.

VII. BANK ACCOUNTS AND CERTIFICATES OF DEPOSIT:

Institution Name	Type of Account	Ownership	Approximate Balance

VIII. STOCKS AND MUTUAL FUNDS:

Company/Fund	Number of Shares	Ownership	Cost (Basis)	Market Value

IX. BONDS (Taxable and Exempt), TREASURY INSTRUMENTS, NOTES RECEIVABLE:

Description	Due Date	Face Value	Market Value	Ownership

X. LIFE INSURANCE

Furnish the requested information for all policies on members of your family, including husband, wife and children. Be sure to include group insurance a member of your family may have through an off-farm job. Use additional sheets if necessary. Your insurance agent may be able to provide you with printouts of the information requested below.

	Policy 1	Policy 2	Policy 3
Insurance Co.			
Policy #			
Insured			
Owner			
Type Insurance			
Face Value			
Cash Surrender Value			
Loans			

Primary Beneficiary			
Contngent Beneficiary			

XI. RETIREMENT PLANS

If either spouse is entitled to any benefits under a deferred compensation, retirement or profit sharing plan, please provide the following information.

	Plan 1	Plan 2	Plan 3
Participant			
Plan Name			
Plan Nature			
Expected Payment			
Death Benefit			
Contributions...			
...Made by			
Designated Beneficiary			
Life Insurance in Plan?			

If either spouse has established an IRA account, please furnish the following information:

Contributor			
Investment			
Approximate Value			
Designated Beneficiary			

XII. INTEREST IN TRUSTS OR ESTATES:

Does any member of your family have any relationship to an existing trust as Yes No

donor, trustee or beneficiary?

Has any member of your family in the past received an inheritance from an estate? Yes No

If yes, please explain:

Does any member of your family have any interest (e.g. as a beneficiary) Yes No
in a pending estate?

If yes, please explain:

XIII. PERSONAL EFFECTS:

Please list all items having significant market value, such as jewelry, art, antiques, rare musical instruments, autos, boats, collections, farm equipment, etc. Please Note: Normal household furnishings need not be listed.

Description	Ownership	Estimated Value

XIV. CLOSELY HELD BUSINESS INTERESTS:

Company Name	Organization Type (Corp., LLC)	Ownership Interest (as a %)	Estimated Value

XV. LIABILITIES (other than real estate mortgage):

Creditor	Amount Due	Date Payable	Collateral Description

