

Planning Today for Tomorrow's Farm Families

A Survey for Tennessee Farm
Families

Questions

- ❖ In the future, who will farm the land?
- ❖ Under what conditions will it be farmed?
- ❖ Will there be any young farmers at all?
- ❖ These are tough questions for which there are no solid answers. The answers to these critical questions depend largely on how current farmers handle their business succession: Who will take over the farms they have worked their whole lives to develop?



THE UNIVERSITY of TENNESSEE **UT**

INSTITUTE of AGRICULTURE

PLANNING TODAY FOR TOMORROW'S FARMS



A Survey for Tennessee Farm Families



- ❖ Survey was mailed in May and June of 2010.
- ❖ 294 active landowners and farmers responded to this survey!
- ❖ Thank YOU!

How likely is it that all or the majority of your farmland will still be:

	Not Likely at All	Somewhat Likely	Very Likely
Agricultural use in 10 years	9%	26%	65%
Agricultural use in 20 years	17%	36%	47%
Owned by you/your family in 10 years	8%	22%	70%
Owned by you/your family in 20 years	13%	30%	57%

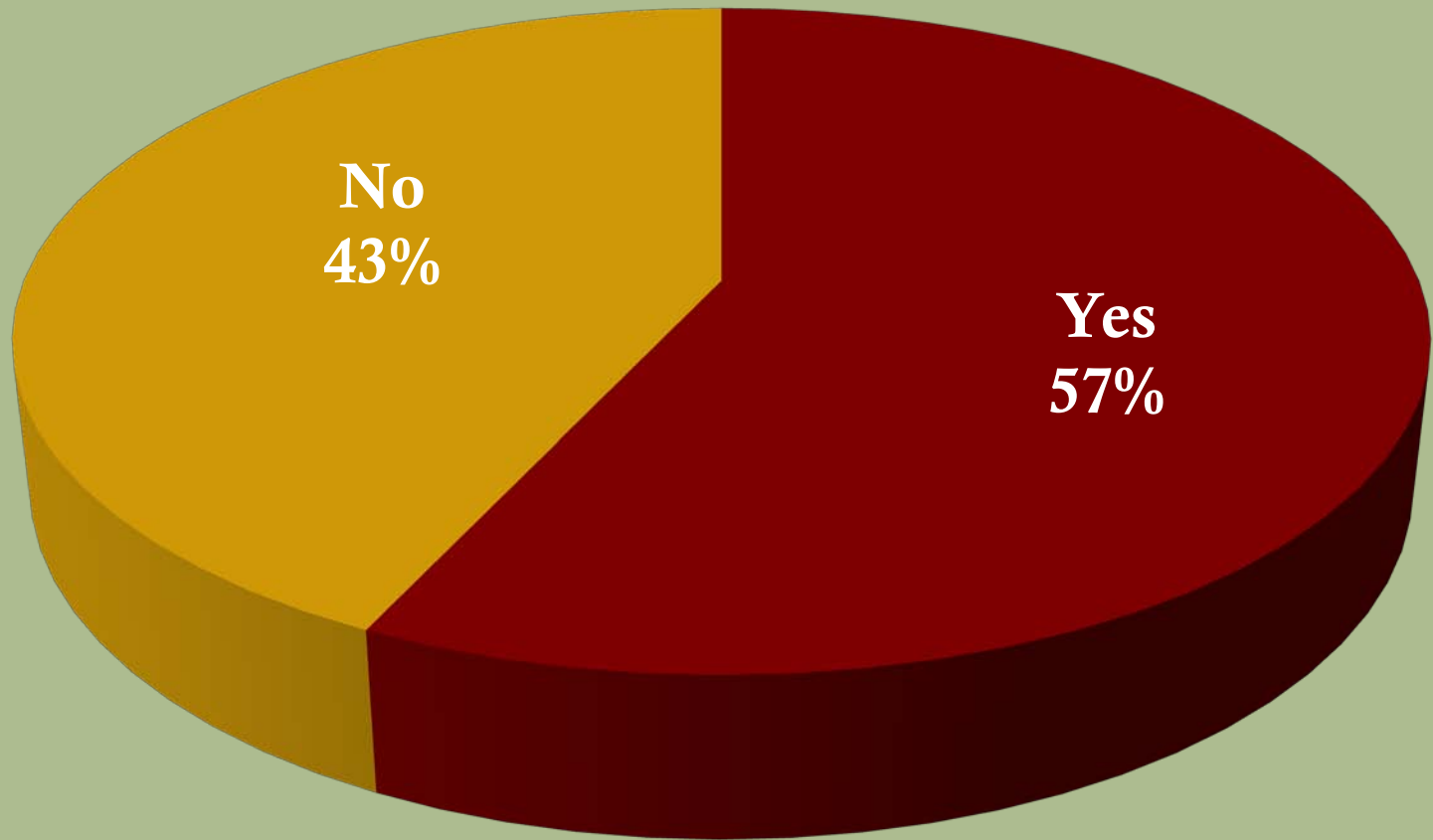
Which of the following statements best describes your plans for the future?

	Percentage
I have already retired from farm work. I do not provide either managerial control or labor to the farm	9%
I have or expect that I will retire from farm work at some point in time. After which, I will provide neither managerial control nor labor to the farm.	13%
I expect to become semi-retired at some point in time. After which, I will continue to maintain some managerial control and/or provide some labor to the farm.	38%
I expect that I will never retire from farm work. Instead I will maintain full managerial control and provide labor to the farm as long as I am physically able.	42%

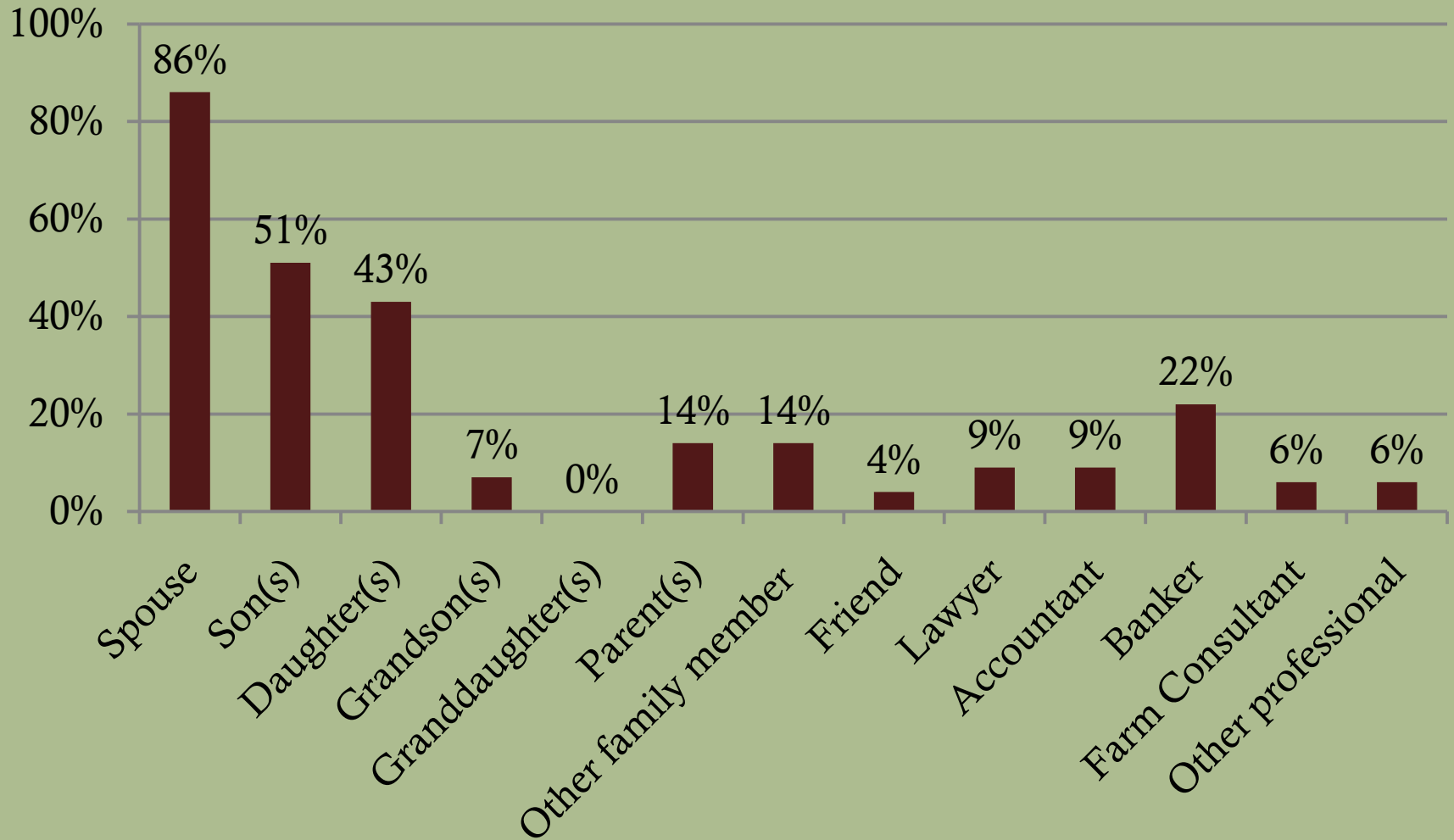
Retirement

- ❖ 13% Fully Retire: 38% Semi-retire (51%)
- ❖ When?
 - ❖ Average Age in Survey: 61 years old
 - ❖ Census Average Age: 58 years old
 - ❖ When do you expect to retire or semi-retire?
 - ❖ Age: 69
 - ❖ Roughly 8-11 years to plan for retirement

Have you discussed your retirement plans with anyone?

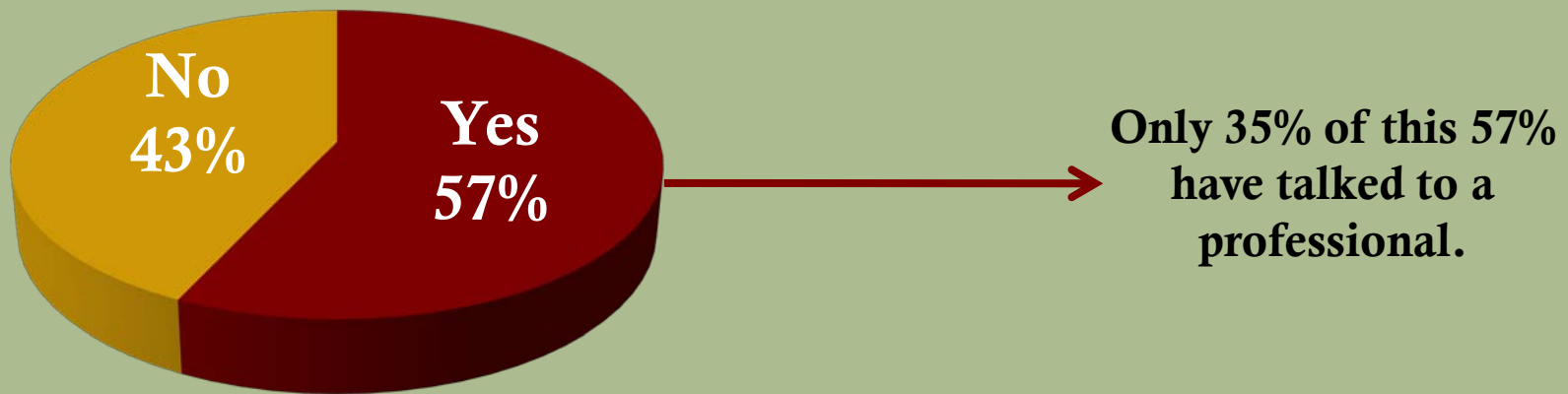


Who did you discuss your plans with?



Who did you discuss your plans with?

- ❖ 97% have discussed plans with family.
- ❖ While only 35% of respondents have discussed plans with at least one professional.



Never Retire

- ❖ 42% said they will never retire
- ❖ Farming differs from most other family businesses in that the senior operator tends to stay involved in the business long past normal retirement age.
- ❖ Because of farmers' longer life expectancies as well as the difference mechanization makes, it is common for the senior operator to remain active, continue farming independently, and remain in control of the operation into their 70s and beyond.

Why?

- ❖ I love it!
- ❖ It is a way of life.
- ❖ Farming is not what we do. It's who we are.
- ❖ It is what I love about life.
- ❖ I have worked on the farm all my life.
- ❖ No better way to stay happy than to do what you love from beginning to end.

Why?

- ❖ Keeps me active.
- ❖ Working the land keeps me mentally and physically healthy.
- ❖ Economic reasons
 - ❖ Lack of income from retirement.
 - ❖ Lack of retirement planning.
- ❖ What else would I do?
- ❖ Just to have something to do.

Implications

- ❖ This makes it difficult for the next generation, whether within or outside the family, to meaningfully enter the business or take over the farm.
- ❖ 61% of all Tennessee farmland is controlled by an operator that is over 55 years old.
- ❖ In contrast, only 15% of Tennessee farmland is controlled by an operator less than 45 years old
- ❖ As the older generation retains ownership, the number of farms in Tennessee has decreased by 9% and land in farms has decreased 6%, since 2002.

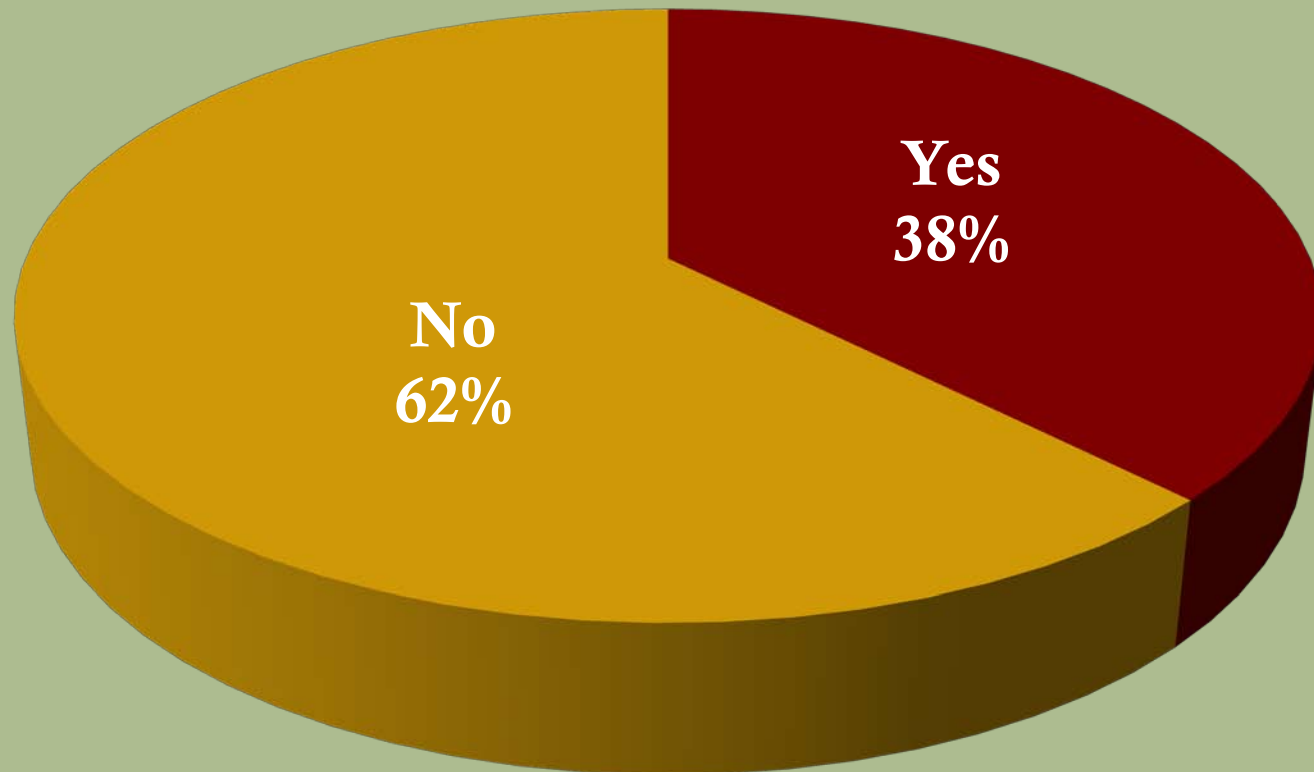
Why?

- ❖ I am the only family labor available.
- ❖ My children show no interest in farm work. Hopefully I hope my grandchildren will.
- ❖ Keep the farms for my grandchildren to learn how a farm operates.
- ❖ No other person interested in farm.
- ❖ None of my heirs want to farm.

Land Linking Program

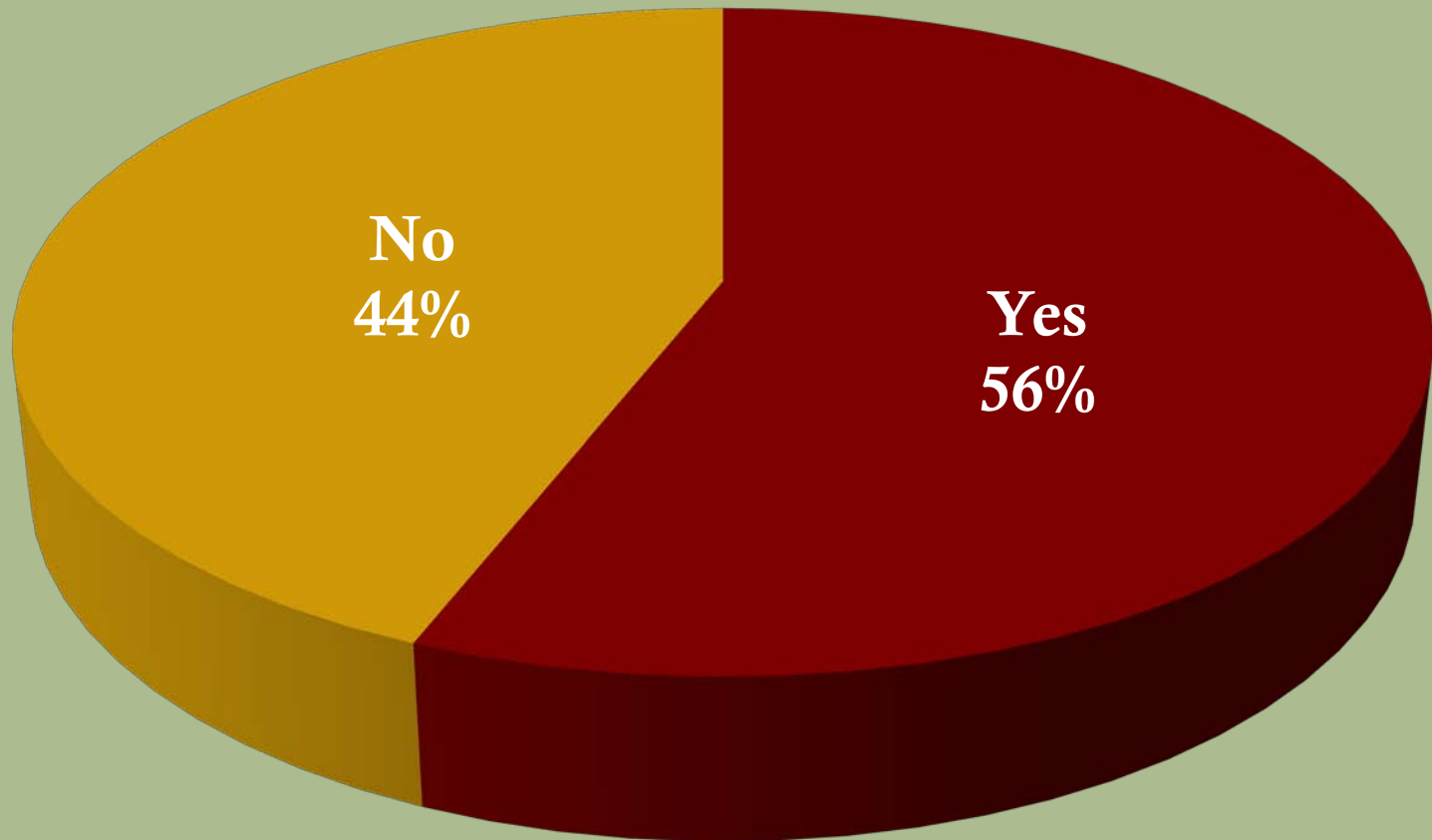
- ❖ Program that helps link those with a farm and no heirs or interested parties to someone who wants to farm.
 - ❖ Rent
 - ❖ Lease
 - ❖ Purchase
- ❖ Provides a way for a farm to live on into the future and remain in active production with a new generation.
- ❖ Learn more about these types of programs at tomorrow's session with other states.
- ❖ “Land link is interesting. I see it could help younger farmers. The problem with getting a young farmer they can't buy land/equipment and make a living. Only way is to have capital then they can pay expenses.”

Have you formally identified one or more person(s) who will eventually take over the management of your farm?



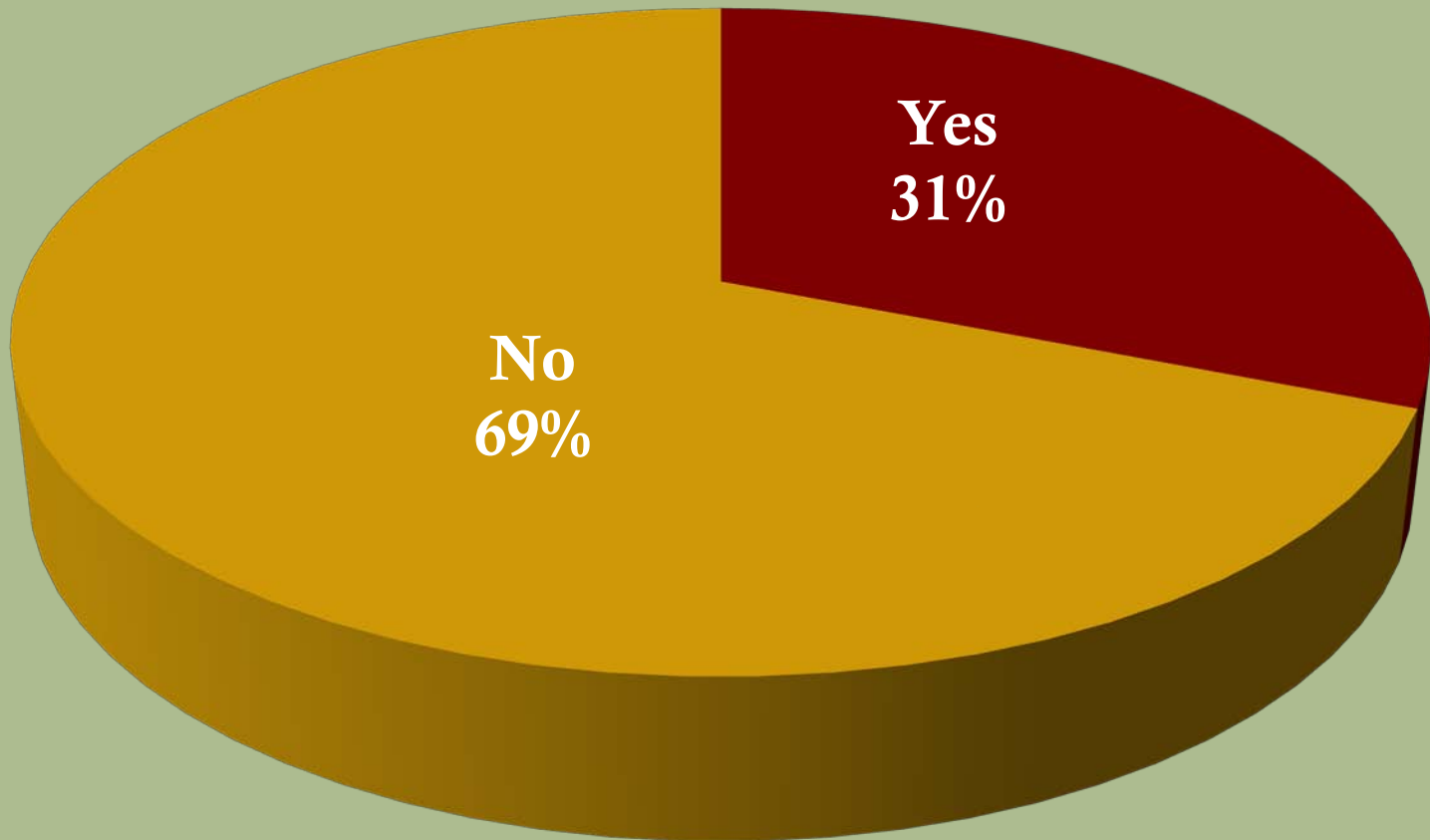
51% told us they were going to retire in the next 8-10 years...but only 38% have identified a successor.

Do you have a Will?



Have you made an estate plan?

(An Estate Plan is a plan that provides for the transfer of the assets and management of the farm business to your successor(s)).



Estate Plan

- ❖ “Some people think the only item a person needs to plan an estate is a will.”
- ❖ “However, a good estate plan includes a will and other documents to insure a person’s wishes are carried out if he or she becomes disabled, incapable of handling personal affairs or if the person dies.”
- ❖ Planning Today for Tomorrow's Farms: A Workbook for Tennessee Farm Families:
 - ❖ *Chapter 5: Estate Planning Tools – Alan Galloway*

Planning is Important

- ❖ It is what you do when you love the ones who will be left behind.
- ❖ Research done in 2009:
 - ❖ “Only a fifth of family farms survive the transfer to the next generation. This could be attributable to the failure to develop a succession plan” (Pitts et al. 2009).

1st Breakout Sessions

- ❖ *Break-out Sessions (1 hour)*
- ❖ (1) *Dr. Ron Hanson: How much did your lawyer cost our family farm?*
- ❖ (2) *Dan Hawk, TN Dept. of Economic and Community Development and Dr. Bridget Jones, Cumberland Region Tomorrow: Local Governments and Land Use Decisions*
- ❖ (3) *David Arnold, Tennessee Department of Forestry: Incentives for Forest Landowners*

2nd Breakout Sessions

- ❖ *Break-out Sessions (1 hour)*
- ❖ (1) *UT Extension: Planning Today for Tomorrow's Farm Families*
- ❖ (2) *Warren Nevad, University of Tennessee: Tennessee Renewable Energy Economic Development Council*
- ❖ (3) *David Mercker, University of Tennessee: How to market your timber?*

3rd Breakout Sessions

- ❖ *Break-out Sessions (45 minutes)*
- ❖ (1) *FSA, Farm Credit, Land Trust: Options for Landowners and Beginning Farmers*
- ❖ (2) *Steve Morse, University of Tennessee: Communicating the Value of Tourism and Open Space Planning*
- ❖ (3) *Adam Taylor, University of Tennessee: Emerging Markets and Issues*