

SUCCESSION PLANNING CHECKLIST

Guide for Your Farm Succession Planning

November 2023

PREPARING FOR FARM TRANSITION

Suggested questions to think over and write down

- Senior Partner(s)
 - What do I want to do with the next phase of my life?
 - What's my vision for the farm and my involvement?
 - Where do I want to live?
 - How much do I need to live?
 - Where will I get my income?
 - Can the farm support multiple generations?
 - How do I see the transition process moving forward?
 - What are my core values?
 - How do I exhibit these core values on the farm?
 - How will my values guide me in a successful farm transition?
 - Transferring management responsibilities should start early.
 - Is there a role for me as a mentor to help my successors? To help your successor gain the skills and experience needed for farm business success.
 - Do I have a leadership plan to help develop the next generation skills as a leader?
 - What are my options if family members are not interested in taking over the business? Should I consider a non-family succession?
- Upcoming generation
 - What's my vision for the farm?
 - What are my core values?
 - How do I exhibit these core values on the farm?
 - What's my vision of the involvement of the senior generation as a mentor?
 - How do I see the transition process moving forward?
 - Do I have a plan for continuous learning to grow my knowledge and skills to build a thriving farm business?
- Non-farming family
 - Can the farm support multiple generations?
- Schedule regular, intentional family meetings
 - Share your personal plan with others.
 - Find out what people want for their future. Invite everyone (including spouses) to share their thoughts. You all don't have to agree - the goal is to reach clarity and understand everyone's position.
 - Acknowledge that people's different communication styles and distinct personalities will impact how these discussions go.

ASSESSING TRANSITION READINESS

Collect the Data. Give it your best estimate. This will provide a strong foundation for discussion.

Farm Assets

- Land legal description, original cost, market value
- Buildings legal description, original cost, market value
- Quota original registered owner, original cost, market value
- Inventories
- Other

Farm Liabilities

- Bank overdraft
- Bank loans
- Mortgages
- Contracts
- Other

Non-Farm Personal Assets

- Investment Certificates
- Registered Retirement Savings Plans
- Stocks, Bonds, Loans Receivable
- Household, Vehicles, Other
- Life Insurance
- Other

Non-Farm Personal Liabilities

- Bank loans
- Other

Financial statements and business performance records

- Compare the farm's financial performance to industry benchmarks
- Determine if the business is profitable
- Provide important data about the future viability of the farm
- Can the farm business generates enough income to support another household and provide retirement income for the senior generation?
 - What are your income needs immediately after retirement?
 - What are your income needs in 10 years time?
- Is there enough profit to allow for a quick transition?
- Is it more realistic to consider a multi-year plan?

Discuss family values, vision, and goals

- Vision
- Mission
- Goals
- Action Plan

ADVISORY TEAM

The advisory team is a trusted group of people who can help work through uncomfortable or confusing aspects of transition. This can include lenders, accountants, and other agriculture professionals, who met with each family member separately. Decide on what you want to accomplish and work with experts to get you there.

- Choose advisors and obtain assistance
 - Family Transition Coach
 - Accountant
 - Financial planner
 - Lawyer
 - Insurance agent
- Financial provider
- Schedule regular, intentional family meetings.
- Prepare an implementation plan. Identify actions, timelines, and key responsibilities.
- Review and revisit implementation plan regularly. Identify if anything needs to change.

LEGAL DOCUMENTS AND AGREEMENTS

Getting something in writing doesn't mean lack of trust - it means you're managing risk to ensure the farm survives for the next generation.

Here are a few key aspects to consider.

- Review the critical issues
 - What assets will ultimately pass to your non-farm children?
 - How do you decide what is equitable?
 - Are you concerned that one or more of your children might challenge your overall succession plan, after your death?
- Estate Planning: Do you have the appropriate legal documents in place?
 - Will
 - Power of Attorney Document
 - Health Care Directive
 - Are these documents reviewed every 3-5 years?
- Prepare for the unexpected:
 - Is your farm adequately insured if you or a key player in the operation is injured or becomes disabled?
 - Interspousal agreements and partnership agreements to protect specific assets
 - Does the family know where to find all agreements, life insurance, banking information, contact information (legal advisors, accountants etc.)?

TOOLS AND RESOURCES

- Farm Credit Canada
 - [FCC Transition Business Essentials Learning Path](#)



- [13 farm transition case studies to help you plan | FCC \(fcc-fac.ca\)](#)
- [Transition planning checklist - Your guide to farm succession planning \(fcc-fac.ca\)](#)
- [Why your farm transition plan should be a living document | FCC \(fcc-fac.ca\)](#)

- B.C. Ministry of Agriculture and Food
 - [Family Farm Business Succession Plan Checklist....approaching the porcupine](#)
 - [Advisor Support - B.C. Agri-Business Planning Program](#)
- Farm Management Canada Transitioning Your Farm Business
 - [Business Score Card](#)
 - [Transition Planning Webinars](#)
 - [Farm Transition Guide](#)
- Young Agrarians
 - [Young Agrarians B.C. Transition Toolkit for Non-Family Farm Transfer.](#)
- Succession Planning for Rural Landowners
 - [Ties to the Land: Succession Planning for Property Owners \(oregonstate.edu\)](#)