

“A LASTING LEGACY”: LEAVE A LEGACY IN AGRICULTURE

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Abstract

Legacy is frequently used to describe the financial assets and personal possessions that people leave their heirs when they die. But all human beings also have values, life lessons, beliefs, memories, relationships, accomplishments and other nonmaterial things that could be handed down to future generations. Due to the increasing demands for assistance with succession planning, the authors developed a 2-course educational program to aid in their efforts to help farm families.

A Lasting Legacy provides one approach to end-of-life planning and suggests a road map for embracing the meaning of one's life. The process helps families go through a safe, hands-on approach to pass on a true legacy to younger generations. A Lasting Legacy captures all facets of an individual's life: improving intergenerational relationships; 2) sharing values and life lessons; 3) passing on personal possessions of emotional value; preparing for end of life events; and distributing financial assets and real estate. A Lasting Legacy has been successfully used by farm and non-farm families to better deal with the end of one's life.

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Sub Theme: Farm Management

The word *legacy* is frequently used to describe the financial assets and personal possessions that people leave their heirs when they die. But all human beings also have values, life lessons, beliefs, memories, relationships, accomplishments and other nonmaterial things that could be handed down to future generations. This part of the legacy can be difficult to define and often more important to future generations.

The *A Lasting Legacy* courses and accompanying workbook present an alternate approach to end of life planning that suggests a road map for the future embracing the meaning of one's life. The courses were motivated by many people in need of an easy to use process. The process helps families go through a hands-on approach to pass on a true legacy to younger generations. *A Lasting Legacy* captures all facets of an individual's life. Course 1 guides interested participants through: 1) Methods and tools for improving Intergenerational Relationships; 2) Sharing Your Values and Life Lessons; and 3) Passing on Personal Possessions of Emotional Value. Course 2 addresses the legacy components of 1) Preparing Instructions and Wishes to be Fulfilled and 2) Distributing Financial Assets and Real Estate.

Module 1: Intergeneration Relationships

Leaving a legacy of love depends on elders and adult children being able to bridge the communication gap. Establishing and maintaining healthy relationships is challenging at any stage of life. Communication between generations is more vital than ever to ensure that the needs of elders and heirs are aligned. Talking about legacy can be an emotionally satisfying experience for both parents and children. Comprehensive communication gives elders and their heirs an opportunity to share their most important beliefs, wishes and directives, and lessons learned throughout their lifetime.

Thorough discussions about legacy planning should include talking about all four components of a true legacy. Where conversations between a parent and child do not cover all four components, the legacy conversion is not complete. Clarifying plans and explaining intentions can make otherwise contentious decisions understandable and avoid lasting resentments. When legacy decisions are made and then communicated to the family, research shows that family members are more likely to accept the outcomes. Family members will also benefit from the special memories and stories that have been shared.

Parent/Adult Children Relationships

There are many factors that can contribute to conflict or sources of stress between family members. Differences in values, differences in developmental stages and differences in expectations are three of the most common sources of stress.

- Differences in *values and beliefs* can become a source of stress to intergenerational relationships. Family members with agreement on how to spend money, raise children, choices of friends and partners, religious beliefs, and other values have less stress in their relationships.
- Differences in *developmental stages* can be a source of stress between parents and their adult children. Parents may be dealing with issues of aging, poor health, retirement, or relocation. Children may be dealing with new marriage, children, and business identity. Adult children must be aware and accept that their parents may not be able to do as much as they once could and they may even need the child's help.
- Differences between *expectations* can be a source of stress. Even when children achieve all that their parents had hoped for, the relationship may be disappointing if it lacks affection, warmth, respect, open communication, or honesty. Children may also have unmet expectations of their parents. The parent may not provide the financial support or help with grandchildren that are desired, or they may interfere in the child's life. The resulting disappointment can strain parent-child relationships.

Sensitive issues, such as money, death, and family issues are difficult issues to not only bring up for discussion, but also to talk about in any depth. Most people avoid discussing these subjects because they believe it to be uncomfortable and disrespectful.

A research study by G.P. Colman and H.R. Capener examined the family satisfaction level of 242 senior generation farmers and 239 junior generation farmers. The study found that neither generation was happy with the communication in their two-generation farm family. Skills such as handling arguments, providing constructive criticism, and family problem solving were ranked low by both generations.

Farm businesses offer some unique challenges for parent-adult children relationships. The farm is both a business and a lifestyle. The farm is a part of the family and the family is a part of the farm. In many cases, the two are inseparable. There are expectations and traditions that farm land be passed on from one generation to the next. Because of the emotional ties to the land, one of the most stressful farming issues is the transfer of the farm to the next generation.

Managing Intergenerational Relationships

Lack of effective communication among family members is the root cause of most family business failures. Family Council Meetings, Family Business Meetings, and Family Business Rules and Policies provide communication channels through which the family component may be effectively managed. There may be benefits to using an outside family business expert to facilitate family business meetings or at least to get them started. Engaging the services of an expert who works with family businesses, understands the significance of family dynamics, and is willing to deal with family issues could be one of the best investments a farm family can make.

Family Council Meetings are intended to provide a communication forum to keep the broader family informed of what is going on in the family business, as well as the current and anticipated role of the family in it. These meetings are typically comprised of the broader family, including spouses, in-laws, children, grandparents, and grandchildren whether active or non-active in the family business.

Unlike Family Council Meetings, Family Business Meetings are comprised only of family members who are active in the business. Family Business Meetings are not intended to replace regular business or management meetings. They are dedicated meetings for family members who are working together in the business to deal with the interaction between the family and business. The agenda of the meeting can be primarily business issues or primarily family issues or both.

Improving Communication

To communicate effectively, people need to understand the processes and skills that make up human communication. The basic skills include: questioning, listening, explaining, and reflecting (Terry Maguire). Questioning is how people get information. Active listening seeks to hear what the other person is saying and understand what he or she is feeling. Explaining requires more time, effort, and involvement and reflecting restates the content of what the speaker has communicated to demonstrate understanding and acceptance. In addition to the verbal aspect, non-verbal communication is vitally important. Facial expressions, posture, orientation, and voice tone all add richness to the message.

Barriers to good communication can be split into two main groups: physical and emotional. Physical barriers, such as speech impediment, poor mental ability, and deafness can be easily identified and allowances can be made when dealing with such people. Emotional barriers, such as perceptions, prejudices, fear, and threats might be less obvious.

All family businesses experience interpersonal conflicts. It is not a matter of if, but a matter of when. Put two or more people together for more than a few minutes and there is risk of interpersonal conflict. There are some basic approaches people can use to try to resolve conflicts in their businesses.

- Work it out: Encourage and reward family members to work out their own conflicts and solve their own problems. Encourage family members to attack the problem, not the person.
- Mediation: Mediation is where the parties involved in the conflict meet with an objective third party who recommends a solution. The important thing about mediation is it is not binding. The mediator suggests a solution, but it is up to the individuals involved to implement it. This is a half step between the people solving it themselves and the third tier which is arbitration.
- Arbitration: Arbitration is a binding solution imposed by someone else. In a family team setting, arbitration could be accomplished by any other team/family member as long as all parties agree that they will live by whatever solution the arbitrator will impose.
- Separation: When all other attempts to resolve the conflict fail and as a last resort, one or more family members may have to agree to not work together in the business. If this happens, it is important to maintain respect for each other as family members.

Effective communication between parents and their adult children are essential to a mutually satisfying legacy transfer. Topics like death are often difficult to discuss even with close family members. The skills described in this lesson are essential for managing intergenerational issues throughout the legacy process. Communication breakdowns are the single most influential barrier to successfully completing the process. Practicing these communication skills will make the task easier for everyone involved and reduce the amount of conflict that can arise.

Legacy Components

A complete legacy is built on four components: Values and Life Lessons, Personal Possessions of Emotional Value, Instructions and Wishes to be fulfilled, and Financial Assets/Real Estate.

Values and Life Lessons

According to survey results (Allianz Life) both generations uniformly agreed that the most important element of the legacy is “Values and Life Lessons”. Sharing one’s values and life lessons includes such things as personal and family traditions and stories, a sense of ethics and morality, faith and religion, hopes and blessings for future generations, and life experiences. The three main components of Values and Life Lessons are: Family Traditions, Family History, and Belief Systems.

Family traditions are practices and beliefs that create positive feelings and are repeated at regular intervals. They are more than routines, which are ordinary everyday activities that require no special behavior and involve little emotion. These traditions are often handed down from generation to generation. Some could be based on religious beliefs, while others on culture. Each family creates its own traditions and cultivates connections between each member of the family and generations to come. There are three recognizable types of traditions: celebration traditions, family traditions and patterned family interactions.

Rituals provide a sense of continuity, understanding and love that strengthens family closeness. There are also opportunities for families to have “good times” and establish good memories to build upon when times aren’t so good. In a very positive way rituals touch the heart of the family and help members to feel good about themselves and each other. These feelings are communicated through the traditions in which people participate. One person who studies families remarked, “Families that have the strongest ties have the most traditions or rituals in their life.”

Family history offers a great value to its members and wonderful stories of the families. Whether creating a family history scrapbook, book, website, audio or video recording, it is important to have a plan in order of what to do, what to include, and how to put together all the pieces for the family history project. In the past, most family records included only technical details of a person’s life, such as birth date and marriages. Today, younger generations are asking for records to include birth and marriage information, physical descriptions, growth development, places of residence, professional achievements, jobs, likes, dislikes, hobbies, and hopes and dreams.

Belief system is very important as it defines the limits of a person’s experiences and set of precepts by which the person lives. Beliefs often influence one’s thoughts, words, and actions. To identify the core of one’s belief system, the person needs to define those things held dear. Family, friends, education, career, car, boat, and anything else that is personally important, or in some way, defines who a person is at a specific point in time.

Values are those items on which a person bases his or her decisions and which serve as a foundation for associating and analyzing experiences. To find one’s core values, the person should identify those items having some personal value and explain why they have importance. This process will help a person clearly identify his or her beliefs and value in life.

Personal Possessions of Emotional Value

Personal assets can be defined as either titled property or non-titled property. Most people have plans and are familiar with the legal tools for transferring titled property (real estate, motor vehicles, stocks, bonds, etc.). In many cases, however, individuals fail to plan to include non-titled property as part of this decision-making process.

Transferring non-titled assets can create challenges for families. These items may have great emotional value; however, measuring emotional or sentimental value is difficult and can complicate

the transfer process. What surprises many people are that the transfer of non-titled personal property can create more challenges among family members than the transfer of titled property.

Giving away personal property during one's lifetime to the people the person most wants to have the items can be rewarding. It is only then that one can be certain that his or her personal property is received by those people most deserving or appreciative of the item. Some things to consider during this transfer process include:

- Identify issues to consider. List important considerations to the process. For example, is it important to involve all family members in the process? Or is it more important to make one's own decisions without others' input?
- Identify personal items with special meaning. Inventory all personal items with special meaning. Involving others in this activity can be fun and helpful to better understand what other family member's value.
- Determine how to be fair with everyone. Develop a plan for being fair. This can be quite difficult to achieve and is a hard concept for people of any age to understand. People have different perceptions of what is a fair process and what are fair results. Fairness includes being able to see from another's view. Most reasonable people will understand a person's decisions if they have been included in the decision process and are given an explanation of the reason for different treatment.
- Select a distribution method. Select methods that fit personal goals and objectives. There are a variety of methods to transfer or distribute personal possessions. Formal transfers (wills, gifting, intestate transfers), sales (estate sale, auction, garage/yard sale), and donations are common methods of distribution.

Instructions and Final Wishes to be Fulfilled

This aspect of *A Lasting Legacy* pertains to the final instructions and wishes to be fulfilled. The first step is to decide what constitutes a "good" death. The second step is to identify and document one's wishes for the end of his or her life: where to live, where to die, what medical care to receive, and who should care for dependents. The third step is to document those things pertaining to one's burial and memorial. Step four in today's world is to provide a list of secure places and passwords.

Each person must determine what a "good" death means to him or her. Also, what would others in the person's life want for the person as he or she dies? Is there such a thing as a "good" or a "bad" death? Some people, including professional counsellors, believe that people have some control over the quality of life they experience at the end of their lives. It is a process of a person reflecting on and talking with others about the death process that is important and helps everyone through the dying and death stages.

Following reflection and conversations with others, it is critical to document one's wishes to make sure they are known and carried out. Talking and planning may allow a person to live a fuller and more comfortable life in his or her final days. Making decisions about how to spend one's final days is not simple. There are many factors to consider and new options available today. There may be a number of legal documents to be completed and signed.

While no one can control every aspect of the end of his or her life, there are many issues over which one can exercise some control to ensure that his or her last days are peaceful and productive for the individual and his or her family.

Planning for pre-death issues and possibilities before the time actually comes will free everyone to spend time doing the really important things during the dying person's last days. Pre-death wishes need to be documented and communicated with others to ensure that one's wishes are carried out.

A Lasting Legacy helps people explore life sustaining treatments, location preferences, care of dependents, and care of animals.

It is important to determine the treatments a person wishes to receive if he or she becomes terminally ill or comatose. Making these decisions before an incapacitating event occurs will help to ensure that the person's wishes are carried out. It also relieves family members of the burden of having to guess what one's wishes are if the person is unable to express those wishes.

Modern technology has increased the number of available options for determining where a person is able to spend his or her last days. People should consider the possibilities, talk with family members, and make their wishes known. Would it be preferable to die in a hospital, at home, hospice care facility, nursing home, or somewhere else?

It is important to inform others about who will be responsible for dependants when one is unable to care for them due to illness or death. Dependents include pets, livestock and other animals. A well thought out plan will make one's final days less stressful and more enjoyable for everyone involved. When a person dies, there are many details left behind for loved ones to resolve. This is especially difficult when they are dealing with feelings of grief and loss. While their sorrow cannot be eliminated, their tasks will be easier if they have clear instructions. People should provide family members with instructions regarding:

- Notification of death.
- End of life ceremonies.
- Final arrangements (financial arrangements, disposal of remains, etc.).
- Donations.
- Business documents.
- Secured places and passwords.

Financial Assets and Real Estate

The fourth component of the Legacy model is Financial Assets and Real Estate. It pertains to estate planning, financial planning, and titled property transfer. The estate plan is a plan for disposition of property upon the owner's death. It can help a person enjoy financial security during retirement and provide for his or her heirs. A business owner should have a plan which includes provisions for the continuation or systematic sale of the business. It is important to seek appropriate counsel from attorneys, accountants, and other professionals knowledgeable about estate planning and the owner's personal situation. Some factors to consider when developing an estate plan are:

- What does the owner want to happen to the estate upon his or her death? Some possible objectives are to: 1) Keep the farm in the family, 2) Treat all children equitably, 3) Minimize estate taxes, income taxes and gift taxes, 4) Inform heirs of one's wishes.
- How much of the estate will be needed by a surviving spouse?
- Good estate plans work as intended regardless of which spouse dies first.

There are some unique issues to consider when transferring ownership of real property.

- What are the individual's and family's goals for the property? Should the property stay in the family or sold and the money used for another purpose? What will happen if the property is divided and given to more than one person?
- When is the right time to transfer ownership? The timing may have legal and financial implications for the owner, the recipient, or both.
- To whom should ownership be transferred? As society and family structures become more complex, property transfer issues become more complex.

The process of transferring ownership should also be considered. Who will determine a fair distribution of the property and who should be involved in the decision making? There can be some very significant consequences of transferring real property. People should seek professional counsel as to the tax consequences of the available options.

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The *A Lasting Legacy* course is available at eRightRisk.com. RightRisk, LLC is a group of professionals delivering risk management education, farm management consulting, researching risks faced by agricultural families and the strategies those families might take to help realize sustained profitability, and facilitating farm family interactions.