



# THE BALING WIRE

Fall 2005 Edition

## Questions and Answers About Estate Planning for Colorado Ranchers and Farmers (Part 1 of 2)

While meeting with farmers and ranchers, Colorado AgrAbility has received high interest in estate planning. In order to address some of these issues the next two editions of "The Baling Wire" will feature Dr. Bob Fetsch's answers to some of the questions we receive most often.

Dr. Bob Fetsch is an Extension Specialist and Professor in the Department of Human Development & Family Studies at Colorado State University and is the director of the Colorado AgrAbility Project. He was raised on a small dairy farm. He has been working with farm and ranch families to assist them in improving their communication skills about estate planning since 1985.

1) What is a complete estate plan? What are some key elements? What percentages of families have complete estate plans?

CSU Cooperative Extension has been collecting data from farm and ranch families on estate planning for the past 10 years in Colorado and surrounding states. From our research with them, we find that only 3-5 percent report having a complete estate plan as they define it. That means that up to 97 percent do not have a complete plan. If their estate is large enough, their heirs may have to pay substantial inheritance taxes on part of their parents' estate. The IRS expects payment within nine months after the date of death of the second parent. Each family's estate plan is different, but some common steps that farmers and ranchers have reported taking to create their plan include:

- Involving children up to their ability.
- Giving each child an animal to raise.
- Writing a will or living will.
- Keeping records concise and available.
- Visiting with an attorney and discussed options.
- Talking with family members about the transfer issue.
- Signing power of attorney.
- Holding regular family meetings.
- Involving family members in decision making.

### Colorado AgrAbility Workshops!

Information relevant to Colorado's farm and ranch families hosted at cities near you!

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This year the workshops will include information about AgrAbility & Managing Arthritis.

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The workshops will also highlight equipment designed to make your farm and ranch work easier and more efficient.

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Please call Dr. Bob Fetsch at 970-491-5648 for more information!

# AgrAbility Baling Wire



A complete estate plan for one family will usually be somewhat different from a complete estate plan for another family member based on the estate's worth and assets and based on what the elder generation wants for the family farm's or ranch's future. To participate in ongoing research on this issue and to complete a survey of 23 steps to a complete estate plan, farm and ranch families can send their name and address to Robert J. "Bob" Fetsch, Ph.D., Department of Human Development & Family

Studies, Colorado State University, Fort Collins, CO 80523-1570.

## 2) How and when should you initiate the process?

The process of creating a long-term vision for the future of the family farm or ranch is an ongoing one. Almost all farmers and ranchers think about what they want for their operation's future. But few write it down. Even fewer work with their family to achieve a "shared family vision." Taking the time to hold effective family meetings and to achieve a shared family vision for the future of the farm or ranch is one of the best ways to insure that the next generation knows what the vision is and is invested in making it happen day after day. So the process of estate planning should begin as soon as any family member is interested. The family member with the most interest in the future of the operation is probably one of the best persons to initiate the process. Often the older generation is uncomfortable talking about estate planning because talking about our mortality is often an uncomfortable topic. One way for an interested family member to begin the estate planning process is to plan a conversation with the primary decision maker--usually their father or mother or both. Pick a time when you can be alone with Dad and/or Mom. Pick a time when they are feeling good about themselves. And by all means talk about it before dementia or Alzheimer's Disease sets in! Get yourself into a space where you are truly interested not in what's in it for you, but rather what is it that Dad and/or Mom really wants for the future of the land, machinery, cattle, etc. Get yourself into a listening attitude rather than a demanding attitude. When the time is right and when it is just the two or three of you, first make small talk and connect well with your parent(s). Gradually lead up to the conversation. You might say that you read an article and it got you to thinking. Here is an example. "You know, Dad, I've never really asked you about your hopes and dreams for this place. You and Mom have worked for 53 years here. You've put your blood, sweat, and tears into this place through good times and through bad



# AgrAbility Baling Wire



times. I am so thankful to you both for how hard you worked, how much you sacrificed, and how well you have done. I'd be interested in your thoughts, Dad. What do you really want for the future of the land, machinery, cattle, and the rest of your stuff? Some folks want to sell out to development for the highest price. Is that what you want? Do you want the place to stay in agriculture? Do you want it to stay in the family? Do you want it to go to your church? What is your thinking about how best to make it happen?" Go slowly. Make no judgments. Do not argue. Just listen and take it all in. Whatever your Dad or Mom tells you is a gift. Treat them with respect. By starting the process with no intention of personal gain, you have a chance to start the wheels turning down the path of helping your parents set up an amicable estate transfer plan that is in sync with their wishes and dreams.

### 3) What's the key to building cohesion with your family?

The keys are building trust, fostering honesty, encouraging open communication, listening very well, respecting and appreciating one another, being genuinely interested in and respectful of one another's viewpoints. The primary mistake that families make are assumptions. Sometimes Dad assumes that they all know what he wants for the future. Sometimes children assume that Dad and Mom's will is enough to take care of everything, after they are gone.



### 4) How do you build a formal structure into this process?

I recommend that you begin holding regular family meetings starting when the children are ages 3-4 years old. See <http://www.ext.colostate.edu/pubs/consumer/10249.html>. In this Colorado State University Cooperative Extension Fact Sheet are research-based steps families can take to conduct effective family meetings. Families who generally relate to each other in an informal manner usually need a formal structure to address what research has found is one of the most stressful issues farm and ranch families face--estate planning. Having a structure in which the family meets and talks openly about important issues and celebrates accomplishments during their monthly family meetings is a way to build a formal process for discussing tough issues like estate planning. To keep estate planning on a constructive, positive path, begin with establishing a shared family vision for the future of the \_\_\_\_ (insert your Family Name) Family Farm or Ranch. Create your \_\_\_\_ Family Transfer Team. This team includes your family's major stakeholders and trusted professionals--legal counsel, tax advisor, economic advisor, and family consultant. Initially meet with all four of these resources at the same time. Provide them with your shared family vision. Have them all talk with the major stakeholders in your family about their field of expertise so that the other resource people can respond and integrate their thinking into your family's shared vision. This avoids the hassle of meeting individually with each of them and/or getting caught between the differing expectations of different experts.

## COLORADO AGRABILITY PROJECT

Creating solutions, changing lives.

Easter Seals Colorado  
5755 W. Alameda Ave.  
Lakewood, CO 80226

Phone: 303-937-7713  
Fax: 303-233-1028

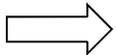
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<http://hdfs.cahs.colostate.edu/Pages/Faculty/fetsch/agrability.htm>



Each winter the Colorado AgrAbility Project provides free educational workshops throughout Colorado for farm and ranch families with disabilities and for professionals who work with them. This year's morning workshops for ranch and farm families with disabilities will be on "AgrAbility & Managing Arthritis." This year's afternoon workshops for professionals who work with farm and ranch families with disabilities will be on "AgrAbility & Utilizing Arthritis Resources for Ranchers and Farmers with Disabilities."

This winter's Colorado AgrAbility Workshops are scheduled as follows:

- Wed. November 30, 2005, Durango, LaPlata County Extension, 2500 N. Main
- Thurs. December 1, 2005, Cortez, Cortez Public Library, 202 N. Park
- Thurs. January 19, 2006, Trinidad, Trinidad Junior College, 600 Prospect Ave.
- Tues. January 24, 2006, Monte Vista, San Luis Valley Info. Center, 947 1<sup>st</sup> Ave.
- Tues. February 7, 2006, Fort Collins, Colorado Welcome Center, 3745 E. Prospect
- Wed. February 8, 2006, Strasburg, Adams County Community Bldg., 2550 Strasburg Mile Road
- Tues. February 21, 2006, Craig, Moffat County Extension, 539 Barclay St.
- Thurs. February 23, 2006, Delta (For ranch and farm families only), Delta/Montrose Vocational Technical Center, 1765 U.S. Hwy. 50

For more information, call/e-mail Bob Fetsch at 970-491-5648, [fetsch@cahs.colostate.edu](mailto:fetsch@cahs.colostate.edu).



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