

## **Farm Transitions Assistance Offered by Mediation Program and UVM Extension**

When you see the words “Farm Transfer” you may think, “I am not retiring any time soon. I don’t need to think about that yet.” Or you may want to think about it, but because of difficult family dynamics, you put it off. But when is a good time to think about it? The year that you want to retire? The day that you have an accident and are not able to work anymore? After your death? These are not events that anybody wants to see happen much less talk about, but the fact is that we cannot predict the future. The best thing that we can do is to make plans that will help us to prepare for it.

Two programs in Vermont can help families with farm transition issues. The Vermont Agricultural Mediation Program (VTAMP) can help families facing challenging transition issues by facilitating difficult conversations and mediating family disputes. Once the family reaches consensus on what they would like to have happen, the UVM Extension’s Center for Sustainable Agriculture and Land Link program can help bring the vision into reality.

### *Facing the Difficult Conversation*

Perhaps the single biggest obstacle in planning for a future farm transition is that families genuinely worry about hurting each other and have no idea how to step into this conversation in a safe and productive way. Raising the difficult issues of who will inherit the family farm, how other family members will be remembered in wills or trusts, whether and how to treat all members of a family equitably in these times of transition creates a huge amount of anxiety because of the fear of creating ill will between relations. Families fear the inevitable exposure of hard feelings and getting entrenched in old habitual arguments. Fearing that any attempt to speak openly and honestly about the difficult issues that exist and must eventually be faced will drive a wedge between family members, families go for years putting off these kinds of discussions. There is always a good reason to not have this discussion whether it’s a holiday get together or other celebration that might be ruined, or the fact that someone in the family is going through a difficult time and adding to the burden seems like a bad idea so the hard work that must be done is put off, again and again.

The problem is that no matter when the discussion takes place, it has the potential to drive families apart. Putting the discussion off, waiting until the farm faces a financial crisis or until the Last Will and Testament is read is not going to help. Instinctively, family elders who are stewards of their family farms know this is true. Yet, people are not aware that there are ways to have this conversation in a supportive setting and the conversation never happens. In the most extreme cases families fail to adequately plan for the future, farms are lost and families are torn apart. In milder cases, better financial outcomes, minimization of tax

liabilities, and potential to avert hard feelings are missed. The following scenario illustrates typical problems and how VTAMP could help.

A dairy farm that has been in the family for generations is now being run by a farmer in his late 60s. There are three grown children, one of whom works the farm with his parents, another helps out during busy times but has a full time job two hours away and a third who has not been to the farm in a year. The farm is the largest asset of the family and it's become clear that some kind of planning for the future must be done but last Christmas when the mother tried to bring the subject up an unexpected argument took place where the family learned for the first time that the son that worked on the farm had an expectation that the farm would be given to him and the other siblings did not feel that was fair. The children had always gotten along in the past and while everyone knows something needs to be done, nothing is happening for fear of making an already tense situation worse.

### *Resolving Family Disputes*

In these kinds of situations, VTAMP mediators can help families resolve differences by creating a safe space for a productive discussion to take place. VTAMP mediators would talk with all the family members, either alone or all together to help explore each person's point of view. Assumptions that have been taken for granted and hopes for the future of the farm can be surfaced in ways that take into account how everyone is feeling and in a respectful way. The mediators can help defuse tension and focus the discussion on finding a solution that works for all.

The mediators in the program have many years of experience in helping people come together to talk about the difficult issues that they are facing. According to Matt Strassberg, director of VTAMP, many mediators on the VTAMP roster also have extensive training in mediating family disputes and are approved by the Vermont Family Court Mediation program. Many have grown up on farms and some still live on and run family farms. In addition, the mediators know of many local, state and federal resources that are available to help.

Many families are wrestling with transition issues. In some cases, it is obvious what needs to be done, but it's difficult to do. In others there is a lack of information and communication between people that keeps everyone in the dark making difficult choices even harder. Putting off the conversation of what to do is a common reaction, but eventually, decisions must be made. VTAMP is an organization that can help families in transition explore options and develop ways to handle the inevitable issues that will come up in transitions. Then the family can take the next steps, and talk specifically about the different ways that they can structure the future of the farm.

VTAMP Box (off to side)

The Vermont Agricultural Mediation Program (“VTAMP”) is a USDA funded program that provides free mediation services for agriculturally related disputes. Mediation is a voluntary process in which specially trained mediators bring people together to talk with one another in a setting that is confidential, open and aims to be productive and helpful. Contact: Matt Strassberg, Director, VTAMP, 177 Paddy Hill Road, Moretown, VT 05660, (802) 583-1100, [matts@emcenter.org](mailto:matts@emcenter.org), [www.emcenter.org](http://www.emcenter.org).

### *Next Steps*

The UVM Center for Sustainable Agriculture can help families transfer farms by providing advice on many issues that typically arise. The Center’s programs include Land Link, which consults with families about inter-generational farm transfers and farm management. According to Deb Heleba, director of the Land Link Program, families undergoing a farm ownership transition may want to consult with experts to navigate the complicated business, legal, and family issues.

Land Link and other programs such as the Vermont Farm Viability Enhancement Program, and the Vermont Small Business Development Center offer free assistance to farmers to develop business plans and agreements. It is very important for every farm to write up a business plan that states specifically what to do in case of any of the five D’s: Death, Disability, Divorce, Disagreements, or Disaster.

These organizations can also provide information on the advantages and disadvantages of various business entities and how the entity chosen will impact the farm transfer process. In general, options include a sole proprietorship, limited liability company, and a corporation. In some situations having one business entity own the land and another entity operate the business can be useful when considering eventual transfer of the farm to a next generation.

There are a variety of ways families can transfer farm assets. Besides the typical gift or purchase and sale agreement, installment sales can spread the purchase price out over a period of years and allow the next generation to incrementally build equity.

One way to maximize the proceeds to the farmer selling the farm and minimize the purchase price to the farmer purchasing the farm is to first sell the development rights (commonly known as a conservation easement) to an organization such as a land trust. The farmer would receive a significant percentage of the current market rate from the sale of the development rights

and then sell the farm (without the development rights) at an agricultural price to the purchasing farmer.

Agriculture is the life's blood of Vermont and has been for generations. The fabric that holds it together is woven from the families that make daily contributions to preserve the viability of farming communities across the state. Transferring ownership of a farm can be challenging and raise difficult issues, but there are many programs with the knowledge, experience, and resources to help families in transition plan for the future.

UVM Extension Box

For more information on transferring your farm, contact UVM Extension

Center for Sustainable Agriculture, Land Link Vermont:

<http://www.uvm.edu/landlinkvt/>, [Debra.Heleba@uvm.edu](mailto:Debra.Heleba@uvm.edu), or call Deb Heleba at (802) 656-5459.

Other resources that may be helpful include:

Vermont Farm Viability Enhancement Program, Ela Chapin, [ela@vhcb.org](mailto:ela@vhcb.org), 828-2117

Vermont Small Business Development Center, contact info?

[A Legal Guide to the Business of Farming in Vermont](#). University of Vermont Center for Sustainable Agriculture. 63 Carrigan Drive, Burlington, VT 05405. (802) 656-5459. <http://www.uvm.edu/sustainableagriculture>

USDA CSREES tools for financial planning:

[http://www.csrees.usda.gov/nea/economics/fsll/cons\\_planning.html](http://www.csrees.usda.gov/nea/economics/fsll/cons_planning.html)

National Farm Transition Network: <http://www.farmtransition.org/> or call 1-800-447-1895