

South Dakota State University
**Open PRAIRIE: Open Public Research Access Institutional
Repository and Information Exchange**

Theses and Dissertations

2016

Attitude Comparison Among South Dakota Family Members Regarding Estate Planning and Farm Transitions

Heather Gessner

South Dakota State University, heather.gessner@sdstate.edu

Follow this and additional works at: <http://openprairie.sdstate.edu/etd>

 Part of the [Agricultural Economics Commons](#), and the [Regional Economics Commons](#)

Recommended Citation

Gessner, Heather, "Attitude Comparison Among South Dakota Family Members Regarding Estate Planning and Farm Transitions" (2016). *Theses and Dissertations*. Paper 1034.

This Thesis - Open Access is brought to you for free and open access by Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. It has been accepted for inclusion in Theses and Dissertations by an authorized administrator of Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. For more information, please contact michael.biondo@sdstate.edu.

ATTITUDE COMPARISON AMONG SOUTH DAKOTA FAMILY MEMBERS
REGARDING ESTATE PLANNING AND FARM TRANSITIONS

BY
HEATHER GESSNER

A thesis submitted in partial fulfillment of the requirements for the

Master of Science

Major in Economics

South Dakota State University

2016

ATTITUDE COMPARISON AMONG SOUTH DAKOTA FAMILY MEMBERS
REGARDING ESTATE PLANNING AND FARM TRANSITIONS

This thesis is approved as a creditable and independent investigation by a candidate for the Master of Science in Economics degree and is acceptable for meeting the thesis requirements for this degree. Acceptance of this does not imply that the conclusions reached by the candidates are necessarily the conclusions of the major department.

Eluned Jones, Ph.D
Thesis Advisor

Date

Eluned Jones, Ph.D
Head, Department of Economics

Date

Kinchel Doerner, Ph.D.
Dean, Graduate School

Date

This thesis is dedicated to South Dakota's farm and ranch families.

ACKNOWLEDGEMENTS

I would like to extend the warmest of thanks to the following individuals and groups.

Without them in my corner, I would not have made it.

- Kelvin, your support, encouragement and readiness to listen to me vent, cry and celebrate kept me working on this degree. Thank you for not letting me quit on the days I really wanted to.
- Family, thank you for your prayers on exam days, and for believing I could do it.
- SDSU Extension administration you were the best. Drs. Dunn, Trautman, Nold and Garcia, you supported all my educational endeavors with an unwavering level of trust and encouragement.
- SDSU Extension co-workers across the state, thank you for your understanding every time I missed a meeting due to class, homework or an exam.
- Committee Members, Drs. Jones, Fausti, Davis, Julson and Jamie O'Brien, thank you for your constructive feedback and suggestions in completing this project.
- Dr. Matthew Diersen, it is hard to put into words my appreciation for your guidance throughout this process. Thank you for being a sounding board, providing guidance and always listening.
- Graduate students I met along the way, thanks for putting up with the "old lady" as we fought through homework questions and class discussions. I wish all of you the best.

TABLE OF CONTENTS

LIST OF FIGURES	vii
LIST OF TABLES	xi
ABSTRACT	xii
Introduction.....	1
Background/Motivation	3
Importance of Continuity of Operation.....	3
Characteristics of Successful Transition Plans.....	3
Opportunities for Assistance and Education	6
Risks Associated with Farm Transition	10
LITERATURE REVIEW	12
Summary	17
QUANTITATIVE APPROACH	18
Results.....	23
Assumption A-Perceptions about the quality of communication within families differs by category.....	25
Assumption B-All family categories with on-farm heirs understand the asset distribution will not be equal.....	45
Assumption C-The landowner generation has found determining how to pass on personal and farm assets to be a difficult task.....	57
Assumption D-Farm families have not discussed the estate and transition plan with heirs.....	59

Assumption E-Farm families need more information and knowledge to create/finish their estate plans.	64
Assumption F-Farm families have found it difficult to find and utilize industry professionals.	70
Assumption G-The landowner generation and heirs have similar attitudes toward transitioning workload/labor responsibilities.	80
Assumption H-The landowner generation and heirs have similar attitudes toward transitioning management responsibilities.	86
Assumption I-The landowner generation and heirs have similar attitudes toward transitioning ownership of minor assets.	93
Assumption J- The landowner generation and heirs have similar attitudes toward transitioning ownership of major assets (land).	105
DISCUSSION	115
Works Cited	121
Appendix 1: Survey tool	124

LIST OF FIGURES

Figure 1-SD Farm Ownership Structure (as a Percent of Total SD Farms)	5
Figure 2-Average Age of SD Principal Operator	7
Figure 3-Percent of SD Principal Operators, by Age Group	7
Figure 4-Percent of SD Operations with One or More than One Operator	9
Figure 5-Percent of responses, by category, to "I am worried I will appear greedy." (GREED).....	29
Figure 6-Extent of agreement selected, selected by category, to "I am worried I will appear greedy." (GREED)	30
Figure 7-Percent of responses, by category, to "It is hard to hear other people's ideas about the operation." (OTHERIDEAS)	32
Figure 8-Extent of agreement, selected by category, to "It is hard to hear other people's ideas about the operation." (OTHERIDEAS)	33
Figure 9-Extent of agreement, selected by category to, "It is hard to hear ideas that may not be in line with my goals." (NOTMYGOAL).....	34
Figure 10-Extent of agreement, selected by category, to "Talking to family about my personal, family, and business goals for the operation is hard." (TALKHARD)	35
Figure 11-Percent of agreement, selected by category, to "Some of my children will not like what I have in mind." (CHILDDIS).....	36
Figure 12-Extent of agreement, selected by category, to "Some of my children will not like what I have in mind." (CHILDDIS).....	37
Figure 13-Percent of responses, by category, to "Even when I ask, family members do not want to talk about it." (ASKNOTALK).....	38
Figure 14-Percent of responses, by category, to "I am unsure about the reaction of my on- farm heirs." (UNSUREON)	39
Figure 15-Percent of responses, by category, to "I am unsure about the reaction of my off-farm heirs." (UNSUREOFF).....	40
Figure 16-Extent of agreement, selected by category, to "I am unsure about the reaction of my off-farm heirs." (UNSUREOFF)	41
Figure 17-Extent of agreement, selected by category, to "Listening to family talk about my personal, family and business goals for the operation is hard." (LISTENHARD).....	42
Figure 18-Extent of agreement, selected by category, to "The off-farm heirs have not been here, so their understanding about the goals for the operation is not relevant." (NOTRELEVANT).....	43
Figure 19-Extent of agreement, selected by category, to "Communication gaps regarding death exist in my family." (GAPS)	44
Figure 20-Percent of responses, by category, to "Determining how to distribute my assets, while achieving my goals is hard." (DISTASSETS)	48
Figure 21-Percent of responses, by category, to "While I want my farming heir to continue the operation, I have to distribute the assets equally." (DISTEQUAL).....	50

Figure 22-Percent of responses, by category, to "I have farming heirs that I want to pass the land on to, so the distribution of assets will not be equal." (DISTNOTEQUAL)	50
Figure 23-Extent of agreement, selected by category, to "While I want my farming heir to continue the operation, I have to distribute the assets equally." (DISTEQUAL).....	51
Figure 24-Extent of agreement, selected by category, to "I have farming heirs that I want to pass the land on to so the distribution of assets will not be equal." (DISTNOTEQUAL)	52
Figure 25-Extent of agreement, selected by category, to "The dollar value of the assets should be split uniformly to each of my heirs." (VALUEUNIFORM)	53
Figure 26-Extent of agreement, selected by category, to "The dollar value of the assets should not be split uniformly to each of my heirs." (NOTUNIFORM)	54
Figure 27-Percent of responses, by category, to "I would like to leave a uniform dollar value to each of my heirs, but that will not happen." (WISHICOULD).....	55
Figure 28-Percent of responses, by category, to "My family legacy is more than asset value." (LEGACY)	56
Figure 29-Percent of responses, by category, to "Determining how to pass on family heirlooms and other personal property is harder than I anticipated." (HEIRLOOMS)	58
Figure 30-Percent of responses, by category, to "I know how I want my assets to be distributed." (IKNOW)	58
Figure 31-Percent of responses, by category, to "Have you discussed the asset distribution plan?" (DISCUSSED)	61
Figure 32-Percent of responses, by category, to "Do your family members know the particular elements in your distribution plan?"	62
Figure 33-Percent of responses, by category, to "Does your family understand the reasons those elements are components of your estate plan?"	63
Figure 34-Extent of agreement, selected by category, to "I know what my estate planning goals are." (KNOWGOALS)	66
Figure 35-Extent of agreement, selected by category, to "I am confident I have the knowledge needed to create/finish my estate plan."	67
Figure 36-Extent of agreement, selected by category, to "I have enough information about the estate planning tools available (trust, LLC's, wills, insurance, etc.)" (INFOONTOOLS).....	68
Figure 37-Extent of agreement, selected by category, to "I know how to utilize the tools (trusts, LLC's, wills, insurance, etc.) to accomplish my estate planning goals." (USETOOLS)	69
Figure 38-Percent of responses, by category, to "I know which tools to use." (TOOLSTOUSE)	72
Figure 39-Extent of agreement, selected by category, to "I know which tools to use." (TOOLSTOUSE)	73

Figure 40-Percent of responses, by category, to "One of the challenges I face/have faced when working on my estate plan is finding the right industry professionals." (FINDPROFES).....	74
Figure 41-Extent of agreement, selected by category, to "One of the challenges I face/have faced when working on my estate plan is finding the right industry professionals." (FINDPROFES).....	75
Figure 42-Percent of responses, by category, to "I often feel like I am being sold a product by industry professionals." (SOLD).....	76
Figure 43-Extent of agreement, selected by category, to "I often feel like I am being sold a product by industry professionals." (SOLD).....	77
Figure 44-Percent of responses, by category, to "I have a hard time determining if the industry professionals understand my goals." (PROFESUNDER).....	78
Figure 45-Percent of responses, by category, to "Even if I find an industry professional I want to work with, the cost is too high to implement my desired plan." (COST).....	78
Figure 46-Percent of responses, by category, to "Industry professionals are too far away from my home." (TOOFAR).....	79
Figure 47-Percent of responses, by category, to "As you think about your transition plan, have you started transitioning workload/labor responsibilities? (TRANSWL).....	82
Figure 48-Extent of agreement, selected by category, to "I am ready to limit my workload/labor responsibilities." (LIMITWL).....	83
Figure 49-Extent of agreement, selected by category, to "I am ready for the next generation to take over workload/labor responsibilities" (PREADYWL).....	84
Figure 50-Extent of agreement, selected by category, to "The next generation is ready to take over workload/labor responsibilities." (NGREADYWL).....	85
Figure 51-Percent of responses, by category, to "As you think about your Transition Plan, have you started transitioning management responsibilities?" (TRANSMG).....	88
Figure 52-Extent of agreement, selected by category, to "I am ready to limit my management responsibilities." (LIMITMG).....	89
Figure 53-Extent of agreement, selected by category, to "I am ready for the next generation to take over management responsibilities." (PREADYMG).....	90
Figure 54-Extent of agreement, selected by category, to "The next generation is ready to take over management responsibilities." (NGREADYMG).....	91
Figure 55-Extent of agreement, selected by category, to "By actively managing the operation, I am able to remain involved in the operation." (REMAINMG).....	92
Figure 56-Percent of responses, by category, to "As you think about your Transition Plan, have you started transitioning ownership of minor assets? (TRANSMNA).....	96
Figure 57-Extent of agreement, selected by category, to "I am ready to limit my ownership of minor assets. (LIMITMNA).....	97
Figure 58-Extent of agreement, selected by category, to "By owning the minor assets I am able to remain involved in the operation." (REMAINMNA).....	98

Figure 59-Percent of responses, by category, to "I am ready for the next generation to take over ownership of minor assets." (PREADYMNA) 99

Figure 60-Percent of responses, by category, to "The next generation is ready to take over ownership of minor assets." (NGREADYMNA) 100

Figure 61-Percent of responses, by category, to "The next generation is taking over the purchase of new machinery for the operation." (NGBUYMACHINE)..... 101

Figure 62-Percent of responses, by category, to "The next generation is taking over the purchase of new livestock (breeding or market) for the operation." (NGBUYLVST)... 102

Figure 63-Percent of responses, by category, to "The next generation is covering the repair and maintenance expenses for machinery I have purchased." (NGREPAIR)..... 103

Figure 64-Extent of agreement, selected by category, to "The next generation is able to obtain financing for the purchase of minor assets (machinery, cattle, etc.)." (NGFINANCE)..... 104

Figure 65-Percent of responses, by category, to "As you think about your Transition Plan, have you started transitioning ownership of major assets?" (TRANSMJA) 108

Figure 66-Extent of agreement, selected by category, to "The land is the only thing I own on the operation." (OWNMJA)..... 109

Figure 67-Extent of agreement, selected by category, to "I am ready for the next generation to take over the ownership of the major assets of the operation." (PREADY) 110

Figure 68 Percent of responses, by category, to "The next generation is ready to take over ownership of the major assets of the operation. (NGREADYMJA) 111

Figure 69-Percent of responses, by category, to "Land ownership should be transferred into a new entity (trust, LLC, etc.) in order to accomplish my goals." (TOATRUST) .. 112

Figure 70-Extent of agreement, selected by category, to "The next generation cannot afford to purchase the land from me." (NOPURCHASE) 113

Figure 71-Percent of responses, by category, to "I need to retain ownership of the major assets to provide an income source that covers my living expenses." (LIVINGEXP) ... 114

LIST OF TABLES

Table 1-Change in percent of SD Primary Operators, by age category.....	1
Table 2-Participant Demographics	24
Table 3- OLS Analysis of Assumption A “Perceptions about the quality of communication within families differs by category.”.....	26
Table 4- OLS Analysis for Assumption B “All family categories with on-farm heirs understand the asset distribution will not be equal.”	46
Table 5- OLS Analysis of Assumption C “The landowner generation has found determining how to pass on personal and farm assets to be a difficult task.”	57
Table 6- OLS Analysis of Assumption D “Farm families have not discussed the estate and transition plan with heirs.”	60
Table 7- OLS Analysis of Assumption E “Farm families need more information and knowledge to create/finish their estate plans.”	64
Table 8- OLS Analysis Assumption F of “Farm families have found it difficult to find and utilize industry professionals.”	71
Table 9- OLS Assumption G Analysis of “The landowner generation and heirs have similar attitudes toward transitioning workload/labor responsibilities.”	81
Table 10- OLS Assumption H Analysis of “The landowner generation and heirs have similar attitudes toward transitioning management responsibilities.”	87
Table 11-OLS Analysis of Assumption I “Landowner generation and heirs have similar attitudes toward transitioning ownership of minor assets.”	94
Table 12- OLS Analysis of Assumption J “The landowner generation and heirs have similar attitudes toward transitioning ownership of major assets.”	106

ABSTRACT

ATTITUDE COMPARISON AMONG SOUTH DAKOTA FAMILY MEMBERS
REGARDING ESTATE PLANNING AND FARM TRANSITIONS

HEATHER GESSNER

2016

Estate planning and intergenerational farm transitions are the focus of research and extension programs across the nation due to the potential tax consequences faced by farm operations, retirement funding options available and utilized by farmers, changes in asset transition tools available, and communication (or lack of communication) issues related to bringing an heir back to the family operation.

Past plans for research projects and extension programming developed across the nation and in South Dakota (SD), were created with many assumptions regarding the attitudes of farm family members towards the transition of ownership of the operational assets and personal assets of the landowner generation, and towards the transition of workload or labor and management responsibilities. However, no one had asked the family members about these attitudes.

This research seeks to identify these attitudes. The research analysis is based on primary data from an online survey of South Dakota farm family members. These members were categorized as the landowner generation (current owner of the operational assets), returning to the operation heir (on-farm heir), off-farm heir (heir that has a career and, or, family not actively involved with the farm operation), spouse of the on-farm heir, and spouse of the off-farm heir.

The survey included two sections: estate planning and transition planning. Statements elicited information used to analyze prior assumptions.

The survey targeted participants from past extension workshops via email invitations, and solicited participation via press releases posted on www.igrow.org and published in statewide media. Attorneys and insurance agents delivered additional invitations to an unknown number of individuals with farm estate planning experience. Sixty-five respondents completed the survey. There were an insufficient number of responses to the survey from the spouses of either category to be included in the analysis.

Survey results were analyzed regarding the validity of maintained assumptions regarding specified aspect of estate planning and transition of a farm family operation.

Of the ten assumptions¹ proposed the results of the analysis failed to reject six of the assumptions (at levels of statistical significance $p < .01$, $p < .05$ or $p < .10$).

1. Perceptions about the quality of communication within families differ by category.
2. The landowner generation has found determining how to pass on personal and farm assets to be a difficult task.
3. Farm families need more information and knowledge to create or finish their estate plans.
4. Farm families have found it difficult to find and utilize industry professionals.
5. The landowner generation and heirs have similar attitudes toward transitioning workload or labor responsibilities.
6. The landowner generation and heirs have similar attitudes toward transitioning ownership of minor assets.

These results support the content of currently offered estate planning and transition planning conferences for farm family operations. Farm families need methods they can

¹ Hypothesis 1-4 relate to estate planning issues and 4-6 are transition planning issues.

use to communicate effectively about the estate planning goals for the operation and the drafting of plans to accomplish those goals. They also need assistance in learning about estate planning tools, and in finding industry professionals to assist in implementation.

Survey data analysis indicates that there needs to be an increase in the quality of communication between landowner and off-farm heirs. Many of the perceptions regarding an understanding about the value of the assets being distributed, and understanding about the plans being implemented indicated a different level of response from the landowner generation and the on-farm heirs. This is particularly evident in the distribution of assets.

The results associated with transitioning management to the next generation indicated a disconnection between the heirs and the landowner generation with respect to labor and management.

The survey data analysis highlights specific areas that need additional focus in creating educational programs, although a majority of the individuals responding to the survey indicated that they have communicated with their families about their estate plan, as the study analysis indicates there is a difference in communicating about creating an estate plan and managing the implementation of the plan.

INTRODUCTION

South Dakota's production agriculture and ag-related industries comprised 30 percent of the state's total output² in 2012, amounting to \$25.6 billion in value (2014 South Dakota Ag Economic Contribution Study, 2014 (SD AECS-2014)). In comparison, the next industry, manufacturing, accounted for 16 percent of total output. Further, agriculture's economic activities accounted for 10.49 percent of South Dakota's Gross State Product (GSP) in 2012, ranking second in the nation based on the proportion of GSP derived from agriculture (SD AECS-2014).

The production agriculture sector has an aging workforce with the over half of South Dakota's farmers in the 55-64 and 65+ age categories and averaging 55.9 years of age. (United States Department of Agriculture, 2014 (USDA-2014)). Table 1 shows the trends by producer age group, by decade. An expected trend is the continued decrease in the Under 25 category and an increase in the percent of producers over 65 years of age.

Table 1-Change in percent of SD Primary Operators, by age category

Change in percent of SD Primary operators, by age category			
	1982 to 1992	1992 to 2002	2002 to 2012
Under 25	Dec	Dec	Dec
25-34	Dec	Dec	Inc
35-44	Inc	Dec	Dec
45-54	Dec	Inc	Dec
55-64	Dec	Dec	Inc
65+	Inc	Inc	Inc
Where Dec-is Decrease in percent and Inc-is Increase in percent USDA Census of Agriculture 1982, 1992, 2002 and 2012			

² Total Output refers to the total value of all the output of an industry within a study area. It is a gross total.

Of the 31,989 South Dakota farm operations, 55 percent are owned by operators in the 55+ age range and 42 percent of operations include more than one generation (USDA-2014). Thus, there is the likelihood of substantial change in ownership in the next 5-15 years.

Thus, creating an estate plan that encompasses a transition plan is important to the family members involved, but also to the State of South Dakota, as each operation is a beneficial component to the total economy.

However, despite transition plan³ and estate planning education available from state extension services, more than 50 percent of Iowa farmers had no estate plan and 71 percent had not named a successor (Duffy, Baker, & Lamberti, 2000). When Minnesota Extension surveyed the participants at their estate planning and transition planning programs they found that 58 percent of the participants said they did not have an up-to-date estate plan, and 89 percent did not have an up-to-date farm operation transfer plan (Olson, Kurtz, Holcomb, Hachfeld, Craig, & Bau, 2009).

Not having an estate plan that provides for the continuation of the farm operation could leave nearly 18,000 South Dakota operations susceptible to farm and land sales, estate auctions and, or, family disharmony due to the forced resolution of the estate based on state laws, not the wishes of the family.

³ Definitions: Estate plan-A plan for the transfer of ownership of personal and operational assets
Transition plan-A plan for the transfer of workload/labor, management and future ownership of the family farm. It is often a component of an estate plan when there are heirs returning to the operation.

BACKGROUND/MOTIVATION

The family farm operation is more than a profit maximizing enterprise. The farm is a dynamic organization whose future value depends on its continued operation. Ownership and control of the family farm are retained within the farmer's family and handed down through subsequent generations (Mishra, El-Osta, & Saleem, 2010).

Importance of Continuity of Operation

The family farm sector relies heavily on intergenerational succession (Pesquin, Kimhi, & Kislev, 1999). Pesquin et. al classifies intergenerational transfers into human capital and physical capital. Human capital is a stock of knowledge, habit, social and personality attributes (including creativity) that embody the ability to perform and create economic value. Physical capital refers to factors of production, such as machinery, and buildings.

Physical capital can be further classified into liquid and illiquid assets. For family farms, land constitutes a physical asset that is highly illiquid and often represents a large portion of the family wealth. Failure to plan carefully for retirement and estate transfers can result in financial insecurity, personal and family dissatisfaction, and unanticipated capital losses (Nerlove, Razin, & Sadka, 1984).

Characteristics of Successful Transition Plans

Successful farm transitions rely on:

- Successor status (Mieke & Huylenbroeck, 2008);
- Operator age;
- Farm wealth; and

- Educational attainment of current farm operator (Mishra & El-Osta, 2008)

Successor status⁴ is important is because it provides an incentive to expand or invest in the farm (human, physical or financial capital), and to increase the output over longer periods (Mieke & Huylenbroeck, 2008). Mieke and Huylenbroeck tested the hypothesis of a positive succession effect, using a panel data regression model, on data provided by the Flemish Farm Accounting Data Network (FADN). Their results showed the existence of a positive succession effect (Mieke & Huylenbroeck, 2008). Another study using a Smith-Blundell test⁵ found that succession plans have a positive and statistically significant effect on financial performance. Farms with designated family successors tend to have higher financial performance, both in terms of higher profit margins and returns to equity (Harris, Mishra, & Williams, 2012).

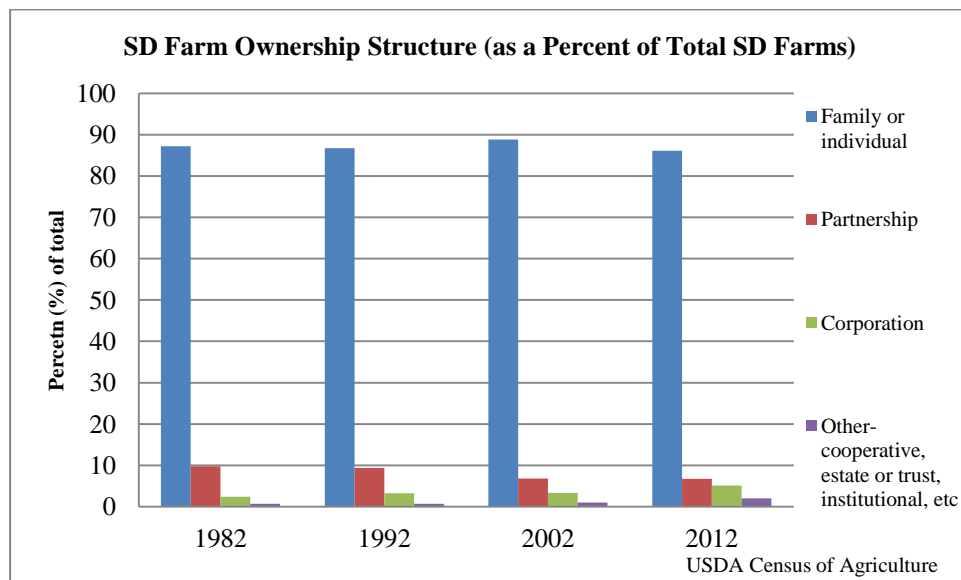
A hypothesis that age of the CEO has both a direct and indirect (through behavioral variables) influence on succession planning found that the operator's age was positively associated with formal succession plans (Marshalls, 2006). This could be attributed to the fact that we are observing an increase in older farm operators than in previous generations (shown in Table 1). In the 2001 Agricultural Resource Management Survey (ARMS) data, only 16 percent of farm operators in the 35 to 44 years of age category have a succession plan in place compared to 40 percent of operators in the 65 years of age or older category (Mishra, Johnson, & Morehart, 2003).

⁴ Successor status-Related to the heir knowing they will take over the labor, management and ownership of the operation in the future versus an unknown or incomplete plan that does not provide for the continuation of the operation after the death of the landowner generation.

⁵ Smith-Blundell test-Is an endogeneity test used after regression.

Financial pressures from farm asset transfers may negatively affect subsequent farm investments. Thus, successful transitions are important for farms of all sizes. Based on 2001 ARMS data, 44 percent of farm households with a net worth over \$1 million had succession plans in place. However, only 16 percent of farms with a net worth of \$50,000-\$99,999 had succession plans in place (Mishra, Johnson, & Morehart, 2003). The financial status of the operation is critical to successful transition as 98 percent of United States (US) farms are family operated; even the largest farms are predominantly family run (Hoppe & Banker, 2010). A trend that has not changed since 1982 is that the majority of South Dakota farmland is owned by the family or individual, (USDA-2014) (Figure 1).

Figure 1-SD Farm Ownership Structure (as a Percent of Total SD Farms)



Large-scale farms are often more profitable compared to small farms, which may be why there is a statistical difference in transition planning based on scale of farms (Hoppe & Banker, 2010).

Opportunities for Assistance and Education

Across the United States, Land Grant University Extension programs and other profit and non-profit organizations and businesses provide programs that educate the primary farm operator and the incoming successor on succession and estate planning methods and resources available to them (Parson, et al., 2010).

Past participation surveys of educational programs in Minnesota and South Dakota have proven that education has been effective from the standpoint that attendees make changes to their estate plans. Fifty-nine percent of the respondents reported having started developing their farm operation transition plan, compared to 81 percent at the end of the meetings who said they planned to begin the process, and 12.5 percent reported having implemented their transfer plan (Olson, Kurtz, Holcomb, Hachfeld, Craig, & Bau, 2009). In South Dakota 82 percent of the attendees of Extension programs indicated, they have started their estate plan and 79 percent have started their transition plan (Gessner, 2014).

In South Dakota, 56 percent of 31,989 farms are operated by an individual 55 years of age or older (USDA-2014) (see Figure 2). With an average of 55.9 years of age (USDA-2014) some operators are not retiring at 55-65 years of age, as evident by the increasing percentage of principal operators in the 65+ category since 1982 (Figure 3).

Figure 2-Average Age of SD Principal Operator

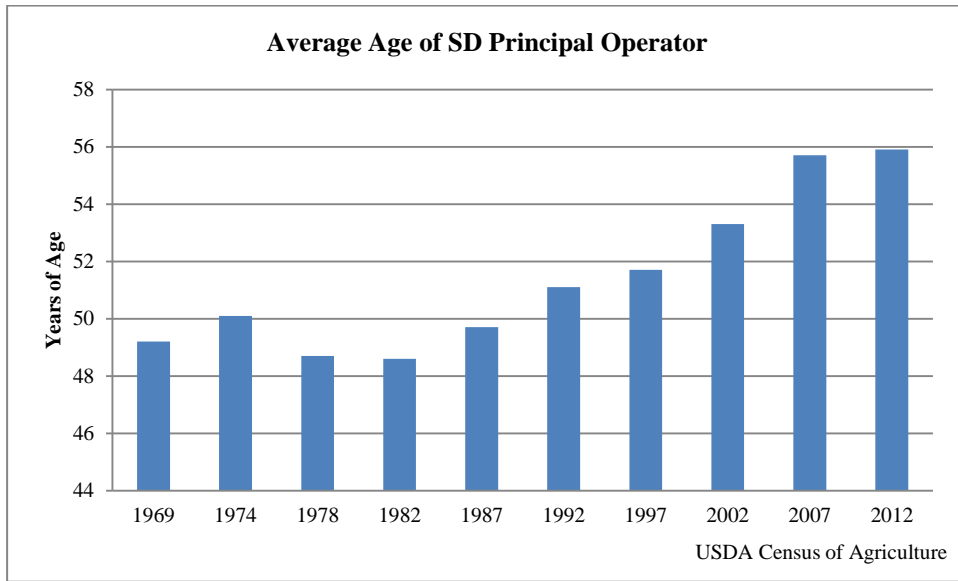
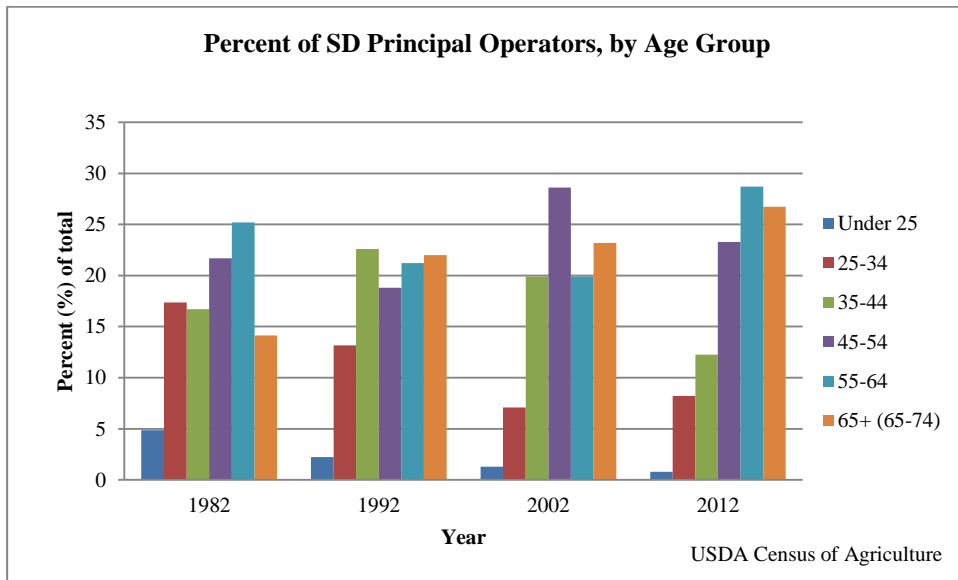


Figure 3-Percent of SD Principal Operators, by Age Group



Ownership transition of land and other assets will need to occur at some point. As many of these operators will not fully retire from farming, and will retain ownership of the operation and assets, the transition of management and ownership will not occur until death of the principle operator.

For many operations, the transition will be to a family member successor. The reasons the transition to a family member is the de facto decision for many owners include, but are not limited to (Mishra, El-Osta, & Saleem, 2010):

- Continuation of the operation;
- Savings on estate taxes;
- Creating additional money to be divided between generations; and
- Barriers to entry (example: cost of purchasing farm ground) (Parson, et al., 2010)

However, due to high the value of the assets⁶, passing all of the farm operation assets to one or a few individuals may cause tension with family members not involved in the operation. From 2000-2014 the average value per acre of South Dakota land increased seven fold, from \$352 to \$2470 (Janssen, Dillivan, & McMurtry, 2014).

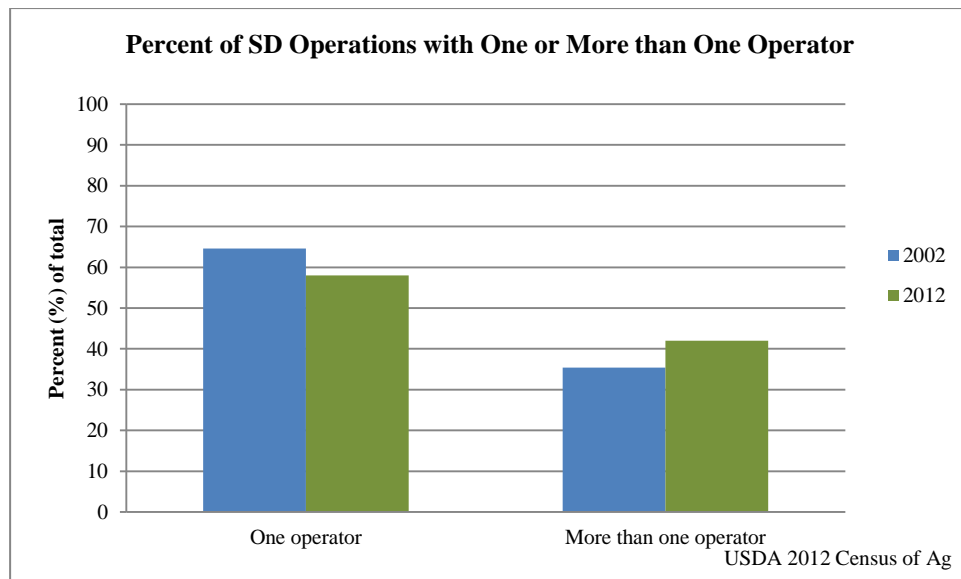
The 2012 average farm size in South Dakota was 1,352 acres (USDA-2014) creating an average base land value of the estate at \$3,339,440 per family farm. As \$3.3 million is below the current federal estate tax level (\$5.43 million exemption in 2015) (IRS, 2015), and South Dakota does not have an estate tax, farm operators may look to pass on the assets at the time of death. With a trust, families may avoid capital gains taxes that would be incurred if the land were sold at realistic land values, as required by the Internal Revenue Service (IRS).

⁶ Land being the major contributor, but also machinery and livestock.

The successor generation could also take advantage of the step-up in basis⁷ due to the transition of an asset after death compared to a gift of the land during the life of the principle operator. This would also alleviate gift tax issues⁸ at the same time.

Thus, succession (transitioning management and financial responsibility to the next generation) and estate (transitioning personal and farm assets) planning is very important for operations that have a family successor interested in continuing the family farm operation. Since 2002, South Dakota operations with more than one operator involved in the family farm has been increasing (USDA-2014). In 2012, 42 percent of South Dakota's operations had more than one operator; compared to 35 percent ten years prior (Figure 3).

Figure 4-Percent of SD Operations with One or More than One Operator



⁷ Step-up in basis is the readjustment of the value of an appreciated asset for tax purposes upon inheritance. With a step-up in basis, the value of the asset is determined to be the higher market value of the asset at the time of inheritance, not the value at which the original party purchased the asset (Step Up In Basis)

⁸ Gift tax rates vary per year based on federal law. In 2016, the exemption amount is \$14,000 per person (Internal Revenue Service, 2016).

Risks Associated with Farm Transition

The risks associated with the smooth transition of a farm operation are similar to those of any non-farm business:

- Death;
- Disaster;
- Disability;
- Divorce; and
- Disagreement (Thomas, 2013)

Death is the main reason to transfer the management and ownership of the farm from one generation to the next. Succession planning is necessary so that when the death of the primary operator and decision maker occurs, the operation can be sustained without disruption (Thomas, 2013).

Disaster can refer to any occurrence that has a major negative impact on the operation continuity and threatens survival. Disaster situations could include: flood, hurricane, tornado, drought, disease outbreak, or contaminated feed on the farm (Thomas, 2013).

Disability, either mentally or physically, is another reason for transition planning that will allow for the continued, smooth operation of the family farm. Additionally, all family members involved in the operation are exposed to dangerous conditions that may lead to physical disabilities that could limit or end their active involvement in the operation (Kansas State University Extension and Research, 2015).

Protection of a family operation from the potential impact of divorce is provided by a farm transition plan and estate plan. With these plans in place, there is a reduction in the

likelihood that a struggle over the land and major assets on which the family operation depends. In this manner, the family operation keeps running and does not collapse due to a divorce (Thomas, 2013).

Disagreement may be the most likely problem leading to the collapse of the family farm. Areas of disagreement may include: management decisions, sharing of farm profits, capital allocations, and methods of acquiring capital or credit for the operation. In addition, long hours of work can force individuals to stop actively participating in the operation. Good communication is a vital link in the success of the farming operation. Poor or miscommunication has contributed to disagreements and the failure of some family operations (Thomas, 2013). Failure to clarify the role and authority of a successor(s) is often a challenge in farm transitions. The transfer of control of the farm is much more effective if family members fully understand their current and future role in the farm operation (Thomas, 2013).

Hachfeld et. al indicates a contributor to problems with the succession planning process is the failure to seek outside advice. Obtaining outside advice during the succession process is crucial for most operation owners, especially for first-generation owners who have not been through the succession process before (Hachfeld, Bau, & Holcomb, 2013). Being able to discuss the issues the farm is facing during the time of transition with others who have been through the succession process is invaluable because it helps a successor prioritize what is important, helps motivate, support, clarify issues, and also gives guidance to set realistic goals.

LITERATURE REVIEW

Studying family succession plans and estate planning is not a new topic. Much of the research in 1980's to 1990's concentrated on the tax implications of transitioning the operation. Due to increases in federal estate tax exemptions, taxable farm estates became a much smaller percentage of the demographic and as such, these taxes are no longer a priority reason farm families' need to create an estate plan.

Later research focused on the tools farm families could utilize in their estate plan, retirement planning issues and concerns, and reasons farm families do not create an estate plan.

In 1985 Anderson and Rosenblatt set out to provide mental health professionals with a better understanding of the stress farm families experience when they were facing succession planning, retirement planning and planning for death (estate planning) (Anderson & Rosenblatt, 1985). They interviewed 29 individuals (combination of parents and heirs) from 14 operations in one Minnesota county. They concluded that

- farm families needed more education related to succession planning, as it is imperative,
- extension and community clubs should provide this education,
- the whole family should be involved in the planning process, since if one person is feeling stressed there is likely another family member suffering as well.

However, the reason(s) for stress were not identified, nor were the attitudes broken out by different family categories. This lack of information left the professionals open to many unknown factors when working with farm families.

Further, the research presented was not presented in a quantitative manner. To portray differences, words such as ‘most’, ‘some’, and ‘many’ were used as approximations.

Farmer retirement and succession planning were the focus of household surveys completed by Kimhi and Lopez in 1999 and by Mishra, Johnson, and Morehart in 2003.

Kimhi and Lopez send out a survey to farmers that participated in the Maryland Land Preservation program. The study had a 29% response rate, and the authors acknowledged the target audience was not a representative sample of Maryland producers. The producers were asked to indicate their primary consideration for retirement planning. Three choices were listed, as well as an “other” option. Eighty-five percent of the respondents added an additional factor than those identified by the authors, indicating the potential of a significant missing variable problem that was not identified in pilot testing of the instrument.

Conversely, Mishra, Johnson and Morehart utilized national data collected from the 2001 ARMS survey. Their analysis was an effort to determine if retirement and succession planning were occurring and to what extent. The ARMS survey identifies a single, primary owner/operator as the respondent, thus providing only one insight into what is taking place in the family operation.

Similar to the survey sent out by Kimhi and Lopez, one of the questions on the ARMS survey asked owner/operators what they planned to do with the farm when they retired. There were four defined answers provided: rent, sell, turn over management or make some other use of the farm. In this study thirty-nine percent of the responders indicated they would do something other than the options presented.

In a second study using the 2001 ARMS data, Mishra, El-Osta, and Shaik (2010) attempted to determine the probability of farms creating a succession plan. Through this work, they were able to determine that age of the operator and education significantly influenced this probability. In their analysis, they considered variables to classify:

- education (three variables),
- children living at home and their ages (two variables),
- off-farm income (three variables),
- region of the country (8 variables)
- farm organization,
- farm tenure,
- farm growth, and
- expected government support.

Other data on age of the operator, expected household net worth, expected value of production, productivity index and income stream were provided from the ARMS Survey database.

The study did not include a successor returning to the operation variable. A successor or returning heir could be implicit in a positive response to having a succession plan in place, but this is a necessary though insufficient assumption.

To gain a better understanding of the satisfaction of succession planning Sharma, Chrisman and Chua surveyed members of the Canadian Association of Family Enterprise (Sharma, Chrisman, & Chua, 2003). While this study is an evaluation of family firms instead of family farms, many of the family dynamic characteristics would be similar.

The authors utilized a mailed survey targeting businesses that expected succession to occur within five years and allowed both the firm owner and successor to respond. From this survey, they were able to determine that succession planning represents a high level of stakeholder theory, as well as lesser levels of organizational, behavioral and economic theory.

While only surveying two family groups involved in the family firm they were able to state that different stakeholders in the business have different perceptions about succession issues and topics, and further concluded that both generations needed to align their attitudes to increase the probability of a satisfactory transition occurring.

Related to aligning perceptions, two studies in 2009 looked at communication issues within the family farm operation. Pennsylvania State University staff conducted 20 semi-structured interviews of Pennsylvania family businesses to determine common communication barriers (Kaplan, Nussbaum, Beker, & Pitts, 2009). Barriers to communication and decision making within the family were assigned to one of five different categories following the interviews:

- 1) Passive communication issues,
- 2) Delays due to unresolved problems in the lives of adult children (career choices and personal relationships),
- 3) Parents waiting for children to make career decisions (not wanting to force the child(ren) into returning to the farm),
- 4) Concerns about the stability of successor's family/marriage,

5) Efforts to incorporate next generations' perspectives into conversations about the farm.

In the semi-structured interview process, there was not a consistent generation interviewed. Family members representing different generations, as well as different family relationships (i.e. Father and son-in-law or father, mother and two sons) were present for some of the interviews, but for other families the generations were interviewed at separate times (i.e. Father and son interviewed together and daughter interviewed separately). Thus, not all interactions were observable.

Using data from the 20 interviews discussed above, Pitts et al. further analyzed the data and identified five tensions present within the families (Pitts, Nussbaum, Kaplan, Fowler, & Becker, 2009). These being:

- 1) Relinquish- retain control,
- 2) Being fair- doing what is right,
- 3) Profit- affordability,
- 4) Explicit- implicit communication,
- 5) Progress- continuity.

While no single family indicated all five tensions, many the families faced more than one of the identified tensions related to succession planning.

Identification of the stress causing elements led to three practical suggestions:

- 1) Include younger generations.
- 2) Develop functional family norms for managing tension.
- 3) Encourage reciprocal interactions among family members.

While these two studies interviewed farm family members directly, the lack of a standard interview method and the small scope and scale of the participants limits the ability to generalize the results.

Summary

In the studies reviewed, communication is a large factor affecting succession planning and estate planning. The opinions and observations from all family members is a major missing component of the past projects.

QUANTITATIVE APPROACH

Determining attitudes of South Dakota farm operators and their families toward transition planning and estate planning topics required a quantitative measure of how positively or negatively the respondent felt toward the statements/questions presented in the survey tool.

The survey included 77 questions related to different areas of estate planning and transition planning. Questions were developed to prevent response bias and unbalanced questions (Ostrom, Krosnick, Bond, Jr., & Sedikides, 1994).

Survey participants were first asked to identify with one of the following categories:

- Landowner generation-own the major assets of the operation, typically the land, machinery and livestock, referred to as the landowner generation in the results section.
- Heir returning to the operation (On-farm heir)-traditionally a child of the landowner generation that has returned to the family operation, referred to as the on-farm heir in the results section. Their career and/or family rely heavily on the financial contributions of the farm operation. This individual could be a nephew or neighbor that is planning on taking over from the landowner generation.
- Off-farm heir-a child of the landowner generation that did not remain or return to the farm operation, referred to as off-farm heir in the results section. They traditionally have a career and/or family that are not financially tied to the farm operation.

- Spouse of heir returning to the operation. There was not enough participation for inclusion in the results.
- Spouse of off-farm heir. There was not enough participation for inclusion in the results.

The statements were presented to each participant so all the responses were providing feedback with respect to the landowner generation's family and operation. For example, each category received a differently worded question regarding the number of offspring in the landowner generation's family:

- Landowner generation: How many heirs (children) do you have?
- On-farm and Off-farm Heirs: How many brothers and sisters do you have?
- On-farm and Off-farm Spouses: How many brothers and sisters does your spouse have?

Six- and seven-point Likert Scales provided the ability to determine the intensity of response to each of the statements. Determining the optimal number of alternatives to use was based on a study by Matell and Jacoby in 1997. The inclusion of "neutral" as an option for some of the statements leads to more accurate results for those statements that may not be a factor for the individual's family operation (Matell & Jacoby, 1972).

Further, questions were asked in a two-stage format. The two-stage format allowed for the determination of the extremity (attitude position), and the intensity (how strong the position is). This layout allowed the respondent to concentrate on the different components of the questions and improve the accuracy of their responses by removing

three of the standard errors related to Likert Scale surveys: leniency, central tendency and proximity (Matell & Jacoby, 1972).

As 75 percent of South Dakota farms had Internet access in 2012 (USDA, 2014), a web-based survey was created for this project. QuestionPro® was used to build and distribute the survey, as well as compile the results. Use of an internet based survey allowed for:

- Adherence to know best practices in survey design
- Ease of creation
- Data collection options
- Ease of delivery
- Acceptability to participants
- Ease of data collection (Balch, 2010)

An internet-based survey avoided complications due to potential differences in screen size, operating systems and server software owned by the individuals. Due to those differences, the display of the survey sent via email could not be guaranteed to be consistent (Balch, 2010). This inconsistency could cause question misinterpretation, disgruntled responders and aborted surveys.

Protocol for individuals that did not have internet access, but wished to participate in the study was to provide a hard copy of the statements/questions. Then the questionnaire responses would be keyed into the online survey tool by an unbiased, third party individual. There were no requests for this type of participation.

Based on past research, review of previous extension programming, and *a priori* personal work with farm family members, assumptions regarding estate planning and transition planning have formed the basis for prior extension education programs organized by the author. The survey addressed whether the following assumptions are valid:

- A. Perceptions about the quality of communication within families vary by category.
- B. All family categories with on-farm heirs understand the assets will not be distributed equally.
- C. The landowner generation has found determining how to pass on personal and farm assets to be a difficult task.
- D. Farm families have not discussed the estate and transition plan with heirs.
- E. Farm families need more information and knowledge to create/finish their estate plans.
- F. Farm families have found it difficult to find and utilize industry professionals.
- G. The landowner generation and heirs have similar attitudes toward transitioning workload/labor responsibilities.
- H. The landowner generation and heirs have similar attitudes towards transitioning management responsibilities.
- I. The landowner generation and heirs have similar attitudes toward transitioning ownership of minor assets.
- J. The landowner generation and heirs have similar attitudes towards transitioning the ownership of major assets.

Evaluation of the responses to the statements associated with these ten assumptions was completed using Stata[®] for statistical significance as well as the probability of each category to select the same degree of agreement to the statement.

Statistical significance was tested using two-sided alternative hypothesis testing with p-values reported at $\alpha=.01$, $\alpha=.05$ or $\alpha=.10$. Analysis compared the means of two populations and Z-statistics were generated using known means, known variance and sample sizes (Equation 1).

Equation 1 Z-score formula

$$Z = \frac{\bar{x}_1 - \bar{x}_2 - \delta}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

Regression on the response mean for the on-farm and off-farm heirs was compared against the response mean of the parents for each statement/question in the survey.

Variation in the degree of agreement with the statement/question was also evaluated to determine if attitude differences across the categories existed.

RESULTS

Individual invitations to participate were emailed to approximately 1000 South Dakota producers who have participated in Extension programming hosted by the author since 2001. Notification of the survey was distributed through the SDSU Extension web page (www.igrow.org) and statewide press releases. Industry professionals (attorneys, insurance agents and estate planners) also invited an additional unknown number of their clientele to participate in the survey.

The introductory letter linked readers to the survey via QuestionPro[®]. Of the 1000+ contacted, 281 individuals visited the online introduction letter to the survey. Of those initial visits, 119 individuals started the online survey and 65 completed the survey. The completion rate of those who started the survey was 54.62 percent. This low response rate, and completion rate may be further indication of the sensitive and difficult nature of the topic to address.

Survey participants were asked to identify their role in the operation in order to determine the category they represented. Participants were separated into categories based on the role in the family operation that most represented their contribution on the day they completed the survey (refer to page 18 for categories and description).

Based on their answer, participants were directed to the statements/questions appropriate for their category. Of the participants 48 (55.81 percent) were the landowner generation, 34 were heirs (39.54 percent) and four (4.65 percent) were spouses of the heirs.

Heirs and spouses were further broken into heirs returning to the operation (on-farm) or off-farm heir, or the spouse of each of those classifications. With only four spouses responding to the survey, analysis was not conducted on their responses.

Full demographics of the participants are provided in Table 2. In comparison with the South Dakota Census of Agriculture data, this sample is representative of South Dakota producers (USDA, 2014).

Table 2-Participant Demographics

Participant Demographics					
Parents		Heirs			
		On-Farm		Off-Farm	
Male	Female	Male	Female	Male	Female
22	26	11	3	8	12
Average Age		Average Age		Average Age	
61		37		47	
Residence		Residence		Residence	
SD	Not SD	SD	Not SD	SD	Not SD
43	5	14	0	15	5

For each assumption, two to eleven statements were presented to each individual. Each statement was given a code for easier reference throughout the analysis. For example, the statement “Talking to family about personal, family and business goals for the operation is hard.” is referred to as TALKHARD in the written sections. The full statement is included in the Results table for each hypothesis.

Assumption A-Perceptions about the quality of communication within families differs by category.

Families repeatedly describe communication within the family as difficult by those attending estate planning conferences. To test this assumption, participants responded to eleven statements, (Table 3), related to communication in the survey: “Talking to family about personal, family and business goals for the operation is hard.” (TALKHARD), “Some of my children will not like what I have in mind.” (CHILDDIS), “I am worried I will appear greedy.” (GREED), “I am unsure about the reaction of my on-farm heirs.” (UNSUREON), “I am unsure about the reaction of my off-farm heirs.” (UNSUREOFF), “Communication gaps regarding death exist in my family.” (GAPS), “Even when I ask, family members do not want to talk about it.” (ASKNOTALK), “Listening to all family members perceptions about how the operation is passed on is hard.” (LISTENHARD), “The off-farm children have not been here, so their understanding of the goals for the operation is not relevant.” (NOTRELEVANT), “It is hard to hear other people's ideas about the operation.” (OTHERIDEAS), and “It is hard to hear ideas that may not be in line with my goals.” (NOTMYGOAL).

Table 3- OLS Analysis of Assumption A “Perceptions about the quality of communication within families differs by category.”

Assumption A-Perceptions about the quality of communication within families differs by category.

		Coef	t	p>/t/
TALKHARD Talking to family about personal, family and business goals for the operation is hard.	onfarm	1.116 (.472)	2.37	0.021**
	offarm	0.659 (.421)	1.57	0.122
	_cons	3.730 (.241)	15.50	0.000***
CHILDDIS Some of my children will not like what I have in mind.	onfarm	1.158 (.591)	1.96	0.054*
	offarm	0.026 (.527)	0.05	0.962
	_cons	3.919 (.302)	13.00	0.000***
GREED I am worried I will appear greedy.	onfarm	2.800 (.584)	4.80	0.000***
	offarm	1.389 (.521)	2.67	0.010***
	_cons	2.278 (.301)	7.58	0.000***
UNSUREON I am unsure about the reaction of my on-farm heirs.	onfarm	-0.417 (.731)	-0.57	0.570
	offarm	-1.566 (.680)	-2.03	0.025**
	_cons	4.879 (.389)	12.55	0.000***
UNSUREOFF I am unsure about the reaction of my off-farm heirs.	onfarm	0.923 (.693)	1.33	0.187
	offarm	0.389 (.618)	0.63	0.531
	_cons	4.000 (.357)	11.21	0.000***

GAPS Communication gaps regarding death exist in my family.	onfarm	1.064 (.643)	1.65	0.103
	offarm	-0.056 (0.574)	-0.10	0.923
	_cons	4.167 (.331)	12.57	0.000***
ASKNOTTALK Even when I ask, family members do not want to talk about it.	onfarm	1.257 (.618)	2.03	0.046**
	offarm	0.139 (.562)	0.25	0.805
	_cons	3.743 (.322)	11.64	0.000***
LISTENHARD Listening to all family members perceptions about how the operation is passed on is hard.	onfarm	0.541 (.443)	1.22	0.227
	offarm	0.263 (.395)	0.67	0.508
	_cons	3.459 (.226)	15.31	0.000***
NOTRELEVANT The off-farm children have not been here, so their understanding of the goals for the operation is not relevant.	onfarm	0.506 (.655)	0.77	0.442
	offarm	-0.005 (.595)	-0.01	0.993
	_cons	3.417 (.337)	10.13	0.000***
OTHERIDEAS It is hard to hear other people's ideas about the operation.	onfarm	1.644 (.535)	3.07	0.003***
	offarm	1.029 (.487)	2.11	0.039**
	_cons	2.971 (.278)	10.68	0.000***
NOTMYGOAL It is hard to hear ideas that may not be in line with my goals.	onfarm	1.342 (.607)	2.21	0.031**
	offarm	0.559 (.553)	1.01	0.316
	_cons	3.735 (.319)	11.71	0.000***

Note: Standard errors in parentheses. ***p<.01, **p<.05, *p<.10

Seven statements had one or more statistically significant categories.

One of the ‘excuses’ listed in Grandma’s Yellow Pie Plate (Minnesota/Extension, 2011) as a reason to not discuss estate planning with family is the fear of appearing ‘greedy.’ The results of this study indicated that the fear of appearing greedy was statistically significant ($p < .01$) and higher than the landowner generation in both heir categories (Table 3).

Determined by the Likert-score for each response, where Completely Disagree=1 thru Completely Agree=7, the landowner generation mean for “I am worried I will appear greedy.” (GREED) was 2.278 (Table 3). The mean response score for the off-farm heir and the on-farm heir were significantly higher with a mean of 3.667 ($2.278 + 1.389$) and 5.078 ($2.278 + 2.800$) (Equation 2), respectively.

Equation 2-Mean score configuration for GREED⁹

$$\begin{array}{l} \text{Mean} \\ \text{Score} \\ \text{per} \\ \text{Category} \end{array} = \begin{array}{l} \text{Landowner} \\ \text{Generation} \\ \text{Constant} \end{array} + 2.800 \left(\begin{array}{l} \text{On-} \\ \text{farm} \\ \text{heir} \end{array} \right) + 1.389 \left(\begin{array}{l} \text{Off-} \\ \text{farm} \\ \text{heir} \end{array} \right)$$

Based on the mean for each category in this statement, the landowner generation (mean=2.278) does not consider themselves greedy when it is related to communication about estate planning within the family, as they are generally planning to distribute the assets to their heirs.

The off-farm generation mean (3.667) also indicates disagreement with the fear of appearing greedy by this category as well. However, the difference between the mean of

⁹ On-farm heir and off-farm heir are binary variables (1 and 0)

the landowners and the mean of the off-farm heirs was statistically significant ($p < .01$) (Table 3), i.e. the landowner generation majority selected Completely Disagree compared to the majority of the off-farm heirs who selected Slightly Disagree (Figure 6).

On the contrary, the on-farm heir mean (5.078) indicates that many in this category fear someone within the family would consider bringing up the topic as being greedy about what they are going to receive when their parents die. Further evidence of the fear is that the majority of the on-farm heirs selected Completely Agree (Figure 6).

Figure 5 illustrates disagreement by the landowner generation (78 percent) and off-farm heirs (56 percent) with the statement and agreement by the on-farm heirs (77 percent) with the statement.

Figure 5-Percent of responses, by category, to "I am worried I will appear greedy." (GREED)

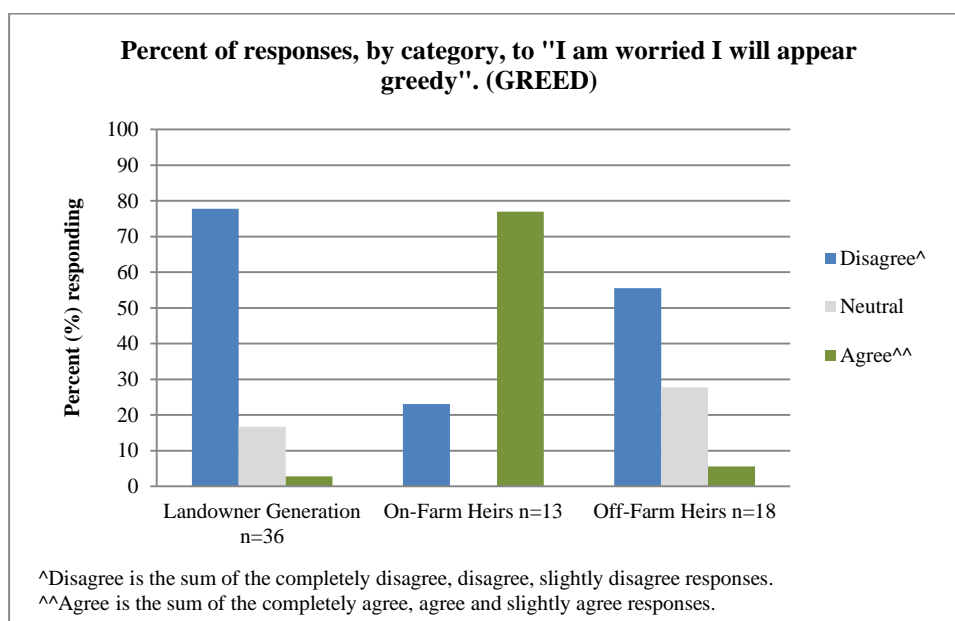
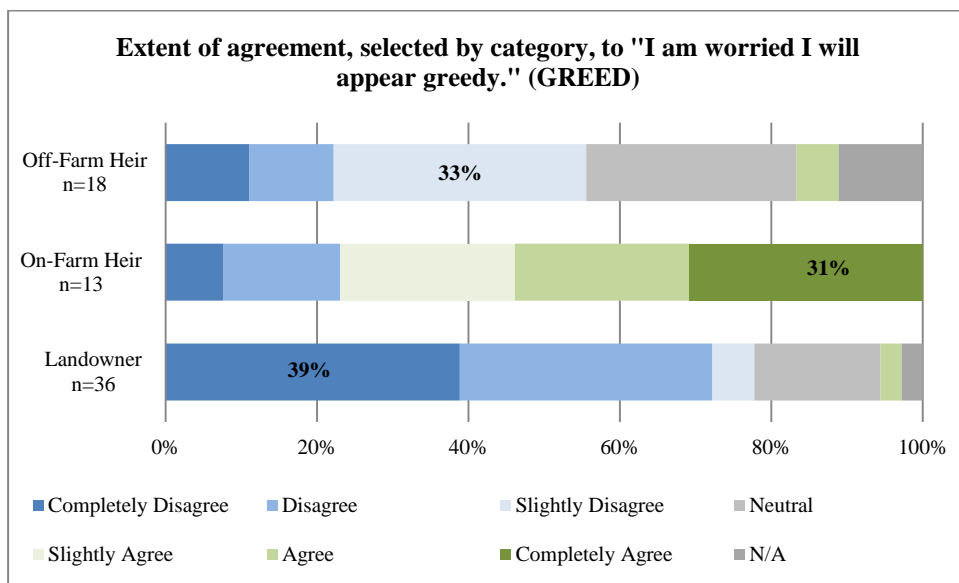


Figure 6 illustrates the variation in the responses across the three categories to the statement GREED. The majority of the landowner generation selected Completely Disagree (39 percent), the majority of the on-farm heirs selected Completely Agree (31 percent) and the majority of the off-farm heirs selected Slightly Disagree (33 percent).

Figure 6-Extent of agreement selected, selected by category, to "I am worried I will appear greedy." (GREED)



The mean for hearing other people's ideas about the operation "It is hard to hear other people's ideas about the operation." (OTHERIDEAS) was higher for both heir categories compared to the landowner generation, as well as being statistically significant for the on-farm heir ($p < .01$) and for the off-farm heir ($p < .05$) categories (Table 3).

The landowner generation mean for OTHERIDEAS was 2.971¹⁰ compared to the significantly higher means of the heir categories (Table 3). The off-farm heir mean was 4.000 and the on-farm heir mean was 4.615 (Equation 3).

Equation 3 Mean score configuration for OTHERIDEAS¹¹

$$\begin{array}{l} \text{Mean} \\ \text{Score} \\ \text{per} \\ \text{Category} \end{array} = \begin{array}{l} \text{Landowner} \\ \text{Generation} \\ \text{Constant} \end{array} + 1.644 \left(\begin{array}{l} \text{On-} \\ \text{farm} \\ \text{heir} \end{array} \right) + 1.029 \left(\begin{array}{l} \text{Off-} \\ \text{farm} \\ \text{heir} \end{array} \right)$$

¹⁰ On a scale of 1 to 7

¹¹ On-farm heir and off-farm heir are binary variables (1 and 0)

Figure 7 illustrates that 55 percent of the landowner generation disagreed with the statement, compared to 62 percent agreed with the statement for the on-farm heirs.

Figure 7-Percent of responses, by category, to "It is hard to hear other people's ideas about the operation." (OTHERIDEAS)

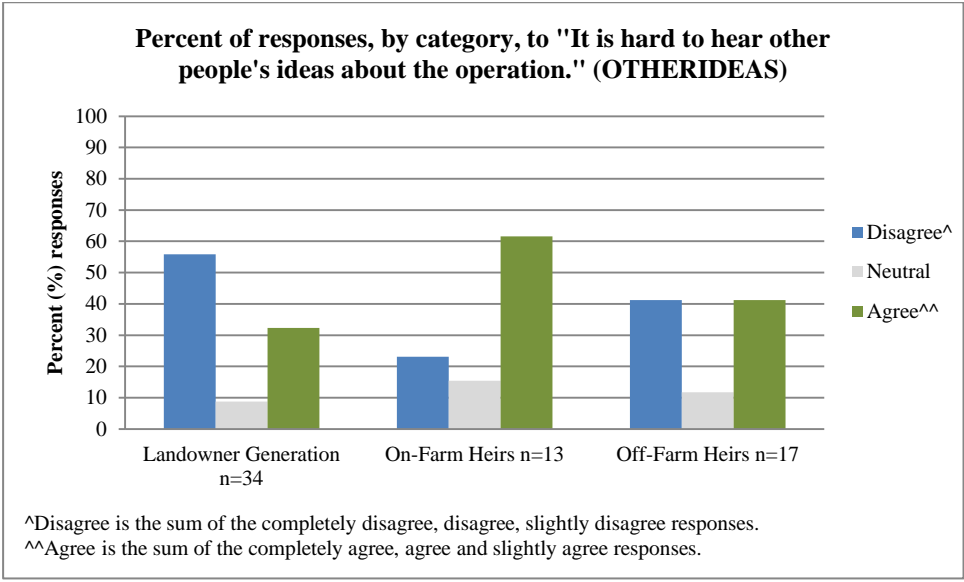
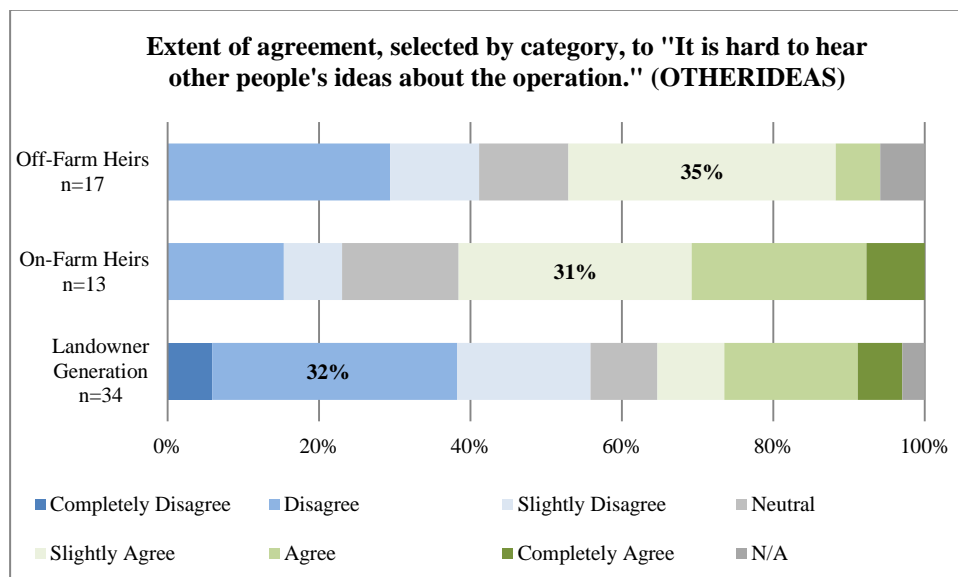


Figure 8 illustrates the variation in the extent of agreement with OTHERIDEAS, as 32 percent of the landowner generation Disagree, but 35 percent of the off-farm heirs and 31 percent of the on-farm heirs Slightly Agree.

Figure 8-Extent of agreement, selected by category, to "It is hard to hear other people's ideas about the operation." (OTHERIDEAS)

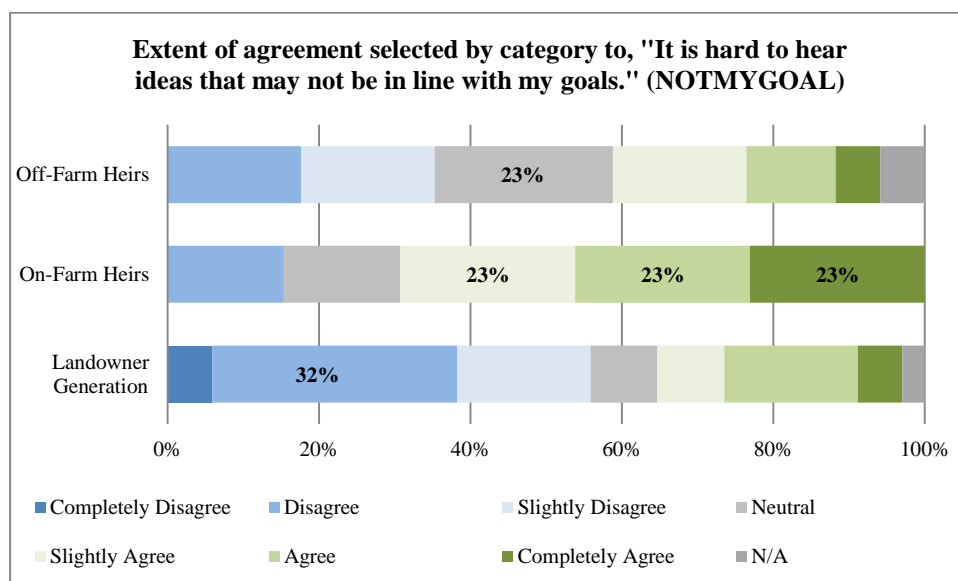


Results associated with this assumption statement indicate that, on average, the landowner generation (2.971) is more open to other ideas regarding the operation than either on-farm or off-farm heirs. This is not the expected response, as traditionally the landowner generation is considered less open to new or different ways of managing the operation and in their dealing with heirs. The off-farm heir mean equates to Neutral on the Likert-scale and may be associated with their lack of active involvement in the daily management and workload issues of the operation. The significantly higher mean of the on-farm heirs compared to the landowner generation, indicate the on-farm heirs find it hard to hear ideas from other family members regarding the operation.

Figure 9 illustrates survey responses for “It is hard to hear ideas that may not be in line with my goals” (NOTMYGOAL). The landowner generation disagreed with the NOTMYGOAL statement with nearly 60 percent indicating they, at some level, disagree. The off-farm heirs were relatively neutral to the statement. Conversely, 69 percent of the on-farm heirs agreed with the statement at some level of agreement.

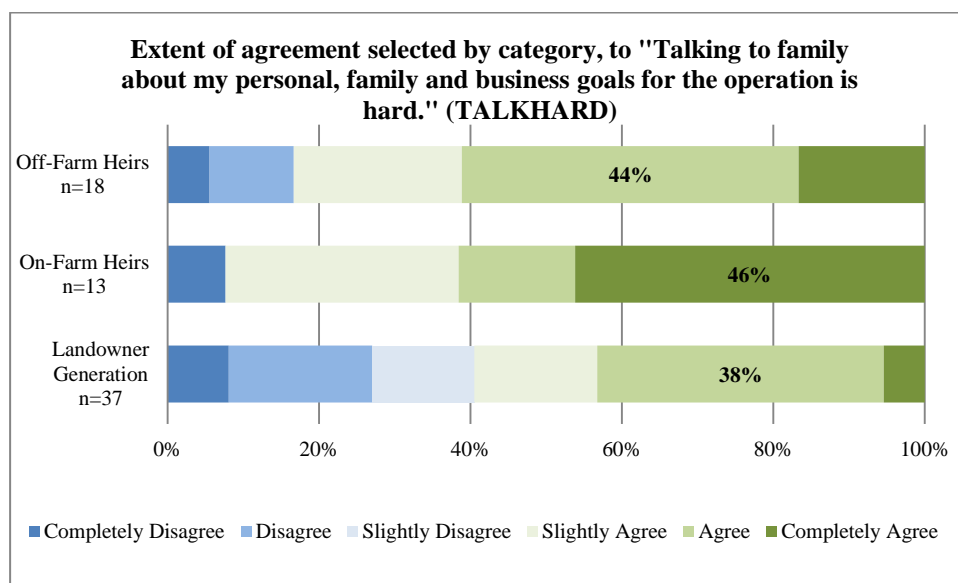
The on-farm heir responses were statistically significant at $p < .05$ for “It is hard to hear ideas that may not be in line with my goals.” (NOTMYGOAL) with the landowner generation mean of 3.735 (Table 3) and on-farm heir mean of 5.077.

Figure 9-Extent of agreement, selected by category to, "It is hard to hear ideas that may not be in line with my goals." (NOTMYGOAL)



As shown in Figure 10, the statement “Talking to family about my personal, family and business goals for the operation is hard.” (TALKHARD) was agreed to by all categories with the highest response in the landowner generation and off-farm heirs Agreeing to the statement and on-farm heirs Completely Agreeing.

Figure 10-Extent of agreement, selected by category, to "Talking to family about my personal, family, and business goals for the operation is hard." (TALKHARD)



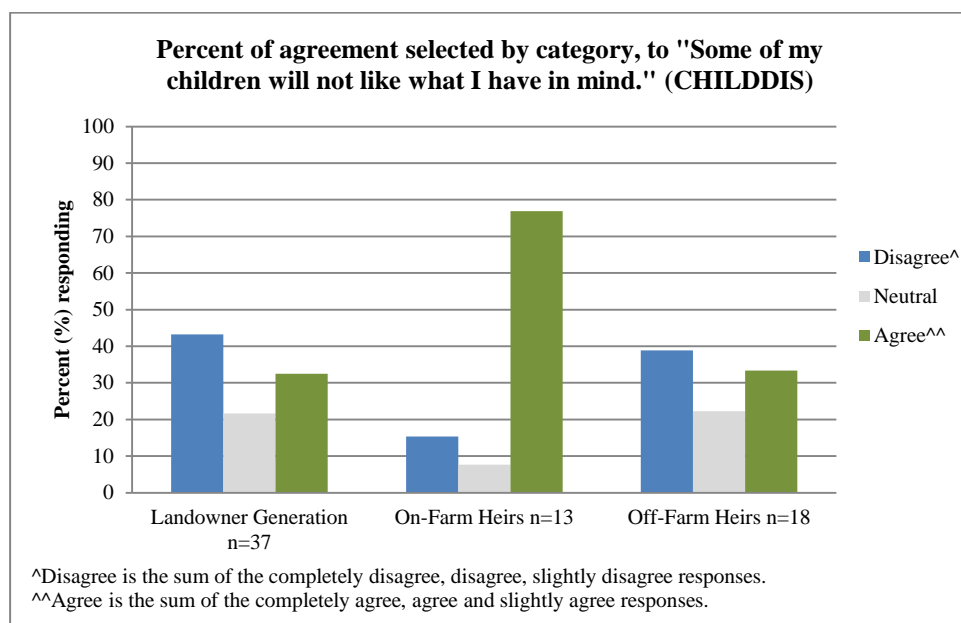
The landowner generation mean for TALKHARD was 3.730. The on-farm heir mean of 4.846 is higher and statistically significant ($p < .05$) compared to the landowner generation mean (Table 3).

The landowner response to TALKHARD is consistent with the results from Extension programming efforts mentioned in the literature review. However, results from this statement conflict with the results to OTHERIDEAS (page 31) and NOTMYGOAL (page 34). This conflict is an indicator that communication within family operations is a critical component to a successful transition or estate plan. OTHERIDEAS and NOTMYGOAL were similar statements regarding communication about the future of the

operation. The categories were mostly consistent in their responses to the statements. The landowner generation disagreed with both these statements, indicating a willingness to discuss plans for the operation. Both heir categories indicated that listening to others in the family about ideas and plans for the operation was not an easy task.

One of the reasons for problems related to communication is in “Some of my children will not like what I have in mind.” (CHILDDIS) statement. Figure 11 illustrates that more than 70 percent of the on-farm heirs agreed with this statement while the landowner generation and off-farm heirs mostly disagreed.

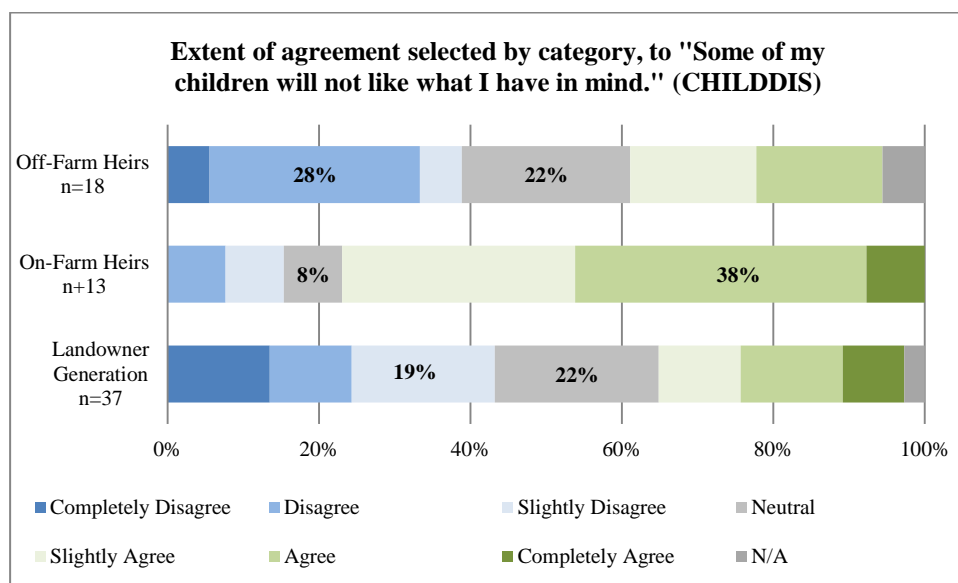
Figure 11-Percent of agreement, selected by category, to "Some of my children will not like what I have in mind." (CHILDDIS)



Further, an interesting note in the responses to the CHILDDIS can be found in the percent of the landowners and off-farm that responded neutrally to the statement compared to the on-farm heirs, shown in Figure 12.

Figure 12 illustrates the extent to which the landowner and off-farm heir are in agreement regarding the landowner's intentions regarding the estate. The indication by more than 70 percent of the on-farm heirs that they have concerns about the landowners' intentions provides further indication of the need for communication.

Figure 12-Extent of agreement, selected by category, to "Some of my children will not like what I have in mind." (CHILDDIS)

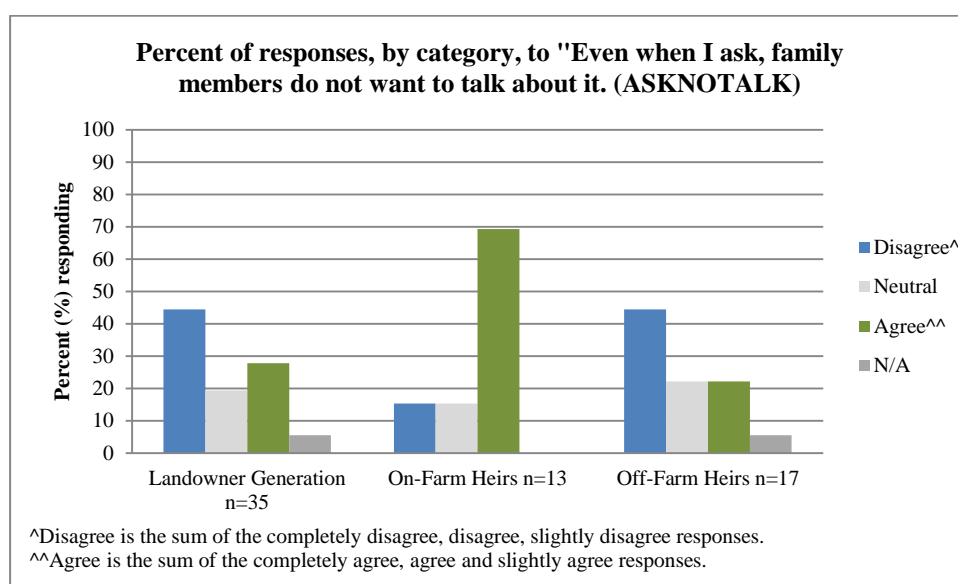


The on-farm heir mean of 5.077 to CHILDDIS was higher and statistically significant at $p < .05$ (Table 3) compared to the landowner generation mean of 3.919. The results indicate that the on-farm heirs anticipate a different outcome when the landowner's estate plan is exercised than they would prefer. The results may also indicate that the off-farm generation has a 'better' understanding about how the assets will be distributed than the on-farm heirs or landowner generation give them credit for.

Another attitude difference was obvious in the statement "Even when I ask, family members do not want to talk about it." (ASKNOTALK), shown in Figure 13. Again, the landowner generation (44 percent) and off-farm heirs (44 percent) disagreed with the

statement, while 69 percent of the on-farm heirs agreed with the statement. This statement was statistically significant at $p < .05$ for the on-farm heirs with a mean of 5.000 compared to 3.743 mean for the landowner generation (Table 3). ASKNOTALK did not go into details about why the on-farm heirs indicated that discussion does not occur regarding the estate plan. It is possible that the difference in type, kind, and depth of questions the on-farm heirs are asking is the reason for the different response.

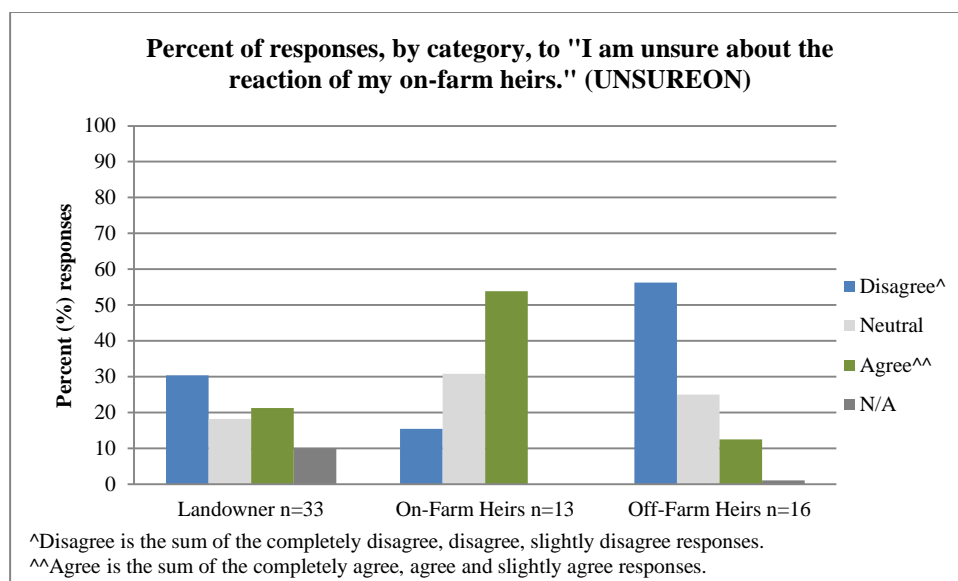
Figure 13-Percent of responses, by category, to "Even when I ask, family members do not want to talk about it." (ASKNOTALK)



The other statistically significant statement in this Assumption was “I am unsure about the reaction of my on-farm heirs.” (UNSUREON) ($p < .05$). Figure 14 illustrates that the off-farm heirs’ and on-farm heirs’ responses to this statement are diametrically opposite. This result corresponds with that associated with CHILDDIS (page 36).

The landowner generation’s mean for responses to the statement to UNSUREON was 4.879 and the mean for the off-farm heirs was 3.313 (Table 3). An atypical percent of the landowner generation selected Not Applicable (N/A) to this statement.

Figure 14-Percent of responses, by category, to "I am unsure about the reaction of my on-farm heirs." (UNSUREON)



Phrased to elicit the response of the off-farm heir, "I am unsure about the reaction of my off-farm heirs." (UNSUREOFF) was not statistically significant for either of the heir categories. Figure 15 illustrates the on-farm heirs agreed with this statement (69 percent) and the landowner generation, and off-farm heirs were divided between agreeing and disagreeing with the statement.

Figure 15-Percent of responses, by category, to "I am unsure about the reaction of my off-farm heirs." (UNSUREOFF)

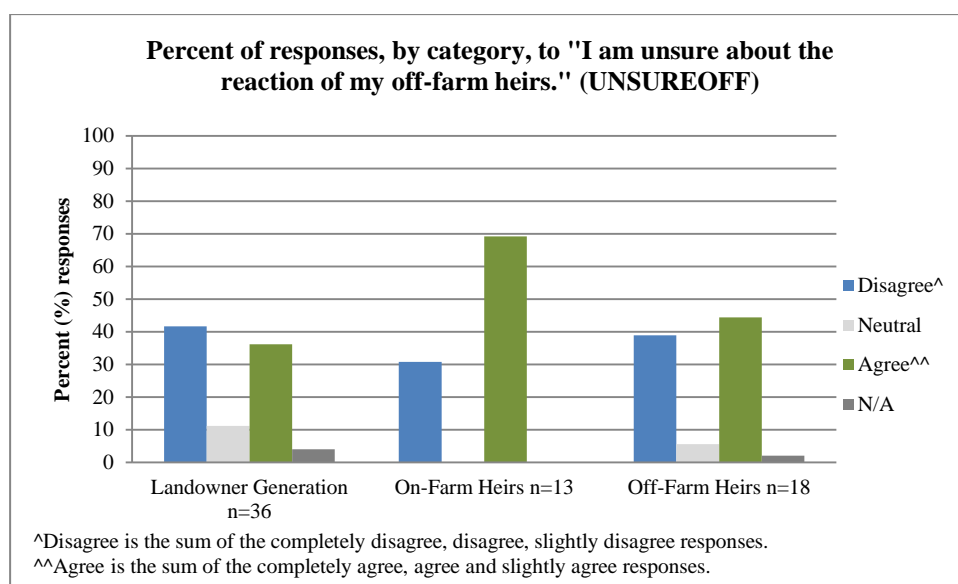
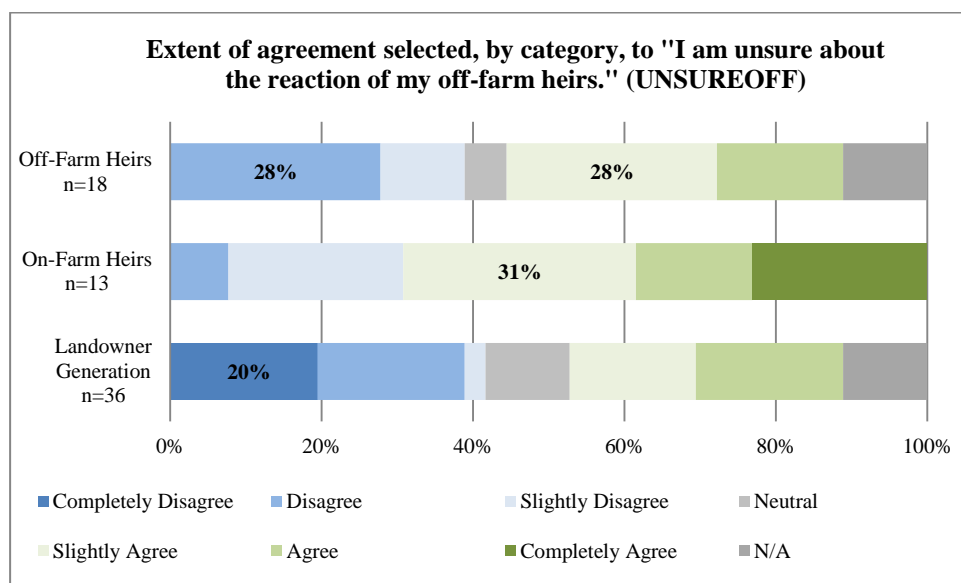


Figure 16 illustrates that while 44 percent of the off-farm heirs agreed with UNSUREOFF to some extent, none of the responders Completely Agreed. In contrast, the landowner generation indicated a similar response to the statement as the off-farm heirs but 20 percent indicated Complete Disagreement (Table 3).

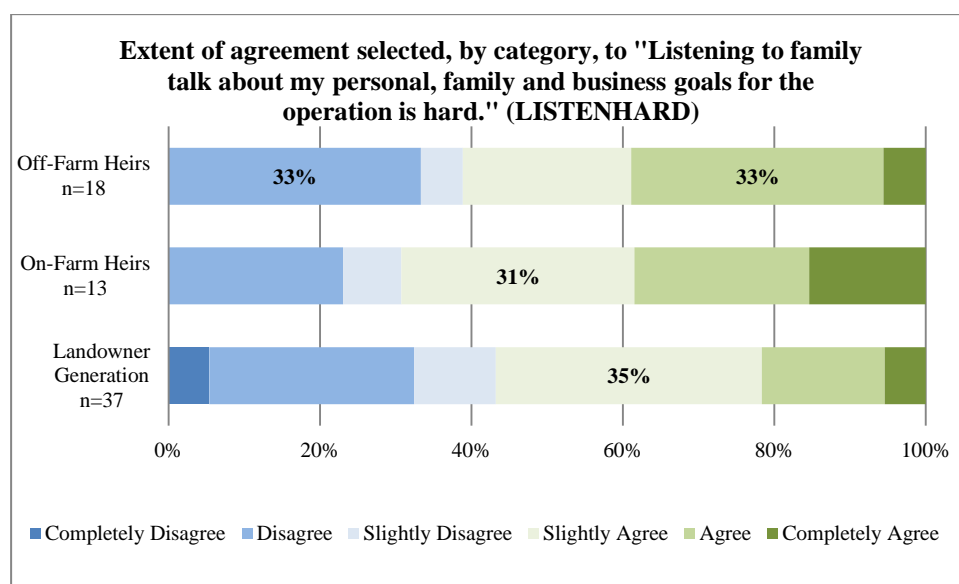
Figure 16-Extent of agreement, selected by category, to "I am unsure about the reaction of my off-farm heirs." (UNSUREOFF)



These two statements regarding the reaction of on-farm and off-farm heirs are similar in their design, and it was interesting that while the majority of landowner generation and on-farm heirs responded equally to both statements, the off-farm heirs differentiated their responses.

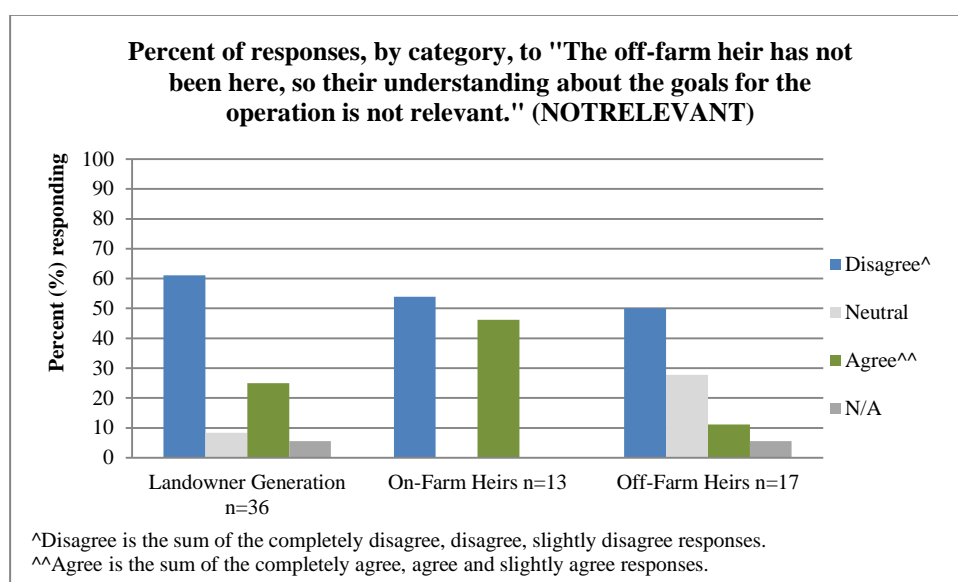
The remaining statements were not statistically significant, but still offer insight into the different attitudes related to communication across the categories. Figure 17 illustrates that all three categories mostly agreed with the statement “Listening to family talk about my personal, family and business goals for the operation is hard.” (LISTENHARD). However, when the extent of agreement was analyzed there is more variation in the extent of agreement between categories. However, the on-farm heirs indicated the strongest extent of agreement with 15 percent in complete agreement.

Figure 17-Extent of agreement, selected by category, to "Listening to family talk about my personal, family and business goals for the operation is hard." (LISTENHARD)



As shown in Figure 18, the landowner generation and the off-farm heirs disagreed with “The off-farm heir has not been here, so their understanding about the goals for the operation is not relevant.” (NOTRELEVANT). While the on-farm heirs were more uniformly divided in response to this statement, none of the responders indicated that they were neutral to the statement.

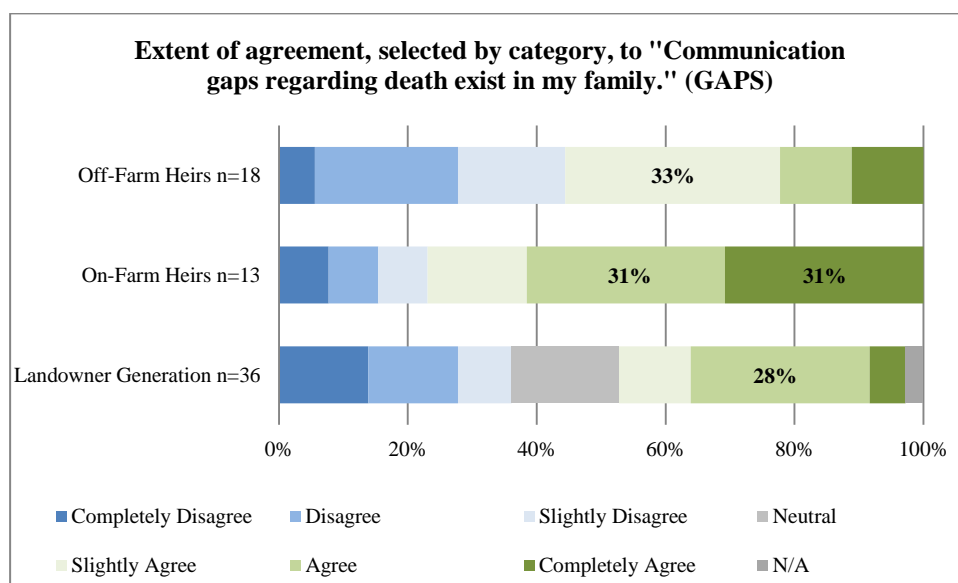
Figure 18-Extent of agreement, selected by category, to "The off-farm heirs have not been here, so their understanding about the goals for the operation is not relevant." (NOTRELEVANT)



The final statement in Assumption A, “Communication gaps regarding death exist in my family.” (GAPS), was mostly agreed upon by all three categories, though more extensively by the on-farm heirs (Figure 19).

While not statistically significant, the acknowledgement by all three categories that there are communication gaps regarding death across the family is another step toward reconciling those gaps and differences recorded by the other statements.

Figure 19-Extent of agreement, selected by category, to "Communication gaps regarding death exist in my family." (GAPS)



Analysis of the responses to the statements associated with the Assumption A regarding the quality of communication within families differs by category, provide an overall indication that the *a priori* assumption holds.

Assumption B-All family categories with on-farm heirs understand the asset distribution will not be equal.

The issue of fair versus equal asset value distribution is one of the biggest challenges to creating an estate plan many farm families face. To address this challenge this section addresses how the categories envision the distribution and the definition of asset value.

There were seven statements in Assumption B: “Determining how to distribute my assets, while achieving my goals is hard.” (DISTASSETS), “I have farming heirs that I want to pass the land on to, so the distribution of assets will not be equal.” (DISTNOTEQUAL), “While I want my farming heir to continue the operation, I have to distribute the assets equally.” (DISTEQUAL), “The dollar value of the assets should be split uniformly to each of my heirs.” (VALUEUNIFORM), “The dollar value of the assets should not be split uniformly to each of my heirs.” (NOTUNIFORM), “I would like to leave a uniform dollar value to each of my heirs, but that will not happen.” (WISHICOULD), and “My family legacy is more than asset value.” (LEGACY) (Table 4).

Table 4- OLS Analysis for Assumption B “All family categories with on-farm heirs understand the asset distribution will not be equal.”

Assumption B-All family categories with on-farm heirs understand the asset distribution will not be equal.

		Coef	t	p>/t/
DISTASSETS Determining how to distribute my assets, while achieving my goals is hard.	onfarm	0.401 (.497)	0.81	0.422
	offarm	-0.765 (.425)	-1.80	0.077*
	_cons	4.235 (.245)	17.25	0.000****
DISTNOTEQUAL I have farming heirs that I want to pass the land on to, so the distribution of assets will not be equal.	onfarm	-0.995 (.670)	-1.48	0.143
	offarm	-0.599 (.605)	-0.09	0.326
	_cons	5.912 0.342	17.27	0.000****
DISTEQUAL While I want my farming heir to continue the operation, I have to distribute the assets equally.	onfarm	-1.971 (.834)	-2.36	0.022**
	offarm	-0.533 (.753)	-0.71	0.482
	_cons	4.471 (.426)	10.49	0.000****
VALUEUNIFORM The dollar value of the assets should be split uniformly to each of my heirs.	onfarm	-0.682 (.692)	-0.99	0.329
	offarm	1.000 (.606)	1.65	0.105
	_cons	3.500 (.350)	10.00	0.000****
NOTUNIFORM The dollar value of the assets should not be split uniformly to each of my heirs.	onfarm	0.209 (.653)	0.32	0.750
	offarm	-0.767 (.586)	-1.31	0.197
	_cons	4.700 (.338)	13.89	0.000****

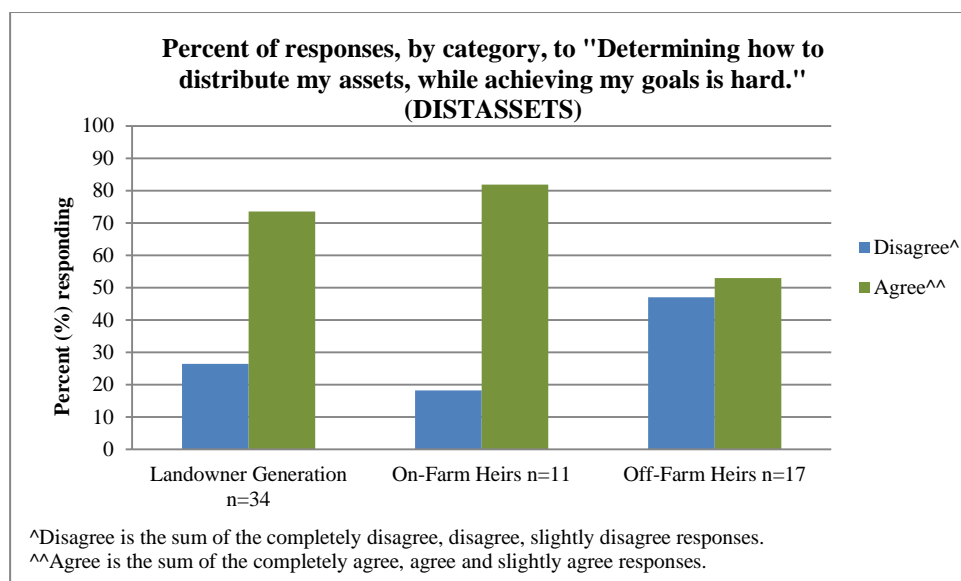
WISHICOULD I would like to leave a uniform dollar value to each of my heirs, but that will not happen.	onfarm	-0.296 (.573)	-0.52	0.607
	offarm	0.480 (.514)	0.93	0.355
	_cons	3.387 (.293)	11.55	0.000***
LEGACY My family legacy is more than asset value.	onfarm	0.677 (.541)	1.25	0.216
	offarm	0.077 (.485)	0.16	0.874
	_cons	5.320 (.277)	19.22	0.000***

Note: Standard errors in parentheses. ***p<.01, **p<.05, *p<.10

Related to these statements “Determining how to distribute my assets, while achieving my goals is hard.” (DISTASSETS), is an inclusive statement regarding the assumption that making estate planning decisions is hard for the landowner generation. Figure 20 illustrates that the landowner generation and on-farm heirs agreed with this statement, whereas the off-farm heirs were split in agreement on this statement.

The landowner mean for DISTASSETS was 4.235, compared to the statistically significant ($p < .10$) and lower mean (3.470) of the off-farm heirs (Table 4).

Figure 20-Percent of responses, by category, to "Determining how to distribute my assets, while achieving my goals is hard." (DISTASSETS)



In this assumption, the statements “While I want my farming heir to continue the operation, I have to distribute the assets equally.” and “I have farming heirs that I want to pass the land on to, so the distribution of assets will not be equal.” (DISTEQUAL and DISTNOTEQUAL) as well as “The dollar value of the assets should be split uniformly to each of my heirs.” and “The dollar value of the assets should not be split uniformly to each of my heirs.” (VALUEUNIFORM and NOTUNIFORM) were presented in a positive and negative framework to determine the consistency of agreement. These statements were developed with the landowner generation objective of keeping the farm operation a functioning and profitable operation for the next generation. For many landowners it is financially impossible to accomplish their goal of successfully passing the operation to the next generation if the operational assets, especially the land base, must be divided between all heirs. The landowner generation and on-farm heirs indicated that this was a common goal, while the off-farm heirs indicated some agreement that the goal of passing on the operation to the next generation would be difficult to achieve.

Figures 21 and 22 illustrate that all three categories responded to the statements DISTEQUAL and DISTNOTEQUAL consistently.

Figure 21-Percent of responses, by category, to "While I want my farming heir to continue the operation, I have to distribute the assets equally." (DISTEQUAL)

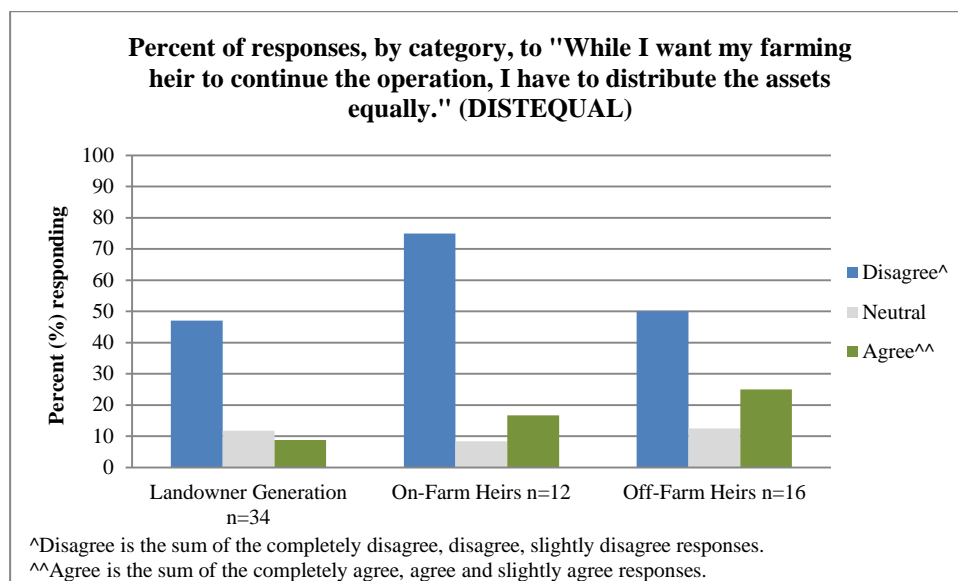
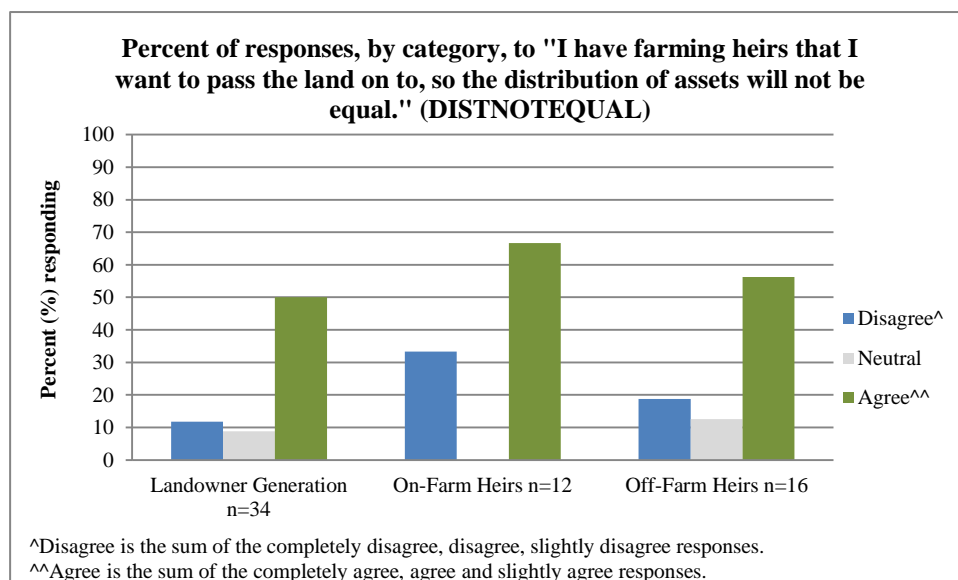
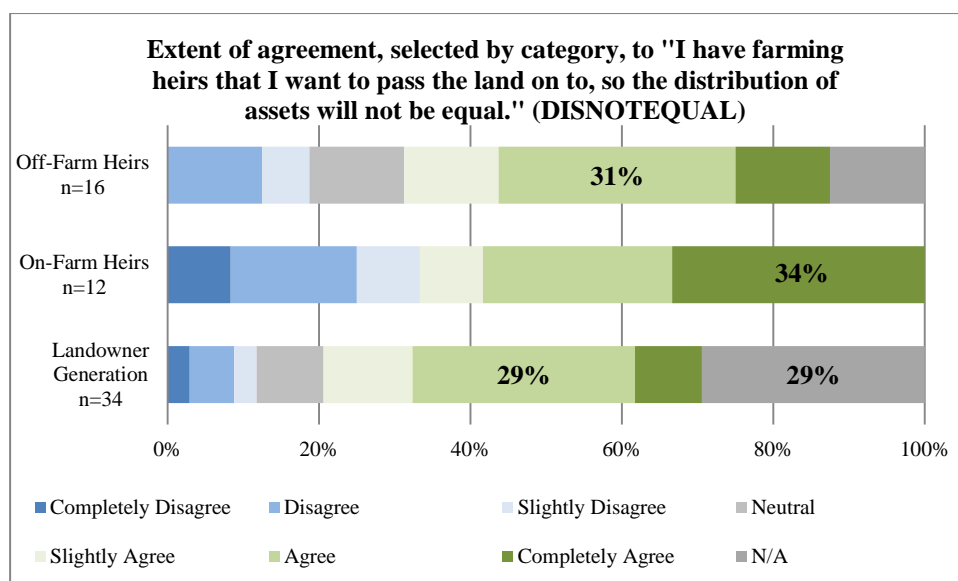


Figure 22-Percent of responses, by category, to "I have farming heirs that I want to pass the land on to, so the distribution of assets will not be equal." (DISTNOTEQUAL)



However, when the statement was worded such that the assets would not be equal, in DISTNOTEQUAL, the extent of agreement was less strong (see Figure 24).

Figure 24-Extent of agreement, selected by category, to "I have farming heirs that I want to pass the land on to so the distribution of assets will not be equal." (DISTNOTEQUAL)

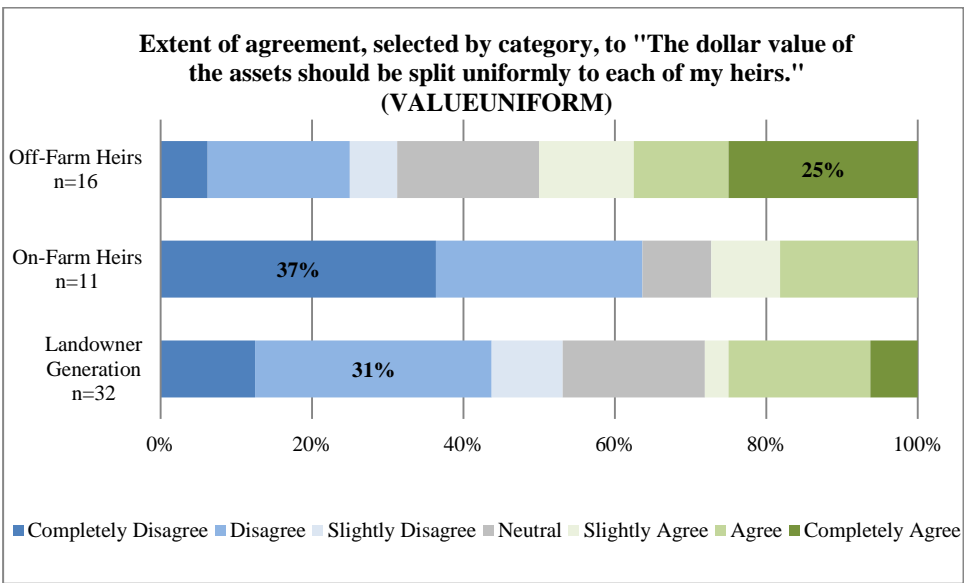


A higher percentage of the landowner generation responded N/A for these two statements, compared to other statements in the survey. However, in the wording of the DISTNOTEQUAL statement, if they did not have an heir returning to the farm, this would be an appropriate response.

Further, the statements “The dollar value of the assets should be split uniformly to each of my heirs.” (VALUEUNIFORM) and “The dollar value of the assets should not be split uniformly to each of my heirs.” (NOTUNIFORM) were also phrased as contrasting statements. The responses to the two statement formats were consistent across all three categories. However, there was a marked difference in responses between the on-farm and off-farm heirs.

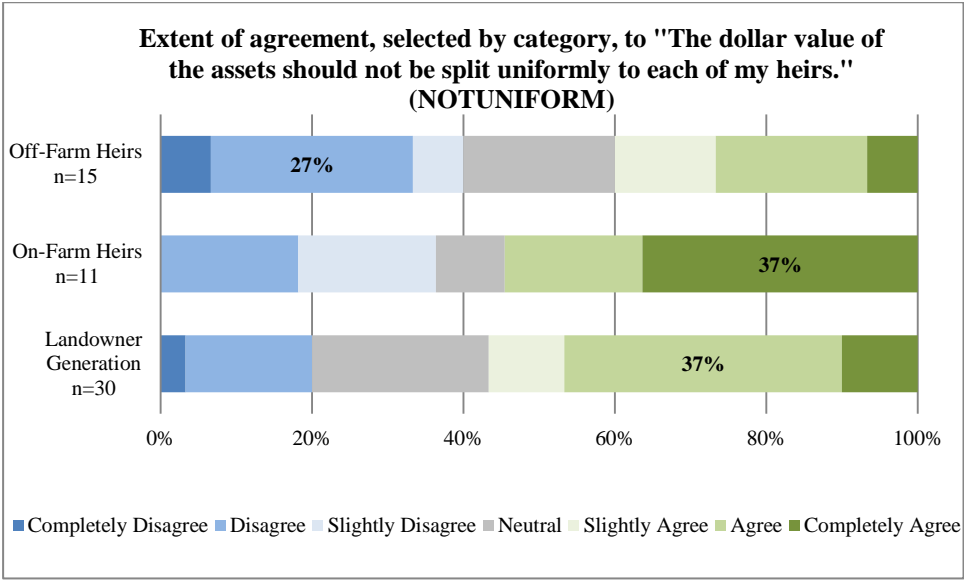
While not statistically significant for either heir category, Figure 25 and 26 illustrate the variation in the extent of disagreement to VALUEUNIFORM.

Figure 25-Extent of agreement, selected by category, to "The dollar value of the assets should be split uniformly to each of my heirs." (VALUEUNIFORM)



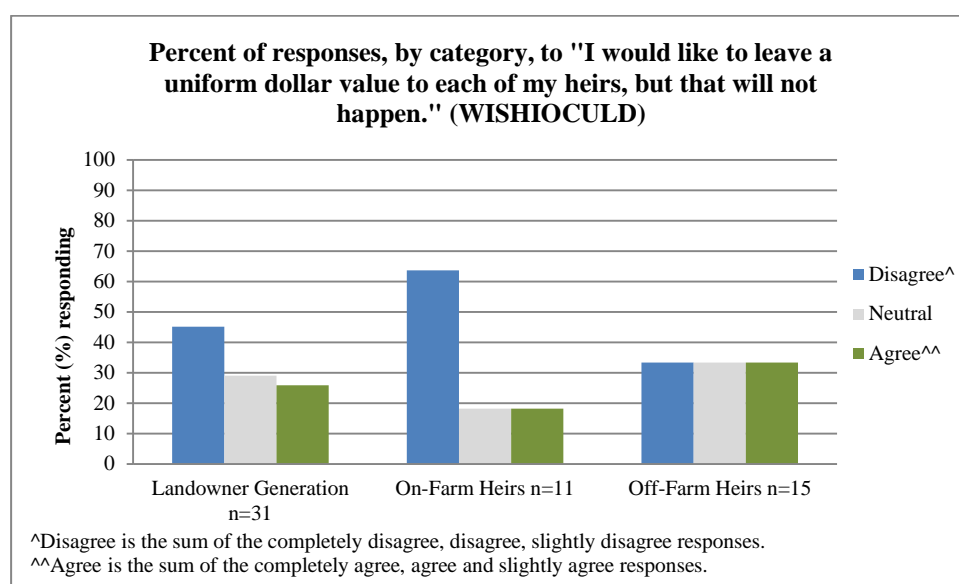
In both versions of the statement, the landowner generation indicated about 60 percent at some extent of agreement against uniformly splitting the assets.

Figure 26-Extent of agreement, selected by category, to "The dollar value of the assets should not be split uniformly to each of my heirs." (NOTUNIFORM)



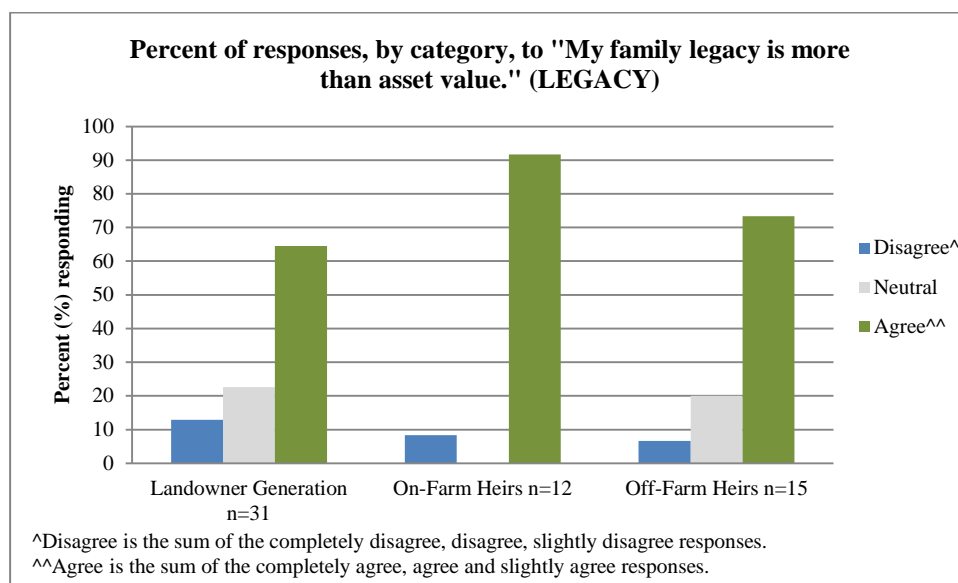
The statement "I would like to leave a uniform dollar value to each of my heirs, but that will not happen." (WISHICOULD) again addressed the issue of fair versus equal distribution. This statement presented the desire to leave an equal dollar value to each heir but the unlikelihood of that happening. Figure 27 illustrates that the landowner generation and the on-farm heirs disagree with the statement, and the off-farm heirs split 33 percent agree, neutral and disagree.

Figure 27-Percent of responses, by category, to "I would like to leave a uniform dollar value to each of my heirs, but that will not happen." (WISHICOULD)



The last statement in this group was “My family legacy is more than asset value,” (LEGACY). When presented with a statement regarding the real family legacy, all categories agreed that their family legacy was more than a dollar value. Figure 28 illustrates that all categories had an agreement rate of 65 percent or higher.

Figure 28-Percent of responses, by category, to "My family legacy is more than asset value." (LEGACY)



Evaluating the responses to these statements can lead to different conclusions. The unequal distribution of assets leads one to the conclusion that all categories agree that land distribution through the estate plan will not be equal. However, when asked about the value of the assets, without discussing the continuation of the operation, the off-farm heirs expected the estate plan include a uniform value of assets.

Assumption B was not supported based on the variation and extent of the responses to the statements in this section. There are communication and education components that need to occur with all family members to ensure all heirs understand the value of the assets (land, livestock, machinery, life insurance, cash accounts, etc.). If the goal of the

family is for the on-farm heir to keep the farm operational, there is little likelihood of the asset value being distributed to each heir equally. Fair versus equal distribution is listed as a reason farm family estate planning is difficult to complete. Thus, these results offer an interesting insight into the attitudes of farm families.

Assumption C-The landowner generation has found determining how to pass on personal and farm assets to be a difficult task.

There were two statements in assumption C, “Determining how to pass on family heirlooms and other personal property is harder than I anticipate.” (HEIRLOOMS), and “I know how I want my assets to be distributed.” (IKNOW). These statements were not statistically significant for the on-farm or the off-heirs (Table 5).

Table 5- OLS Analysis of Assumption C “The landowner generation has found determining how to pass on personal and farm assets to be a difficult task.”

Assumption C-The landowner generation has found determining how to pass on personal and farm assets to be a difficult task.

		Coef	t	p>/t/
HEIRLOOMS Determining how to pass on family heirlooms and other personal property is harder than I anticipated.	onfarm	0.225 (.635)	0.36	0.724
	offarm	0.059 (.573)	0.10	0.919
	_cons	4.441 (.324)	13.69	0.000***
IKNOW I know how I want my assets to be distributed.	onfarm	-0.328 (.578)	-0.57	0.572
	offarm	0.838 (.522)	1.61	0.113
	_cons	4.912 (.295)	16.65	0.000***

Note: Standard errors in parentheses. ***p<.01, **p<.05, *p<.10

As illustrated in Figures 29 and 30, while not statistically significant, all categories agreed with both of the statements.

Figure 29-Percent of responses, by category, to "Determining how to pass on family heirlooms and other personal property is harder than I anticipated." (HEIRLOOMS)

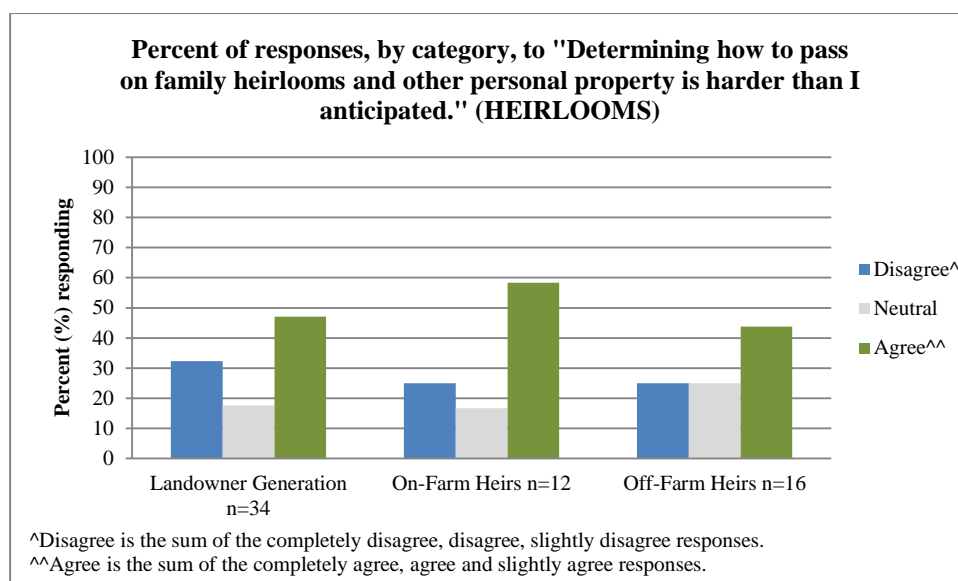
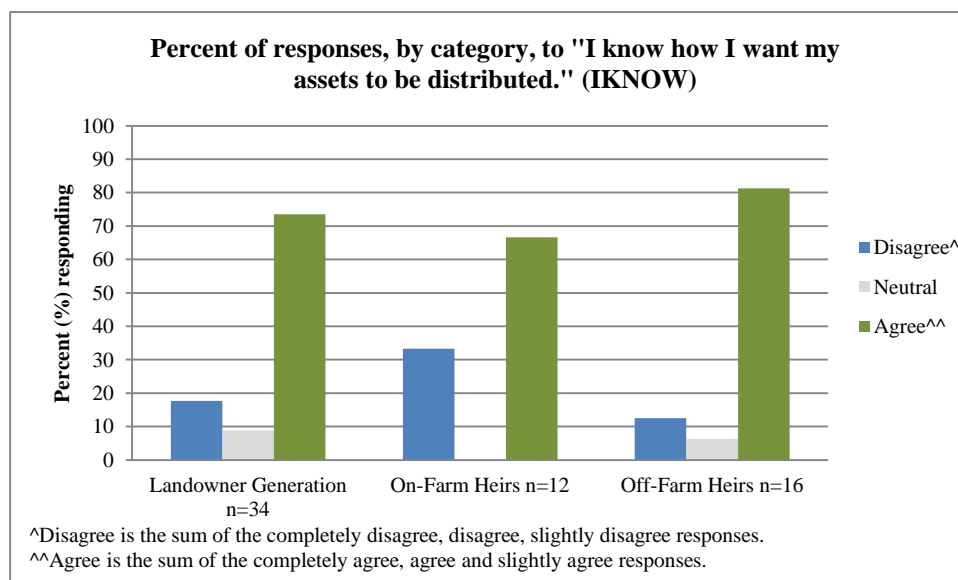


Figure 30-Percent of responses, by category, to "I know how I want my assets to be distributed." (IKNOW)



The estate plan includes more than the assets of the operation, it also includes the farm and the personal assets of the landowner generation. Personal assets and family heirlooms can have a high dollar valuation and often have a higher emotional value to the family members.

Based on the lack of significance in the responses, the *a priori* assumption holds. All categories agreed that determining how to pass on personal assets and heirlooms was harder than the landowner generation anticipated, even if they knew how they wanted their assets handled after their death.

Assumption D-Farm families have not discussed the estate and transition plan with heirs.

There were three affirmation questions in this section, “Have you discussed the asset distribution plan?” (DISCUSSED), “Do your family members know the particular elements in your asset distribution plan?” (KNOWELEMENTS) and “Does your family understand the reasons those elements are components of your estate plan?” (UNDERSTAND) (Table 6). These three questions required an affirmative answer to progress to the next statement. If the response was ‘no’ the participant moved on to the next section of statements.

Table 6- OLS Analysis of Assumption D “Farm families have not discussed the estate and transition plan with heirs.”

Assumption D-Farm families have not discussed the estate and transition plan with heirs.

		Coef	t	p>/t/
DISCUSSED Have you discussed the asset distribution plan?	onfarm	0.017 (.159)	0.10	0.917
	offarm	-0.224 (.141)	-1.59	0.117
	_cons	1.400 (.080)	17.49	0.000***
KNOWELEMENTS Do your family members know the particular elements in your asset distribution plan?	onfarm	-0.429 (.197)	-2.18	0.036**
	offarm	-0.286 (.147)	-1.95	0.059*
	_cons	1.429 (.093)	15.41	0.000***
UNDERSTAND Does your family understand the reasons those elements are components of your estate plan?	onfarm	n/a ¹		
	offarm	n/a ¹		
	_cons	n/a ¹		

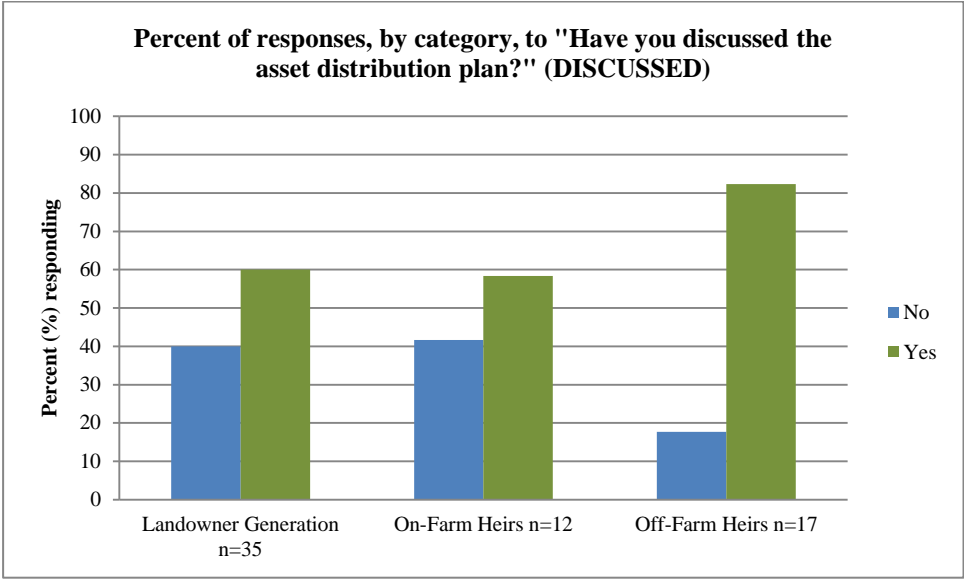
Note: Standard errors in parentheses. ***p<.01, **p<.05, *p<.10

¹All responses to UNDERSTAND were “Yes”, thus no variation in the answers remained to be explained.

For this section, the questions were answered Yes or No with Yes=1 and No=2 to determine the mean for each category.

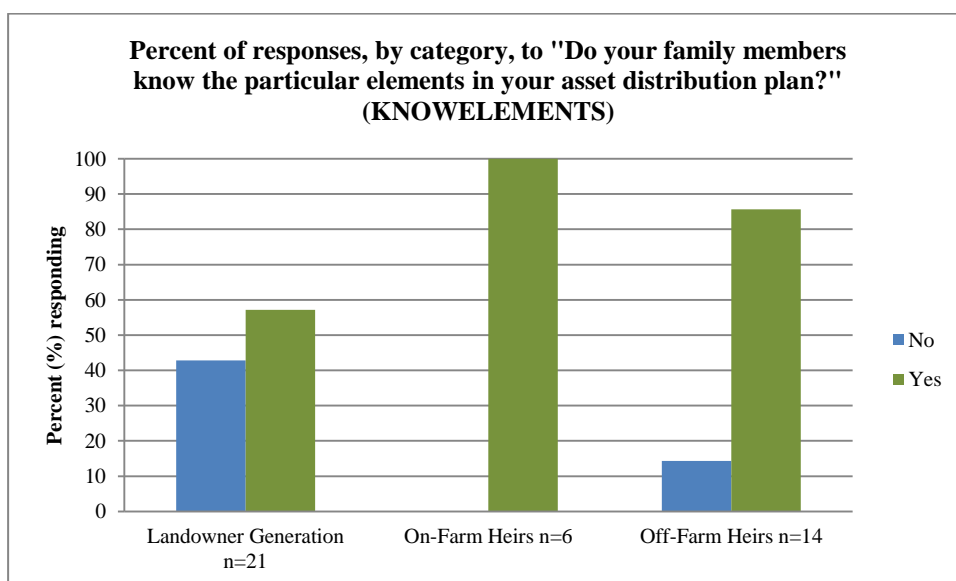
The first question in this assumption was “Have you discussed the asset distribution plan?” (DISCUSSED). Figure 31 illustrates that 60 percent of the landowner generation, 58 percent of the on-farm heirs and 82 percent of the off-farm heirs agreed with the statement that ‘yes’-the landowner generation has discussed the asset distribution plan.

Figure 31-Percent of responses, by category, to "Have you discussed the asset distribution plan?" (DISCUSSED)



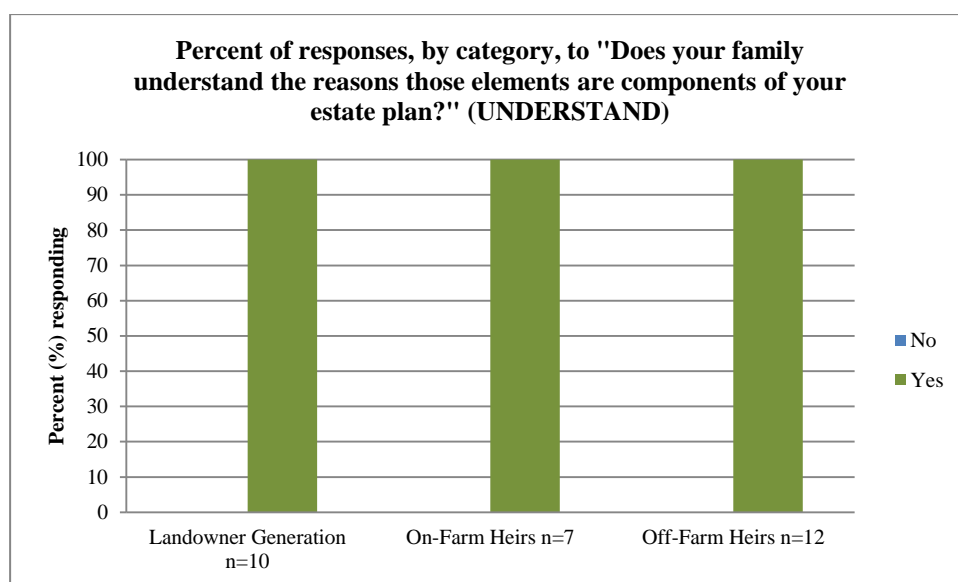
“Do your family members know the particular element in your asset distribution plan?” (KNOWELEMENTS) wanted to know the depth of the knowledge each category had regarding the elements related to the asset distribution. The responses to this question were statistically significant for both heir categories ($p < .05$ for the on-farm heirs and $p < .10$ for the off-farm heirs). The landowner mean was 1.429 compared to lower means of 1.000 for the on-farm heirs and 1.143 for the off-farm heirs (Table 6). Figure 32 illustrates 57 percent of the landowner generation agreed with the statement, and 100 percent of the on-farm heirs and 86 percent of the off-farm heirs agreed with the statement.

Figure 32-Percent of responses, by category, to "Do your family members know the particular elements in your distribution plan?"



The last question in this section, “Does your family understand the reasons those elements are components of your estate plan?” (UNDERSTAND) elicited feedback on whether the family understands the reasons for the elements included in the landowner generation’s estate plan. Figure 33 illustrates that each category was in 100 percent agreement with the statement.

Figure 33-Percent of responses, by category, to "Does your family understand the reasons those elements are components of your estate plan?"



Based on the responses to the initial statement the *a priori* assumption does not hold. More than half of the responses in this category indicated that the landowner generation has discussed the asset distribution plan. Further, these discussions appear to be more than casual conversations as the heirs indicated that they knew the elements involved in the estate plan, and the reason they were included.

Assumption E-Farm families need more information and knowledge to create/finish their estate plans.

Four statements were in this Assumption: “I am confident I have the knowledge needed to create/finish my estate plan.” (HAVEKNOWLEDGE), “I have enough information about the estate planning tools available (trusts, LLC’s, wills, insurance, etc.)” (INFOONTOOLS), “I know how to utilize the tools (trusts, LLC's, wills, insurance, etc.) to accomplish my estate planning goals.” (USETOOLS), and “I know what my estate planning goals are.” (KNOWGOALS).

Table 7 illustrates that either the response of on-farm or the off-farm heirs were statistically significant ($p < .05$), compared to the landowner generation, for each statement.

Table 7- OLS Analysis of Assumption E “Farm families need more information and knowledge to create/finish their estate plans.”

Assumption E-Farm families need more information and knowledge to create/finish their estate plans.

		Coef	t	p>/t/
HAVEKNOWLEDGE I am confident I have the knowledge needed to create/finish my estate plan.	onfarm	0.054 (.482)	0.11	0.911
	offarm	0.941 (.426)	2.21	0.031**
	_cons	3.529 (.246)	14.34	0.000***
INFOONTOOLS I have enough information about the estate planning tools available (trusts, LLC's, wills, insurance, etc.)	onfarm	0.227 (.660)	0.03	0.973
	offarm	1.564 (.597)	2.62	0.011**
	_cons	4.061 (.341)	11.91	0.000***

USETOOLS I know how to utilize the tools (trusts, LLC's, wills, insurance, etc.) to accomplish my estate planning goals.	onfarm	-0.729 (.666)	-1.10	0.278
	offarm	1.500 (.602)	2.49	0.016**
	_cons	4.063 (.348)	11.68	0.000***
KNOWGOALS I know what my estate planning goals are.	onfarm	-1.235 (.481)	-2.57	0.013**
	offarm	0.515 (.434)	1.18	0.241
	_cons	5.235 (.246)	21.31	0.000***

Note: Standard errors in parentheses. ***p<.01, **p<.05, *p<.10

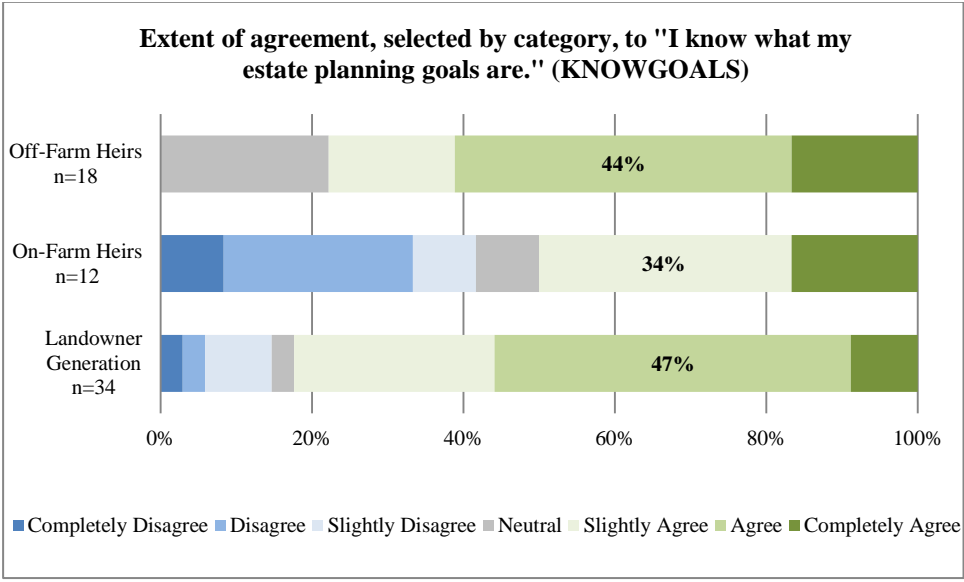
In order to create an estate plan and/or transition plan, the landowner generation needs to know what their goals for the operation are.

The statement “I know what my estate planning goals are.” (KNOWGOALS) was agreed to by 82 percent of the landowner generation, 50 percent of the on-farm generation and 78 percent of the off-farm generation.

The mean of 4.000 mean associated with on-farm heirs’ responses was lower and statistically significant at p<.05 compared to the landowner generation. The response by the of-farm heirs indicated they are uncomfortable with the ability of the landowner generation to identify their goals for the operation. Knowing what the landowners want to happen to their estate is the first step in the development and future creation of the estate plan.

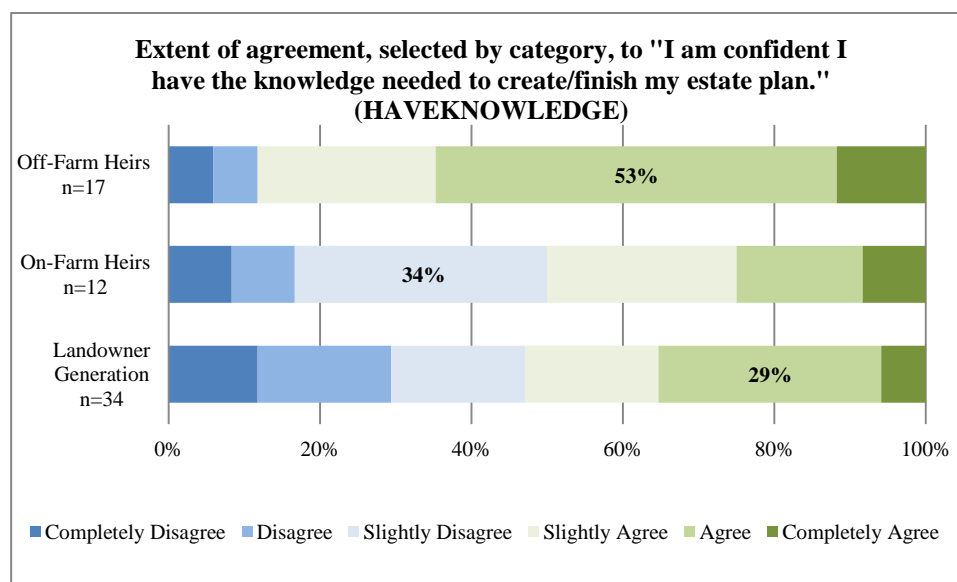
Figure 34 illustrates the extent of agreement across categories was similar as 47 percent of the landowner generation Agreed, 34 percent of the on-farm heirs Slightly Agreed and 44 percent of the off-farm heirs Agreed with KNOWGOALS.

Figure 34-Extent of agreement, selected by category, to "I know what my estate planning goals are." (KNOWGOALS)



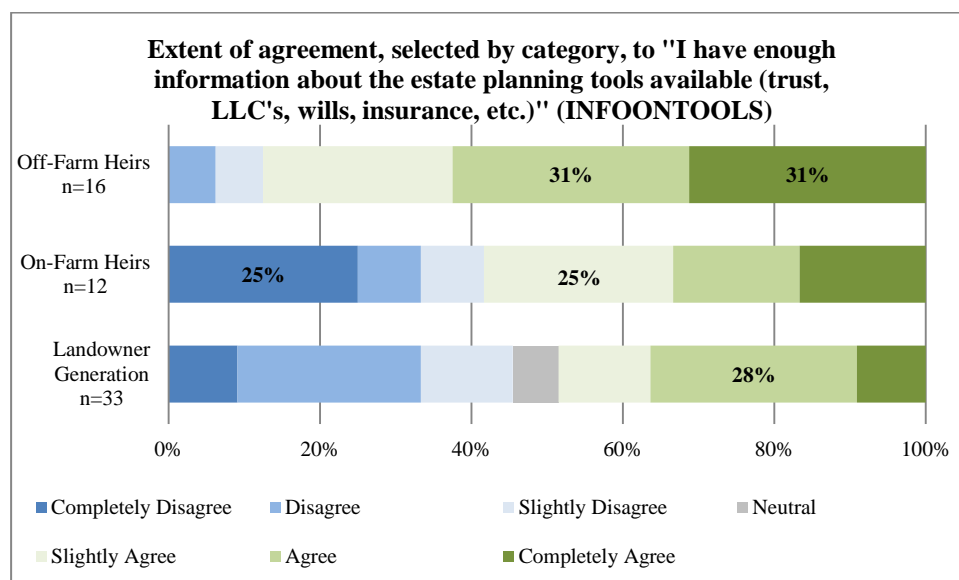
The off-farm heirs indicated a much higher degree of confidence in the knowledge possessed by the landowner generation than the landowner generation has in themselves, and the on-farm heirs have in landowner generation. Figure 35 illustrates that 88 percent ($p < .05$) of the off-farm heirs indicate a positive level of agreement with "I am confident I have the knowledge needed to create/finish my estate plan." (HAVEKNOWLEDGE). The on-farm heirs, were divided in their agreement with this statement, and when asked to rate their level of agreement, the majority (34 percent) selected Slightly Disagree. The landowner generation mostly agreed that they were confident in their knowledge level.

Figure 35-Extent of agreement, selected by category, to "I am confident I have the knowledge needed to create/finish my estate plan."



This pattern of agreement held for “I have enough information about the estate planning tools available (trusts, LLC's, wills, insurance, etc.)” (INFOONTOOLS). Again 88 percent of the off-farm heirs agreed with this statement ($p < .05$) (Table 7). At some level, almost half of the landowner generation respondents agreed with this statement. In contrast, approximately 25 percent completely disagreed with the statement and nearly 50 percent disagreed at any level (Figure 36).

Figure 36-Extent of agreement, selected by category, to "I have enough information about the estate planning tools available (trust, LLC's, wills, insurance, etc.)" (INFOONTOOLS)

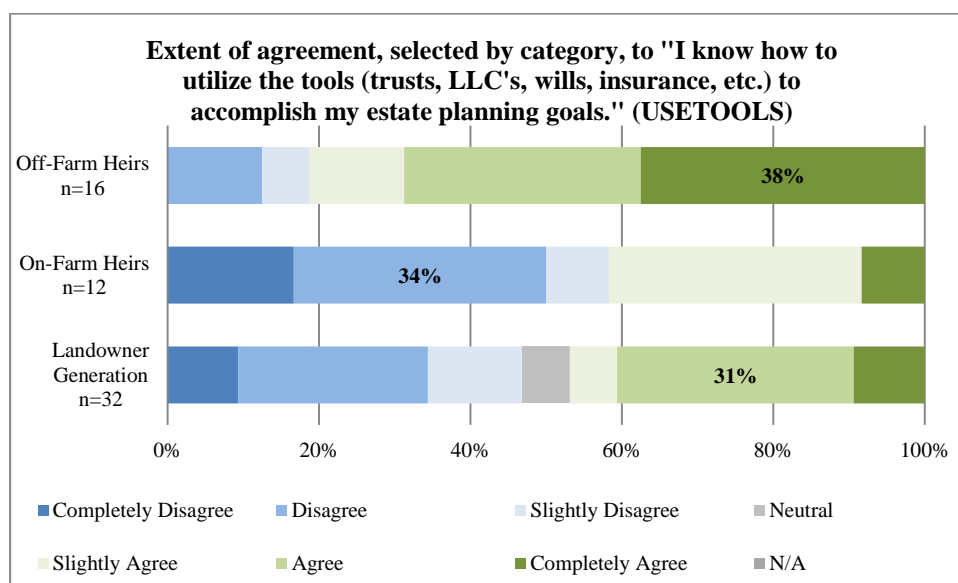


Knowing what estate planning tools are available is one aspect of creating a plan. Knowing how to utilize them is another. "I have enough information about the estate planning tools available (trust, LLC's, wills, insurance, etc.)" (USETOOLS) targeted the attitude of each category regarding the use of these tools by the landowner generation.

Again the off-farm heirs were very confident in the landowner generation having sufficient information with 81 percent agreeing with the statement ($p < .05$) (Table 7) and 38 percent indicate they Completely Agree (Figure 37). The on-farm heirs did not have the same level of confidence. Fifty-eight percent of them disagreed with the statement and 34 percent selected Disagree. The landowner generation indicated 47 percent agreed, and 47 percent disagreed with the statement. The majority of the landowner generation (31 percent) selected their extent of agreement at Agree.

The landowner generation indicated 47 percent agreed, and 47 percent disagreed with the statement. The majority of the landowner generation (31 percent) selected their extent of agreement at Agree.

Figure 37-Extent of agreement, selected by category, to "I know how to utilize the tools (trusts, LLC's, wills, insurance, etc.) to accomplish my estate planning goals." (USETOOLS)



The mean responses for the off-farm heirs was higher and statistically significant ($p < .05$) for three of the statements in this section, HAVEKNOWLEDGE, INFOONTOOLS and USETOOLS (Table 7). With means 0.941, 1.564 and 1.500 higher than the landowner generation mean it would appear that the off-farm heirs, either through conversations with the landowner generation or assumptions, have a higher level of confidence in the landowner generation in their knowledge and understanding than the landowner generation have in themselves.

The *a priori* assumption holds, as the categories did not reach a consensus regarding the need for more information and knowledge. It would appear that communication relating to the understanding of the tools available and their utilization has left a significant impression with the off-farm heirs. This may not be an accurate reflection of the landowner generation's knowledge of, and ability to use, the tools available.

Assumption F-Farm families have found it difficult to find and utilize industry professionals.

Six statements were in this section, "One of the challenges I face/have faced when working on my estate plan is finding the right industry professionals." (FINDPROFES), "I know which tools to use." (TOOLSTOUSE), "I have a hard time determining if the industry professionals understand my goals." (PROFESUNDER), "I often feel like I am being sold a product by industry professionals." (SOLD), "Industry professionals are too far away from my home." (TOOFAR), and "Even if I find an industry professional I want to work with, the cost is too high to implement my desired plan." (COST) (Table 8).

Table 8- OLS Analysis Assumption F of “Farm families have found it difficult to find and utilize industry professionals.”

Assumption F-Farm families have found it difficult to find and utilize industry professionals.

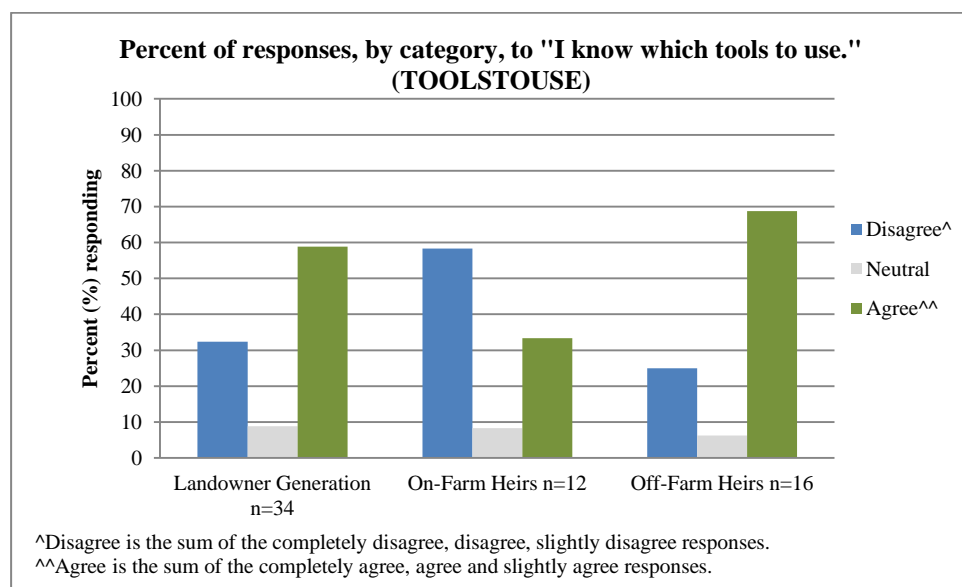
		Coef	t	p>/t/
FINDPROFES One of the challenges I face/have faced when working on my estate plan is finding the right industry professionals.	onfarm	-0.544 (.516)	-1.05	0.296
	offarm	-0.206 (.457)	-0.45	0.654
	_cons	3.794 (.264)	14.38	0.000***
TOOLSTOUSE I know which tools to use.	onfarm	-1.328 (.565)	-2.35	0.022**
	offarm	0.463 (.510)	0.91	0.367
	_cons	4.412 (.288)	15.29	0.000***
PROFESUNDER I have a hard time determining if the industry professionals understand my goals.	onfarm	0.604 (.562)	1.07	0.287
	offarm	-0.188 (.509)	-0.37	0.714
	_cons	3.563 (.294)	12.13	0.000***
SOLD I often feel like I am being sold a product by industry professionals.	onfarm	-0.005 (.611)	-0.01	0.993
	offarm	-0.776 (.553)	-1.40	0.166
	_cons	3.839 (.323)	11.89	0.000***
TOOFAR Industry professionals are too far away from my home.	onfarm	0.0417 (.513)	0.08	0.936
	offarm	-5.13E-17 (.464)	0.00	1.000
	_cons	3.125 (.268)	11.66	0.000***

COST	onfarm	-0.0824	-0.15	0.884
Even if I find and industry professional I want to work with, the cost is too high to implement my desired plan.		(.564)		
	offfarm	-0.781	-1.58	0.120
		(.494)		
	_cons	3.719	13.03	0.000***
		(.285)		

Note: Standard errors in parentheses. ***p<.01, **p<.05, *p<.10

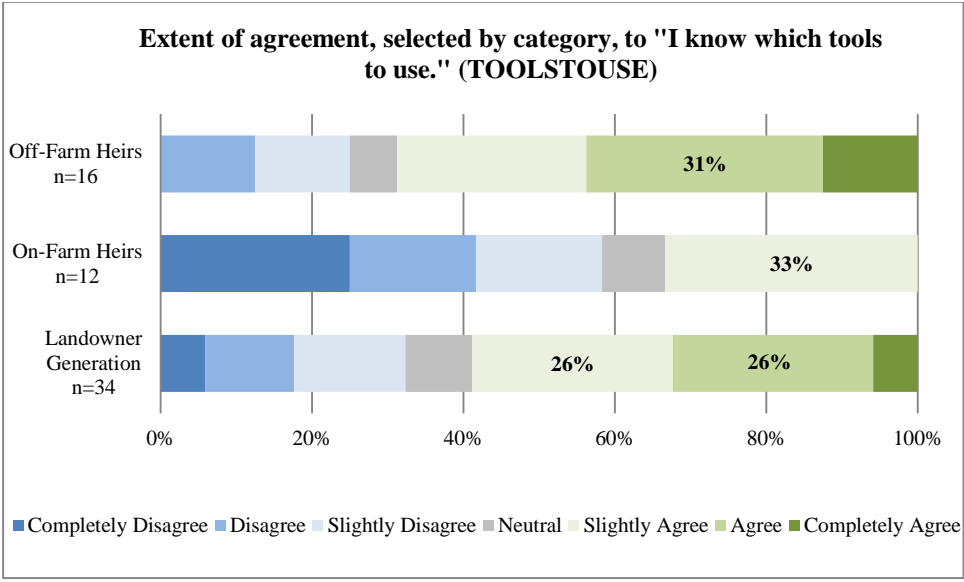
Only “I know which tools to use.” (TOOLSTOUSE) was statistically significant for the on-farm heirs (p<.05). The mean for the on-farm heirs was 3.084 compared to 4.412 for the landowner generation (Table 8). This difference concurs with the statements in Assumption E (INFOONTOOLS and USETOOLS) regarding the use of estate planning tools (the on-farm generation is not sure the landowners know which tools to use in their estate plans). Figure 38 illustrates that the on-farm heirs was the only category to disagree with this statement.

Figure 38-Percent of responses, by category, to "I know which tools to use." (TOOLSTOUSE)



However, Figure 39 illustrates the extent of agreement with the statement. Nearly 60 percent of the on-farm heirs disagreed, at some level, with the statement, while the majority of the landowner generation and the off-farm heirs agreed at some level.

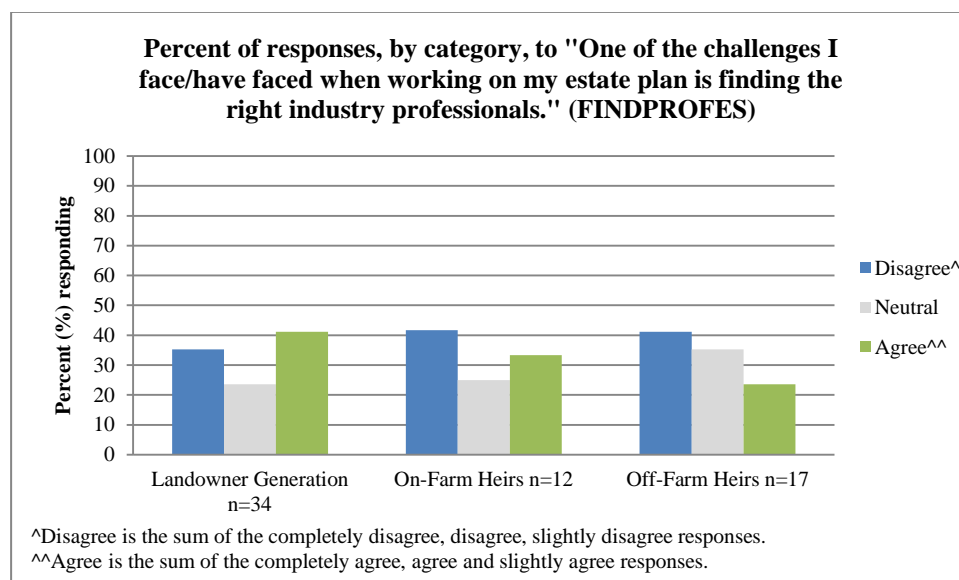
Figure 39-Extent of agreement, selected by category, to "I know which tools to use." (TOOLSTOUSE)



The statements “One of the challenges I face/have faced when working on my estate plan is finding the right industry professionals.” (FINDPROFES), “I often feel like I am being sold a product by industry professionals.” (SOLD), “I have a hard time determining if the industry professionals understand my goals.” (PROFESUNDER), and “Even if I find an industry professional I want to work with, the cost is too high to implement my desired plan.”(COST), did not respond with a consensus across the categories. Upon closer analysis of the results, even if the aggregate total indicated the majority attitude to a statement, there were instances when the most frequently selected extent of agreement was neutral.

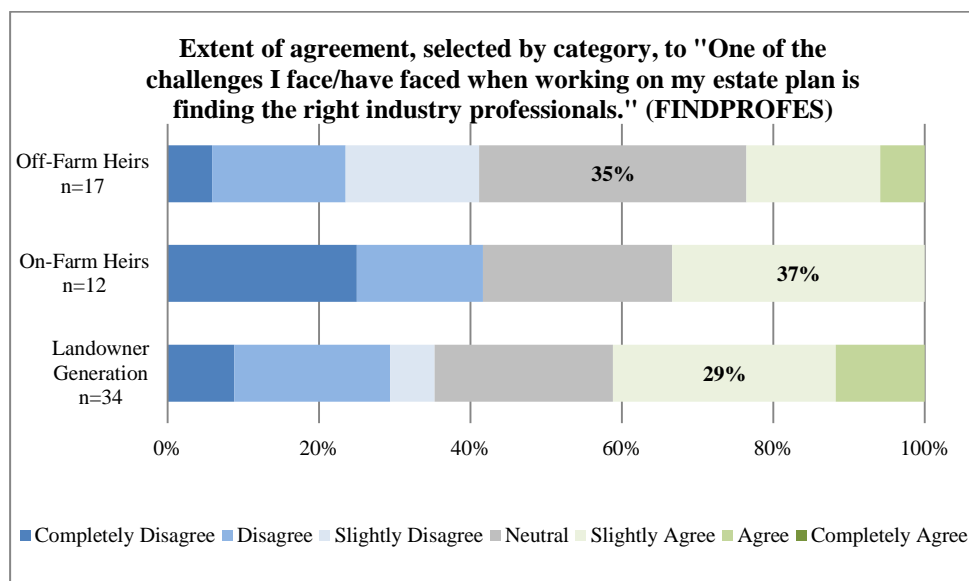
FINDPROFES is one of these statements. Figure 40 illustrates the majority of the landowner generation (41 percent) agreed with the statement while the majority of the on-farm heirs disagreed with the statement (42 percent).

Figure 40-Percent of responses, by category, to "One of the challenges I face/have faced when working on my estate plan is finding the right industry professionals." (FINDPROFES)



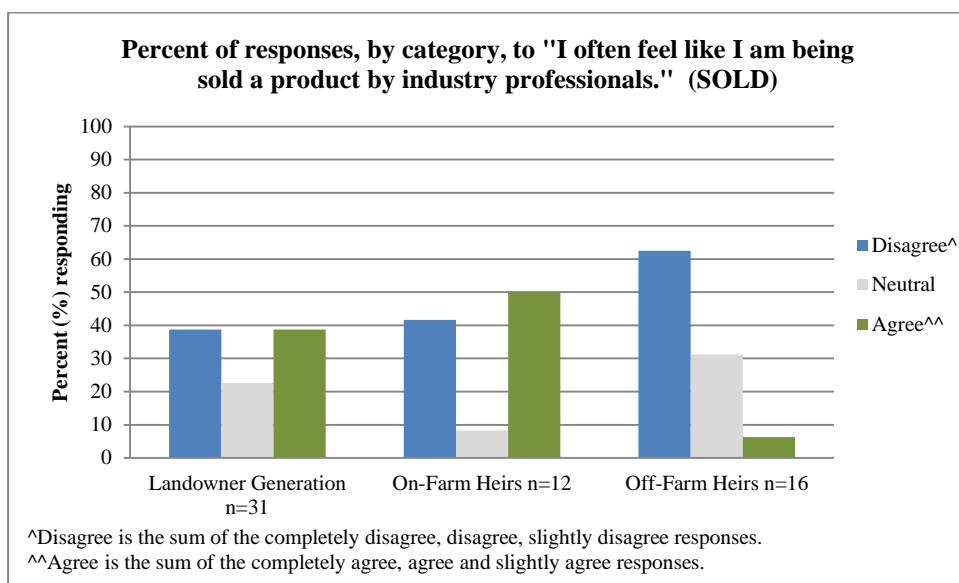
However, as illustrated in Figure 41, the most frequently selected extent of agreement for these two categories was Slightly Agree, and the most frequently selected option by the off-farm heir responders was neutral.

Figure 41-Extent of agreement, selected by category, to "One of the challenges I face/have faced when working on my estate plan is finding the right industry professionals." (FINDPROFES)



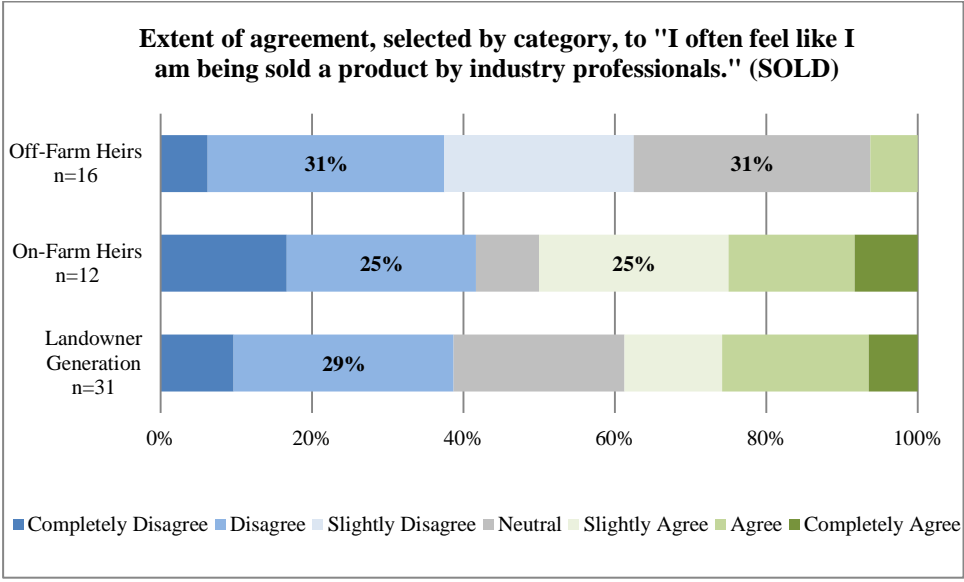
Another example of this is SOLD. Each category, shown in Figure 42, taken together, responded differently to this question. With the landowner generation split between disagree and agree (39 percent each), the on-farm heirs agreed (50 percent) and the off-farm generation disagreed with the statement (63 percent).

Figure 42-Percent of responses, by category, to "I often feel like I am being sold a product by industry professionals." (SOLD)



However, when the extent of disagreement with the SOLD, shown in Figure 43, is reviewed, the most frequently selected response by the landowner generation was Disagree, by the on-farm heirs was Disagree and Slightly Agree, and by the off-farm heirs was Disagree and Neutral.

Figure 43-Extent of agreement, selected by category, to "I often feel like I am being sold a product by industry professionals." (SOLD)



For the statements, PROFESUNDER (Figure 44) and COST (Figure 45) the landowner generation and off-farm heirs disagreed, and the on-farm heirs slightly agreed overall.

Figure 44-Percent of responses, by category, to “I have a hard time determining if the industry professionals understand my goals.” (PROFESUNDER)

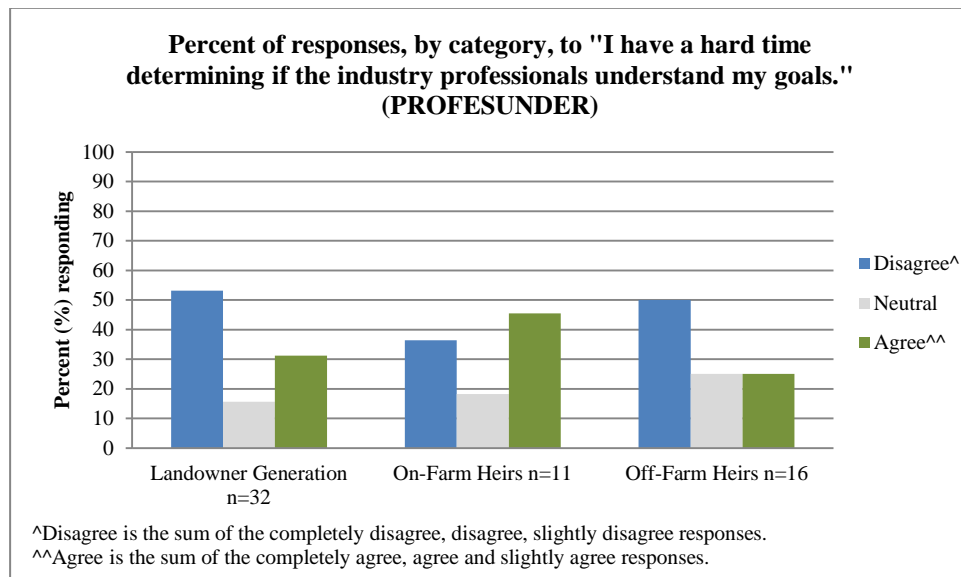
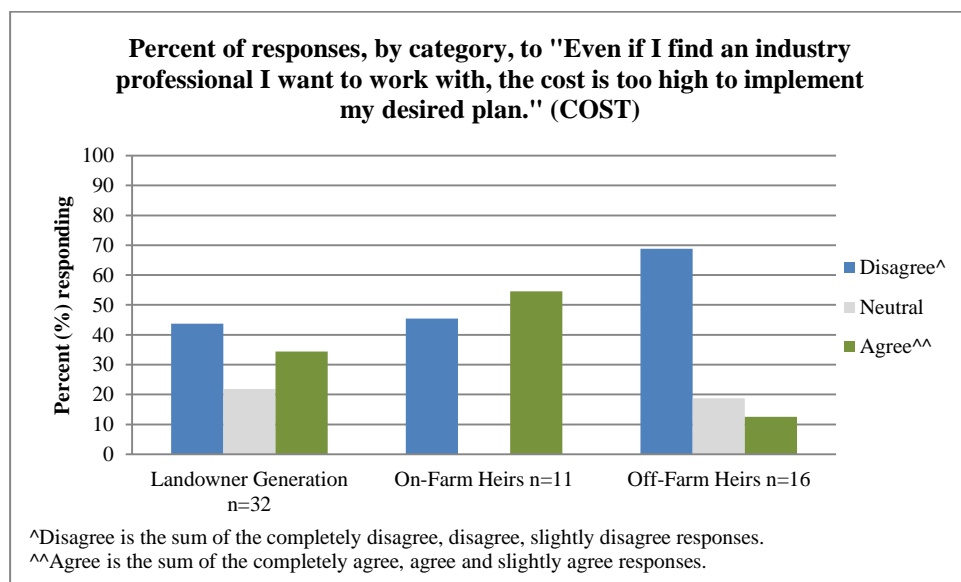
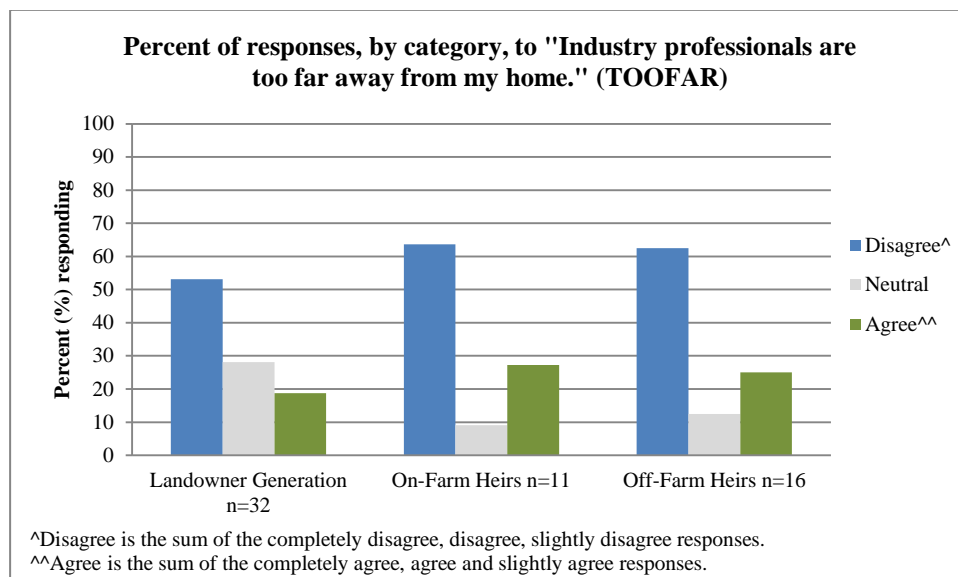


Figure 45-Percent of responses, by category, to “Even if I find an industry professional I want to work with, the cost is too high to implement my desired plan.” (COST)



The only statement with a consensus in this assumption was TOOFAR. Figure 46 illustrates all categories disagreed with this statement and the majority of the magnitude of agreement responses was Disagree.

Figure 46-Percent of responses, by category, to "Industry professionals are too far away from my home." (TOOFAR)



Based on the results discussed above, the *a priori* assumption that farm families have found it difficult to find and utilize industry professionals holds. The categories are not in agreement regarding the utilization of industry professionals (attorneys, insurance agents, etc.) to accomplish the goals of the operation.

The responses in Assumption F generate additional questions for those working with family operations:

- Are the neutral responses indicators of gaps in preparation?
- Is there low utilization of industry professionals?
- Can educational programming adequately address these topics?

The following transition planning Assumptions required that the operation indicated the next generation would be or already was working in the operation.

Assumption G-The landowner generation and heirs have similar attitudes toward transitioning workload/labor responsibilities.

Five statements were used to test this assumption. Three were statistically significant for the off-farm heirs- “I am ready to limit my workload/labor responsibilities.” (LIMITWL), “I am ready for the next generation to take over workload/labor responsibilities.” (PREADYWL) and “The next generation is ready to take over workload/labor responsibilities.” (NGREADYWL) (all $p < .10$). Other statements in the assumption were “As you think about your transition plan, have you started transitioning workload/labor responsibilities?” (TRANSWL) and “I am able to remain involved by actively working on the operation.” (REMAINWL) (Table 9).

Table 9- OLS Assumption G Analysis of “The landowner generation and heirs have similar attitudes toward transitioning workload/labor responsibilities.”

Assumption G-The landowner generation and heirs have similar attitudes toward transitioning workload/labor responsibilities.

		Coef	t	p>/t/
TRANSWL As you think about your transition plan, have you started transitioning workload/labor responsibilities?	onfarm	-0.133 (.196)	-0.68	0.500
	offarm	-0.133 (.196)	-0.68	0.500
	_cons	1.330 (.111)	11.99	0.000***
LIMITWL I am ready to limit my workload/labor responsibilities.	onfarm	0.329 (.711)	0.46	0.647
	offarm	1.429 (.711)	2.01	0.052*
	_cons	4.571 (.404)	11.32	0.000***
REMAINWL I am able to remain involved by actively working on the operation.	onfarm	0.019 (.721)	0.03	0.979
	offarm	-0.981 (.721)	-1.36	0.182
	_cons	5.381 (.409)	13.14	0.000***
PREADYWL I am ready for the next generation to take over workload/labor responsibilities.	onfarm	0.314 (.730)	0.43	0.669
	offarm	1.314 (.730)	1.80	0.080*
	_cons	4.286 (.414)	10.34	0.000***
NGREADYWL The next generation is ready to take over workload/labor responsibilities.	onfarm	1.919 (.675)	2.84	0.007***
	offarm	1.219 (.675)	1.80	0.079*
	_cons	4.381 (.384)	11.42	0.000***

Note: Standard errors in parentheses. ***p<.01, **p<.05, *p<.10

Based on the responses by all categories to “As you think about your transition plan, have you started transitioning workload/labor responsibilities?” (TRANSWL), workload and labor responsibilities are being transferred to the next generation (Figure 47).

Figure 47-Percent of responses, by category, to "As you think about your transition plan, have you started transitioning workload/labor responsibilities? (TRANSWL)

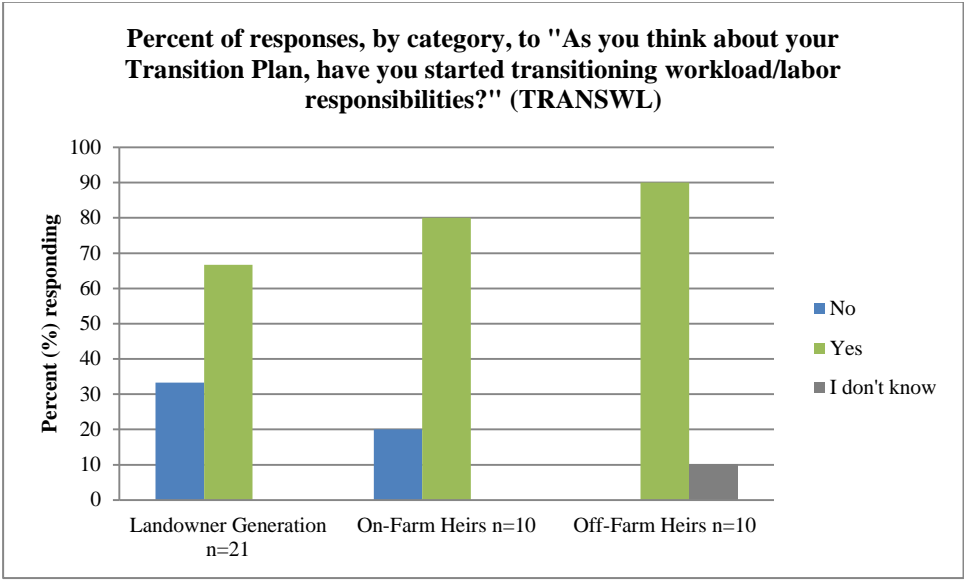
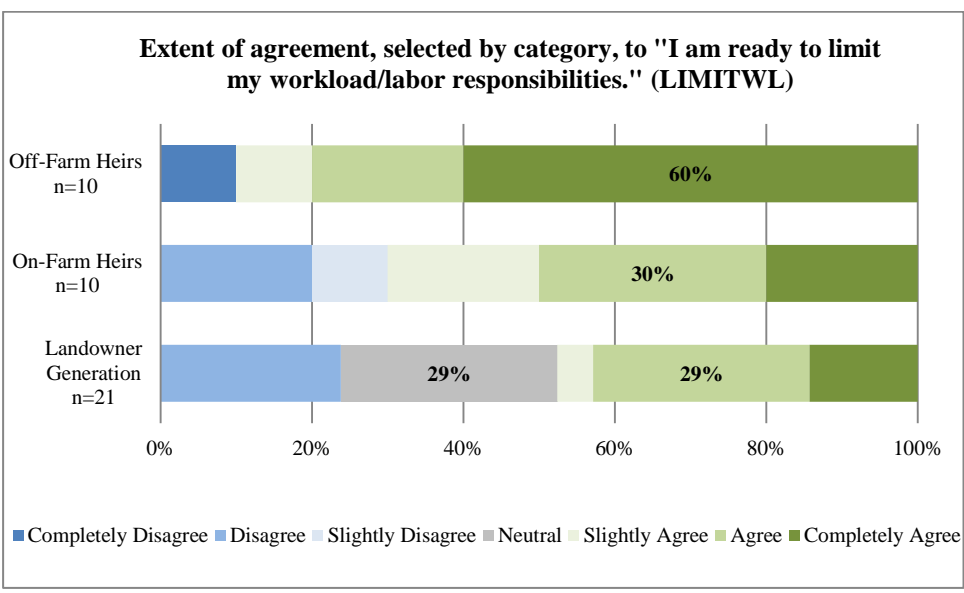


Figure 48 illustrates the responses to “I am ready to limit my workload/labor responsibilities.” (LIMITWL). Based on these results the on-farm heirs and off-farm heirs indicate a greater readiness of the landowner generation to limit their workload and labor responsibilities than they indicated. The off-farm heir mean (6.000) was higher and statistically significant ($p < .10$) compared to the landowner generation mean (4.571). This result is consistent with the results to TRANSWL (Figure 47).

Figure 48-Extent of agreement, selected by category, to "I am ready to limit my workload/labor responsibilities." (LIMITWL)



The mean response of the off-farm heirs was higher and statistically significant (5.600) ($p < .10$) compared to the landowner mean (4.286) for "I am ready to limit my workload/labor responsibilities." (READYWL). (Table 9). This indicates the off-farm heirs believe the landowner generation is ready for the next generation to take over workload and labor responsibilities. Figure 49 illustrates the responses to READYWL. The majority of all categories agreed with the statement. However, they varied in the extent of agreement. The landowner generation responded Disagree (29 percent), while the on-farm heirs were uniformly split (20 percent each) between Disagree, Slightly Disagree, Slightly Agree, Agree and Completely Agree. The off-farm heirs Completely Agreed, with 50 percent of them making this choice.

Figure 49-Extent of agreement, selected by category, to "I am ready for the next generation to take over workload/labor responsibilities" (READYWL)

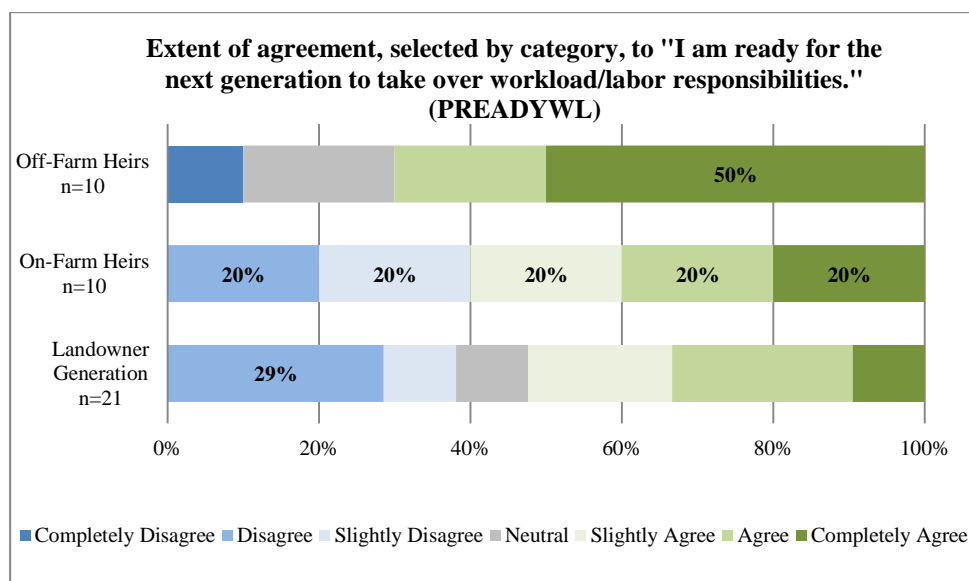
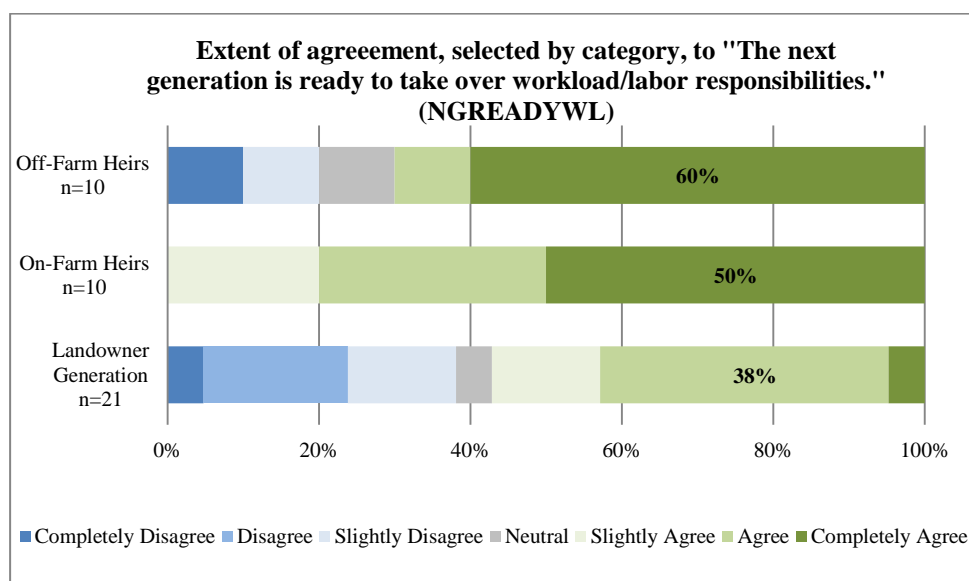


Figure 50 illustrates that 60 percent of the off-farm and 50 percent of the on-farm heirs selected Completely Agree with “The next generation is ready to take over the workload/labor responsibilities.” (NGREADY). Compare that to only 5 percent of the landowner generation that selected Completely Agree. The majority of the landowners selected Agree (38 percent). The on-farm heir mean (6.300) was higher and statistically significant ($p < .01$), as was the off-farm heir mean (5.600, $p < .10$) compared to the landowner generation mean (4.381) (Table 9). The landowner generation indicated they were not nearly as confident in the next generation being ready to take over the workload and labor responsibilities as the heirs believe they are.

Figure 50-Extent of agreement, selected by category, to "The next generation is ready to take over workload/labor responsibilities." (NGREADYWL)



The *a priori* assumption that the landowner generation and heirs have similar attitudes toward transitioning workload and labor responsibilities holds. While there was variation in the extent of agreement to the statements, the majority of the responders agreed to the statements in this section.

Assumption H-The landowner generation and heirs have similar attitudes toward transitioning management responsibilities.

This section uses five statements, to test Assumption H “The landowner generation and heirs have similar attitudes toward transitioning management responsibilities. Of the statements, “The next generation is ready to take over management responsibilities.” (NGREADYMG) was statistically significant ($p < .05$) for both heir categories (Table 10). Three other statements were statistically significant for the off-farm heirs, at different levels of significance: “By actively managing the operation, I am able to remain involved in the operation.” (REMAINMG) ($p < .01$), “I am ready to limit my management responsibilities.” (LIMITMG) ($p < .05$), and “I am ready for the next generation to take over management responsibilities.” (PREADYMG) ($p < .10$) (Table 10). One other statement was included in this section, “As you think about your transition plan, have you started transitioning management responsibilities?” (TRANSMG).

Table 10- OLS Assumption H Analysis of “The landowner generation and heirs have similar attitudes toward transitioning management responsibilities.”

Assumption H-The landowner generation and heirs have similar attitudes toward transitioning management responsibilities.

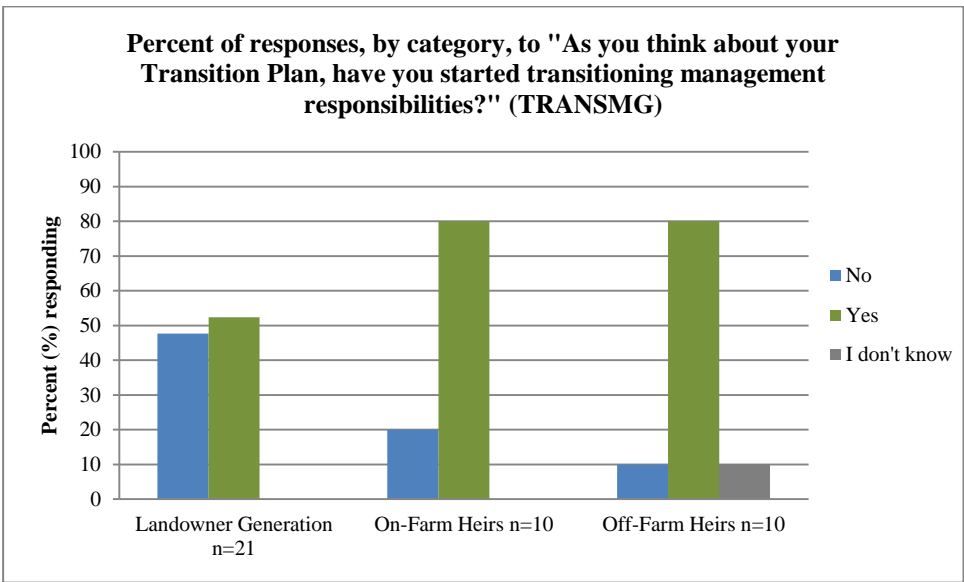
		Coef	t	p>/t/
TRANSMG As you think about your transition plan, have you started transitioning management responsibilities?	onfarm	0.024 (.214)	0.11	0.912
	offarm	-0.176 (.214)	-0.82	0.416
	_cons	1.476 (.122)	12.12	0.000***
LIMITMG I am ready to limit my management responsibilities.	onfarm	0.748 (.709)	1.05	0.298
	offarm	1.648 (.709)	2.32	0.026**
	_cons	3.952 (.403)	9.81	0.000***
REMAINMG By actively managing the operation, I am able to remain involved in the operation.	onfarm	-0.333 (.558)	-0.6	0.554
	offarm	-1.533 (.558)	-2.75	0.009***
	_cons	5.333 (.317)	16.82	0.000***
PREADYMG I am ready for the next generation to take over management responsibilities.	onfarm	0.062 (.744)	0.08	0.934
	offarm	1.361 (.744)	1.83	0.075*
	_cons	4.238 -0.422	10.04	0.000***
NGREADYMG The next generation is ready to take over management responsibilities.	onfarm	1.948 (.727)	2.68	0.011**
	offarm	1.748 (.727)	2.40	0.021**
	_cons	3.952	9.58	0.000***

Note: Standard errors in parentheses. ***p<.01, **p<.05, *p<.10

All statements, with one exception, were agreed upon by the categories.

Figure 51 illustrates a variation between the yes/no/I do not know responses to the question “TRANSMG-As you think about your Transition Plan, have you started transitioning management responsibilities?”. Only 58 percent of the landowner generation answered yes to this question compared to 80 percent of the on-farm heirs and the off-farm heirs.

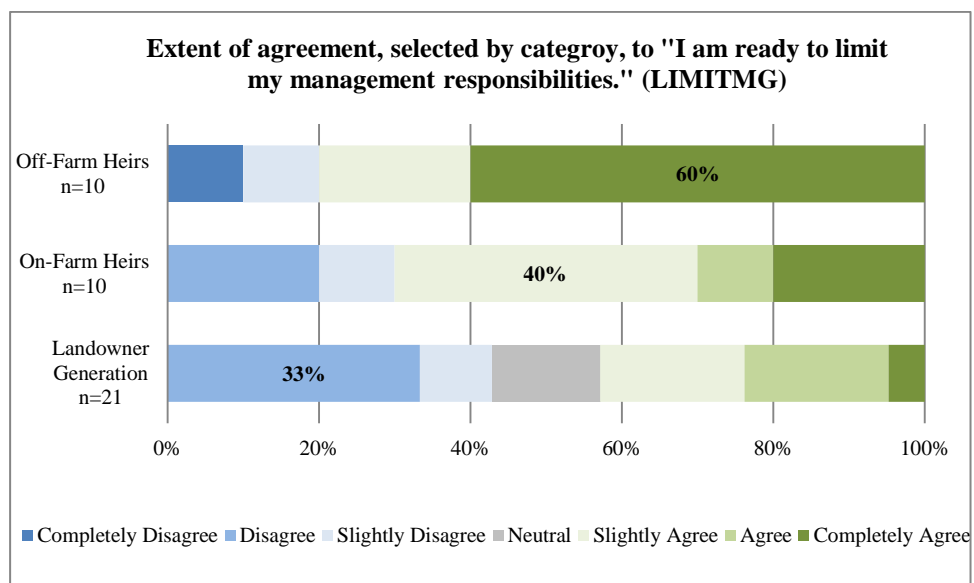
Figure 51-Percent of responses, by category, to "As you think about your Transition Plan, have you started transitioning management responsibilities?" (TRANSMG)



“I am ready to limit my management responsibilities.” (LIMITMG) relates to the readiness of the landowner generation to limit their management involvement in the operation. The off-farm heir mean of 5.600 was higher and statistically significant ($p < .05$) compared to the ambivalence indicated by the landowner generation mean of 3.952 (Table 10).

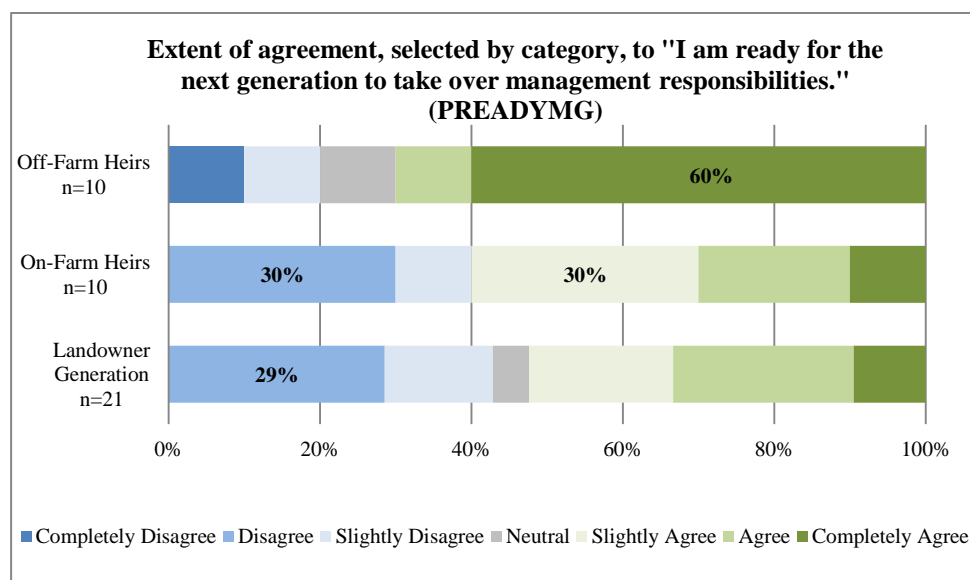
Figure 52 illustrates that the extent of agreement to LIMITMG by the off-farm heirs was 60 percent Completely Agree, by the on-farm heirs was 20 percent, and by the landowner generation only 5 percent. Based on the analysis of LIMITMG, the landowner generation is ambivalent about being ready to limit their role in management on the operation, even though the heirs believe they are.

Figure 52-Extent of agreement, selected by category, to "I am ready to limit my management responsibilities." (LIMITMG)



“I am ready for the next generation to take over management responsibilities.” (PREADYMG) asked about the readiness of the landowner generation to turn over management responsibilities to the next generation. Figure 53 illustrates that the form of response and level of agreement to PREADYMG by the off-farm heirs was very similar to that associated with LIMITMG. The off-farm mean was again higher and statistically significant ($p < .10$) at 5.599 compared to the landowner generation mean of 4.238 (Table 10). The off-farm heirs believe the landowner generation is ready for the next generation to take over management responsibilities.

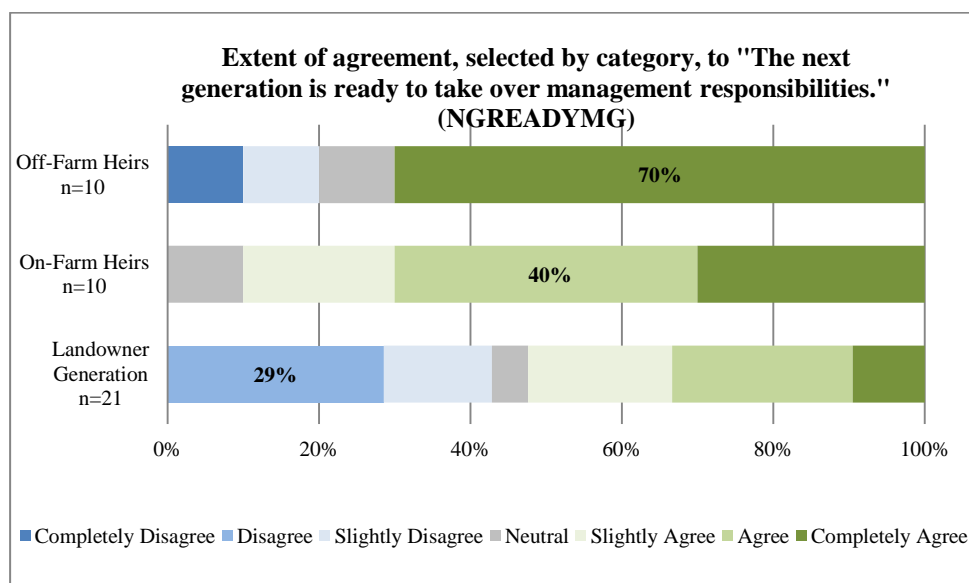
Figure 53-Extent of agreement, selected by category, to "I am ready for the next generation to take over management responsibilities." (PREADYMG)



The off-farm heirs were once again confident in the abilities of the next generation as 70 percent of them responded Completely Agree to the NGREADYMG, “The next generation is ready to take over management responsibilities”, compared to 20 percent of the on-farm heirs and 10 percent of the landowner generation.

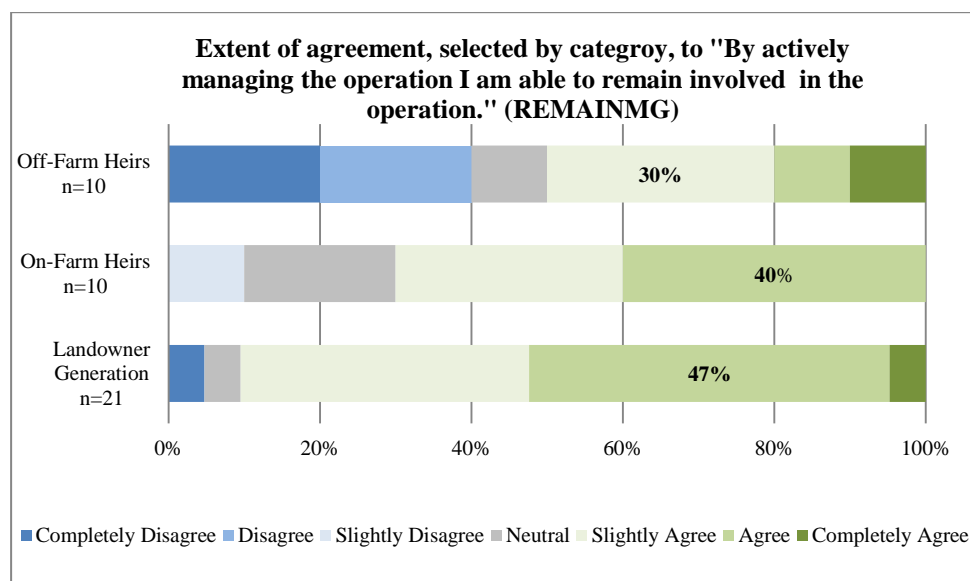
The on-farm heir and off-farm heir mean responses were statistically significant ($p < .05$) (5.900 and 5.700, respectively) compared to the landowner generation (3.952) (Table 10). Both heir categories indicate that they consider the next generation ready to take over management responsibilities.

Figure 54-Extent of agreement, selected by category, to "The next generation is ready to take over management responsibilities." (NGREADYMG)



The reason for the above responses by the landowner generation is in the statement REMAINMG-“By actively managing the operation, I am able to remain involved in the operation”. Even if they are unable to work physically on the farm, the landowner generation wants to remain an active participant in the operation and management provides this opportunity. Figure 55 illustrates that 90 percent of the landowner generation agreed with this statement and 47 percent selected Agree as their level of agreement. The on-farm heirs also agreed with this statement with 70 percent of them agreeing and 40 percent selected Agree as their level of agreement. Only 50 percent of the off-farm heirs agreed to this statement, with the majority (30 percent) indicating their level of agreement was Slightly Agree.

Figure 55-Extent of agreement, selected by category, to "By actively managing the operation, I am able to remain involved in the operation." (REMAINMG)



The *a priori* assumption H “The landowner generation and heirs have similar attitudes toward transitioning management responsibilities.” does not hold based on the extent and number of statistically different responses to the statements. Management

transition is one area where additional communication, in particular between the generations working together, needs improvement. Management equals control of the operation and for farm families; the transition plan needs to include a component that addresses the transition and timing of this perceived control aspect. Providing the labor, without management decision-making authority has been an area of contention for farm families, especially as the age of the on-farm heir increases.

Assumption I-The landowner generation and heirs have similar attitudes toward transitioning ownership of minor assets.

There are five statements related to Assumption I regarding the transition of minor assets (livestock, machinery, etc.) in this section: “As you think about your transition plan, have you started transitioning ownership of minor assets?” (TRANSMNA), “I am ready to limit my ownership of minor assets.” (LIMITMNA), “By owning these assets, I am able to remain involved in the operation.” (REMAINMNA), “I am ready for the next generation to take over ownership of minor assets.” (PREADYMNA), and “The next generation is ready to take over ownership of minor assets.” (NGREADYMNA). The final statements determined how ownership transition is occurring and if financing availability is a limiting factor to the transition of minor assets: “The next generation is taking over the purchase of new machinery for the operation.” (NGBUYMACHINE), “The next generation is taking over the purchase of new livestock (breeding or market) for the operation.” (NGBUY LVST), “The next generation is covering the repair and maintenance of equipment I have purchased.” (NGREPAIR), and “The next generation is able to obtain financing for the purchase of minor assets (machinery, livestock, etc.).” (NGFINANCE) (Table 11).

Table 11-OLS Analysis of Assumption I “Landowner generation and heirs have similar attitudes toward transitioning ownership of minor assets.”

Assumption I-Landowner generation and heirs have similar attitudes toward transitioning ownership of minor assets.

		Coef	t	p>/t/
TRANSMNA As you think about your transition plan, have you started transitioning ownership of minor assets?	onfarm	0.135 (.199)	0.68	0.503
	offarm	-0.221 (.192)	-1.15	0.257
	_cons	1.421 (.113)	12.60	0.000***
LIMITMNA I am ready to limit my ownership of minor assets.	onfarm	-0.018 (.678)	-0.03	0.979
	offarm	1.016 (.654)	1.55	0.130
	_cons	4.684 (.384)	12.19	0.000***
REMAINMNA By owning these assets, I am able to remain involved in the operation.	onfarm	0.526 (.593)	0.89	0.381
	offarm	-1.074 (.572)	-1.88	0.069**
	_cons	4.474 (.336)	13.13	0.000***
PREADYMNA I am ready for the next generation to take over ownership of minor assets.	onfarm	-1.700 (.677)	-0.25	0.804
	offarm	0.253 (.654)	0.39	0.702
	_cons	4.947 (.384)	12.88	0.000***
NGREADYMNA The next generation is ready to take over ownership of minor assets.	onfarm	1.199 (.706)	1.70	0.098*
	offarm	1.021 (.682)	1.50	0.143
	_cons	4.578 (.400)	11.44	0.000***

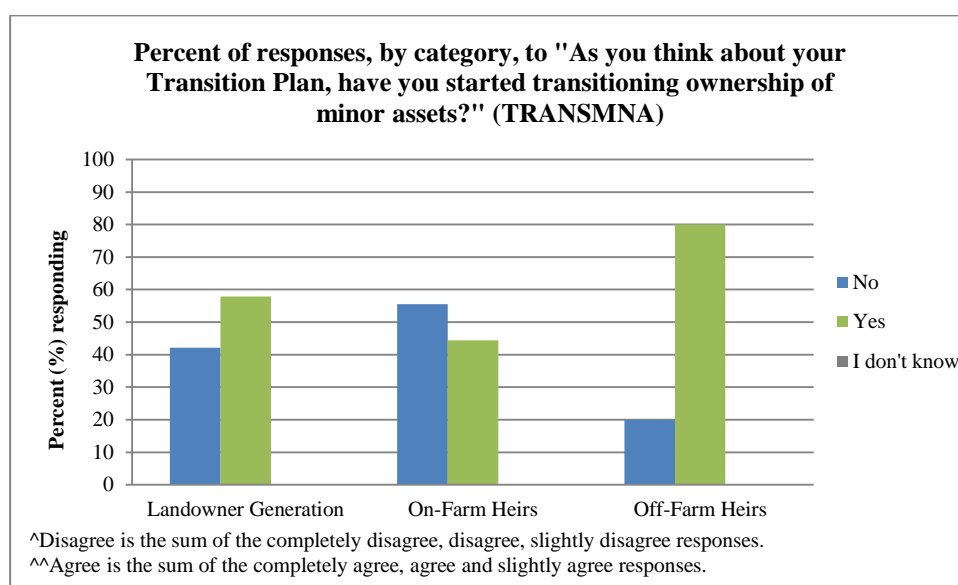
NGBUYMACHINE The next generation is taking over the purchase of new machinery for the operation.	onfarm	0.702 (.757)	0.93	0.360
	offarm	1.068 (.731)	1.46	0.153
	_cons	4.631 (.429)	10.79	0.000***
NGBUYLVST The next generation is taking over the purchase of new livestock (breeding or market) for the operation.	onfarm	0.567 (.857)	0.66	0.512
	offarm	0.489 (.827)	0.59	0.558
	_cons	5.211 (.486)	10.73	0.000***
NGREPAIR The next generation is covering the repair and maintenance of equipment I have purchased.	onfarm	0.819 (.898)	0.91	0.368
	offarm	1.763 (.867)	2.03	0.050**
	_cons	3.737 (.509)	7.34	0.000***
NGFINANCE The next generation is able to obtain financing for the purchase of minor assets (machinery, livestock, etc.)	onfarm	0.713 (.801)	0.89	0.379
	offarm	0.658 (.774)	0.85	0.401
	_cons	4.842 (.454)	10.66	0.000***

Note: Standard errors in parentheses. ***p<.01, **p<.05, *p<.10

Two of the transition related statements were statistically significant ($p < .10$), REMAINMNA with the off-farm heirs and NGREADYMNA with the on-farm heirs.

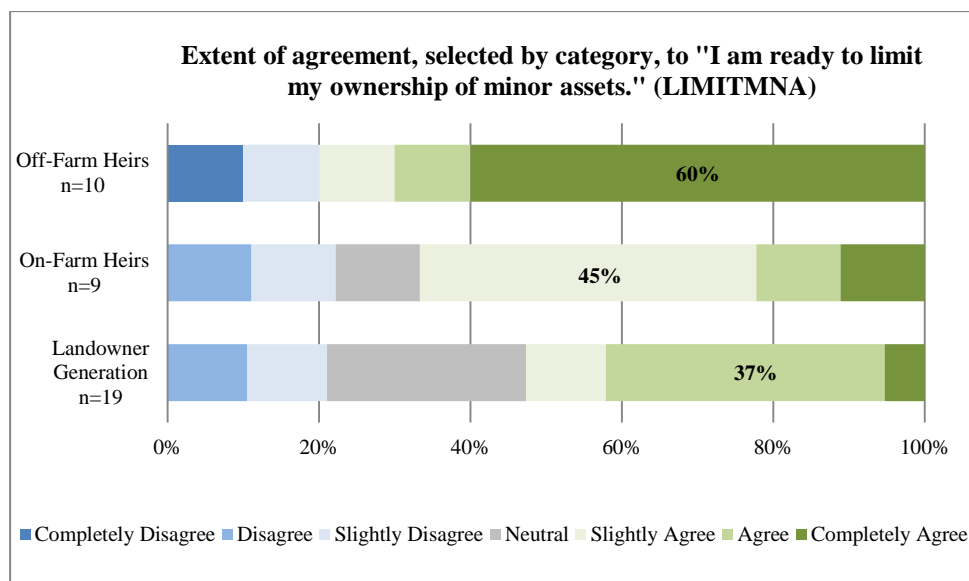
Initiation of ownership transition received contrary responses from the on-farm heirs and the off-farm heirs, with 56 percent of the on-farm heirs indicating that minor asset transfer is not occurring, whereas 80 percent of the off-farm heirs assume it is occurring (see Figure 56).

Figure 56-Percent of responses, by category, to "As you think about your Transition Plan, have you started transitioning ownership of minor assets?" (TRANSMNA)



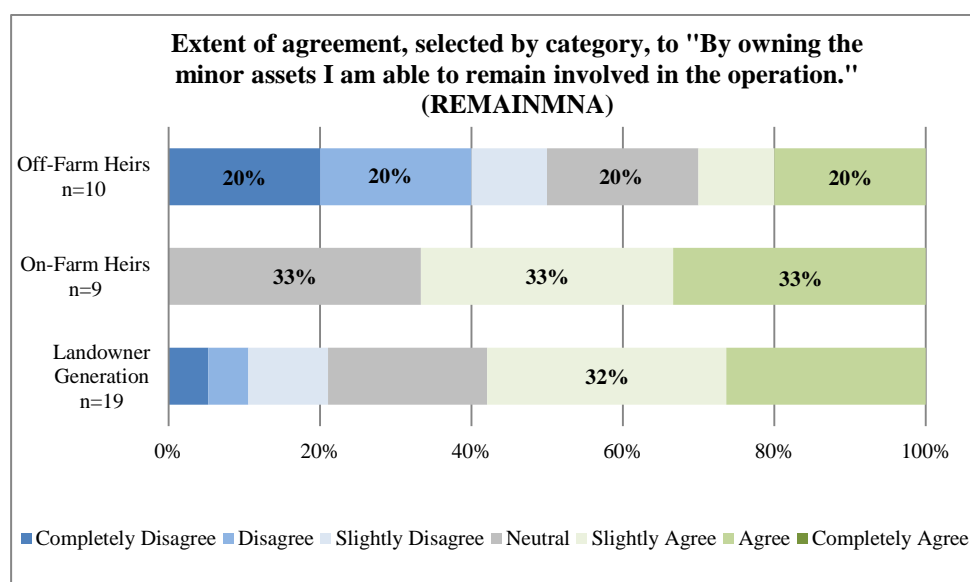
Unlike the transition of management, transitioning the ownership of minor assets was agreed upon by all categories. Figure 57 illustrates that the landowner generation more frequently selected some level of agreement to LIMITMNA. Again, 60 percent of the off-farm heirs selected Completely Agree, and 45 percent of the on-farm heirs selected Completely Agree.

Figure 57-Extent of agreement, selected by category, to "I am ready to limit my ownership of minor assets. (LIMITMNA)



Remaining involved in the operation by owning the minor assets was still a consideration as 58 percent of the landowner generation and 67 percent of the on-farm heirs agreed that this was how the landowner generation remained involved in the operation, REMAINMNA. Figure 58 illustrates that the level of agreement differed across categories with the on-farm heirs most frequently responding in the affirmative or neutrally, but not negatively. The landowner generation responded in a similar level of agreement but was less neutral, with approximately 20% disagreeing with the statement. The off-farm generation was ambivalent to this statement.

Figure 58-Extent of agreement, selected by category, to "By owning the minor assets I am able to remain involved in the operation." (REMAINMNA)



All three categories agreed that the landowner generation was ready for the next generation to take over ownership of the minor assets (PREADYMNA) (Figure 59) and to a lesser level of agreement for the landowner generation, that the next generation was ready for this transition to occur (NGREADYMNA) (Figure 60). The on-farm heir mean of 5.777 for NGREADYMNA was higher and statistically significant at $p < .10$, compared to 4.578 mean of the landowner generation (Table 11). The next generation indicates a higher degree of readiness to take over the ownership of the operational assets than the other categories attribute to them.

Figure 59-Percent of responses, by category, to "I am ready for the next generation to take over ownership of minor assets." (PREADYMNA)

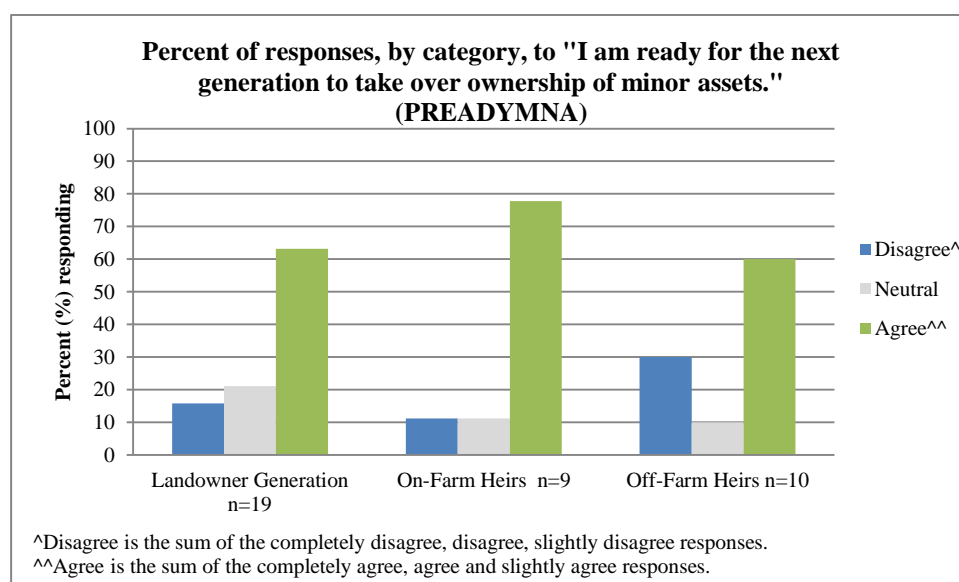
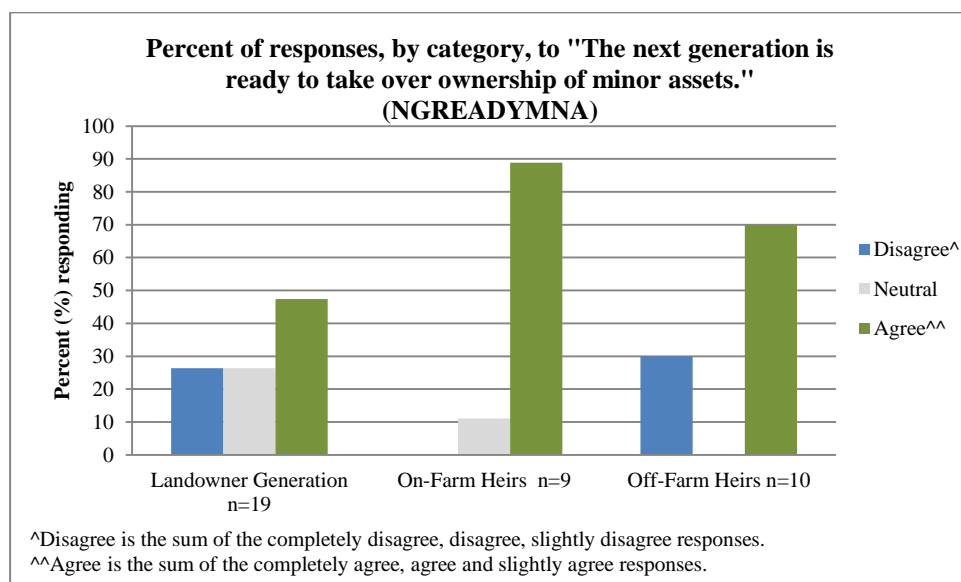


Figure 60-Percent of responses, by category, to "The next generation is ready to take over ownership of minor assets." (NGREADYMNA)



As the transition of minor assets is agreed upon by all categories, an understanding about how the minor assets are being transitioned to the next generation follows. The next generation taking over the purchase of replacement machinery or livestock or covering the cost of repairs are ownership transition methods discussed in estate planning conferences. This approach provides the on-farm heir with a formal investment in the operation, an increase in operational ownership and a reduction in the financial involvement of the landowner generation.

Analysis of the responses to the statement “The next generation is taking over the purchase of new machinery for the operation.” (NGBUYMACHINE) did not indicate significant differences between any of the categories. However, the on-farm heir and off-farm heirs most frequently indicated agreement with the statement where the landowner generation was more undecided (Figure 61).

Figure 61-Percent of responses, by category, to "The next generation is taking over the purchase of new machinery for the operation." (NGBUYMACHINE)

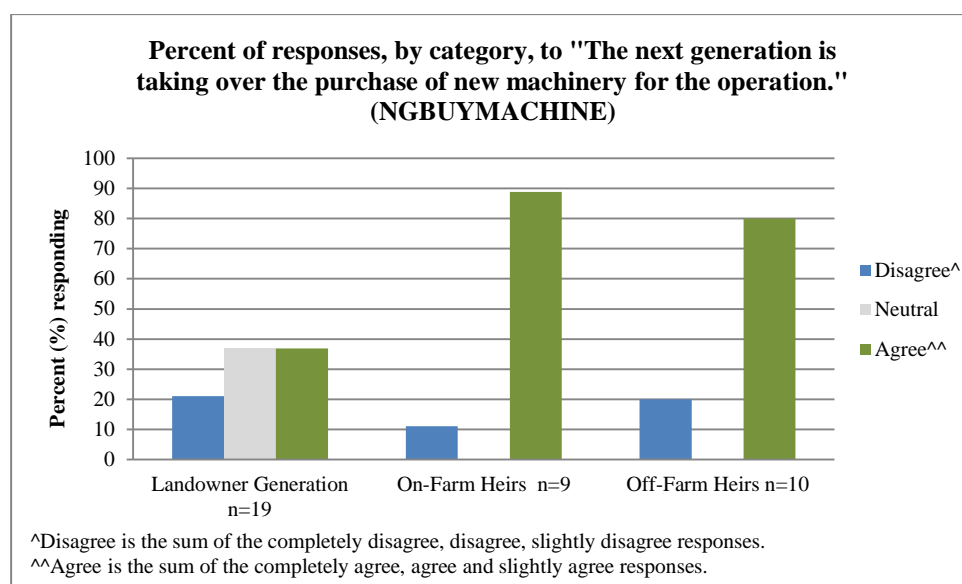
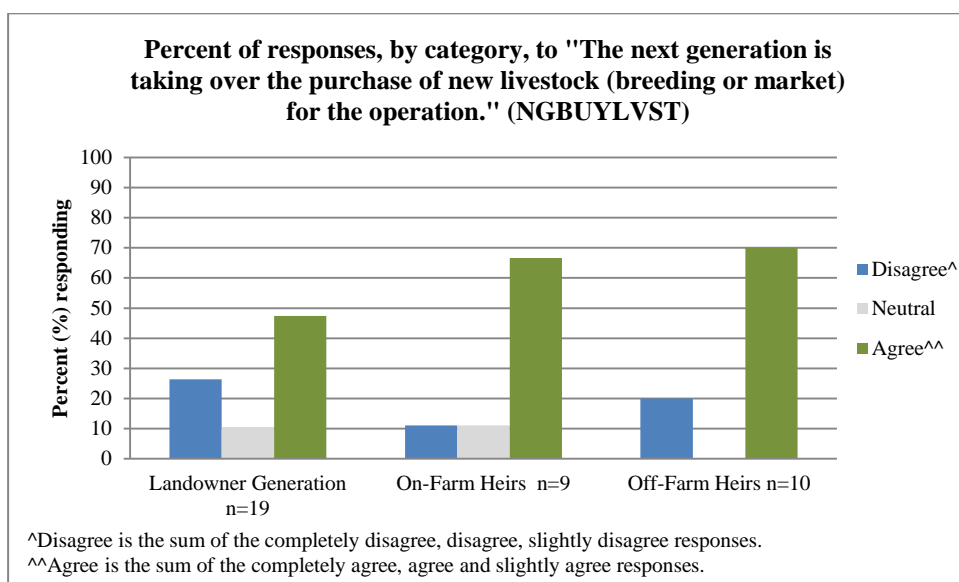


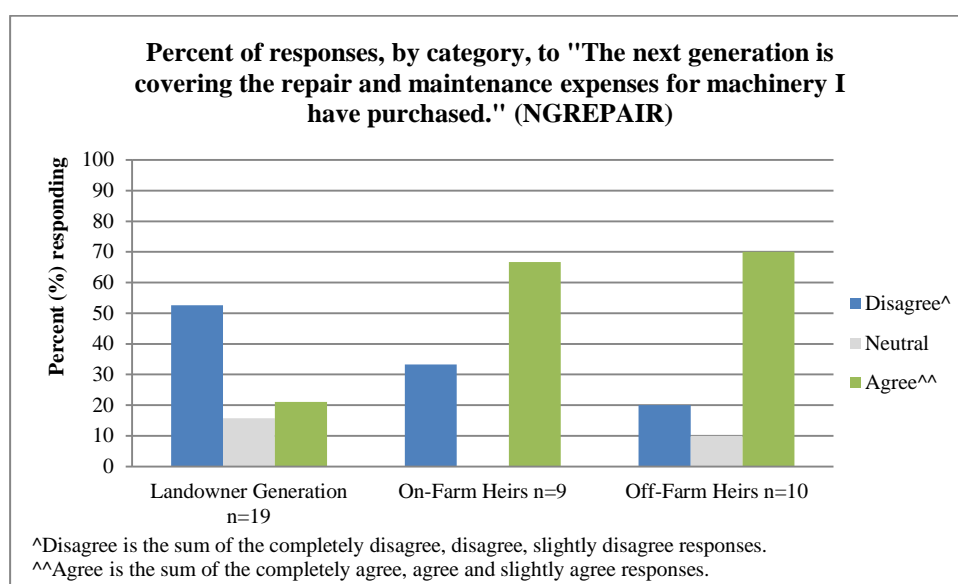
Figure 62 illustrates that livestock purchases are a component of their operation in the statement NGBUYLVST, and across all categories, there was no significant difference in agreement with the statement that the next generation was taking over the purchase of replacement breeding animals or animals purchased as market livestock.

Figure 62-Percent of responses, by category, to "The next generation is taking over the purchase of new livestock (breeding or market) for the operation." (NGBUYLVST)



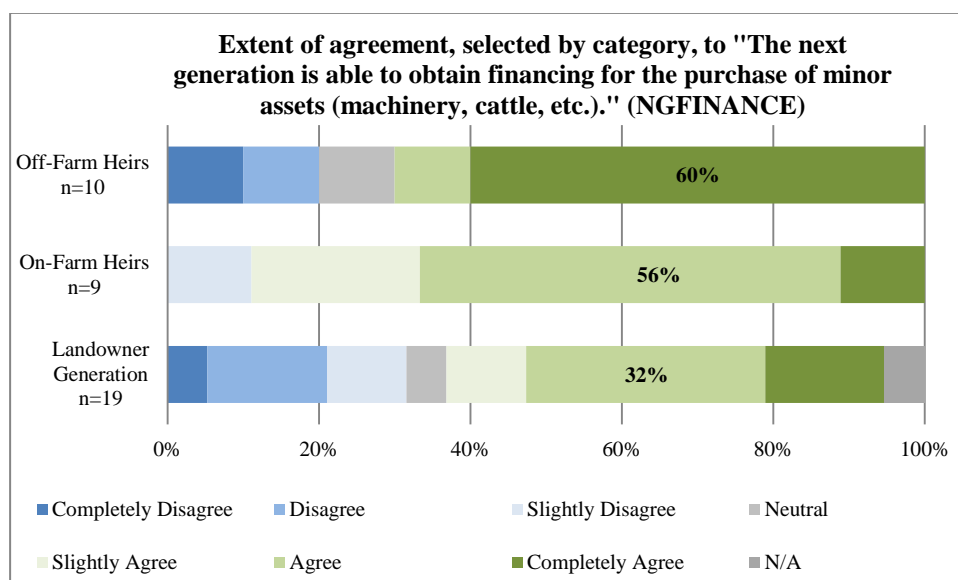
Analysis of the responses to the statement “The next generation is covering the repair and maintenance expenses for machinery I have purchased.” (NGREPAIR) indicates a statistically significant difference in the off-farm heir response (mean=5.500) compared with the landowner generation (mean=3.737) ($p<.05$) (Table 11). Figure 63 illustrates the on-farm heirs most frequently agreed at some level, while the landowner generation most frequently disagreed.

Figure 63-Percent of responses, by category, to "The next generation is covering the repair and maintenance expenses for machinery I have purchased." (NGREPAIR)



The ability to obtain financing did not appear to be a limiting factor for the next generation as all three categories agreed with “The next generation is able to obtain financing for the purchase of minor assets (machinery, cattle, etc.).” (NGFINANCE). There were no significant differences in the response between all the categories (see Figure 64).

Figure 64-Extent of agreement, selected by category, to "The next generation is able to obtain financing for the purchase of minor assets (machinery, cattle, etc.)." (NGFINANCE)



Based on the consistency of the answers and the level of agreement with most of the statements in this section, the *a priori* assumption that the landowner generation and heirs have similar attitudes toward transitioning ownership of minor assets holds

Assumption J- The landowner generation and heirs have similar attitudes toward transitioning ownership of major assets (land).

Four statements were used to test Assumption J that “The landowner generation and heirs have similar attitudes toward transitioning ownership of major assets (land).”: “As you think about your transition plan, have you started transitioning ownership of major assets?” (TRANSMJA), “The land is the only thing I own on the operation.” (OWNMJA), “I am ready for the next generation to take over the ownership of the major assets of the operation.” (PREADYMJA), and “The next generation is ready to take over ownership of the major assets of the operation.” (NGREADYMJA), as well as statements related to methods of transition and reasons this asset transition is not occurring: “Land ownership should be transferred into a new entity (trust, LLC, etc.) in order to accomplish my goals.” (TOATRUST), “The next generation cannot afford to purchase the land from me.” (NOPURCHASE), and “I need to retain ownership of the major assets to provide an income source that covers my living expenses.” (LIVINGEXP) (Table 12).

In this section, NGREADYMJA was statistically significant at $p < .05$ and $p < .10$ for the on-farm heirs and off-farm heirs, respectively. Two other statements were statistically significant ($p < .10$): NOPURCHASE with the off-farm heirs, and LIVINGEXP with the on-farm heirs (Table 12).

Table 12- OLS Analysis of Assumption J “The landowner generation and heirs have similar attitudes toward transitioning ownership of major assets.”

Assumption J-The landowner generation and heirs have similar attitudes toward transitioning ownership of major assets.

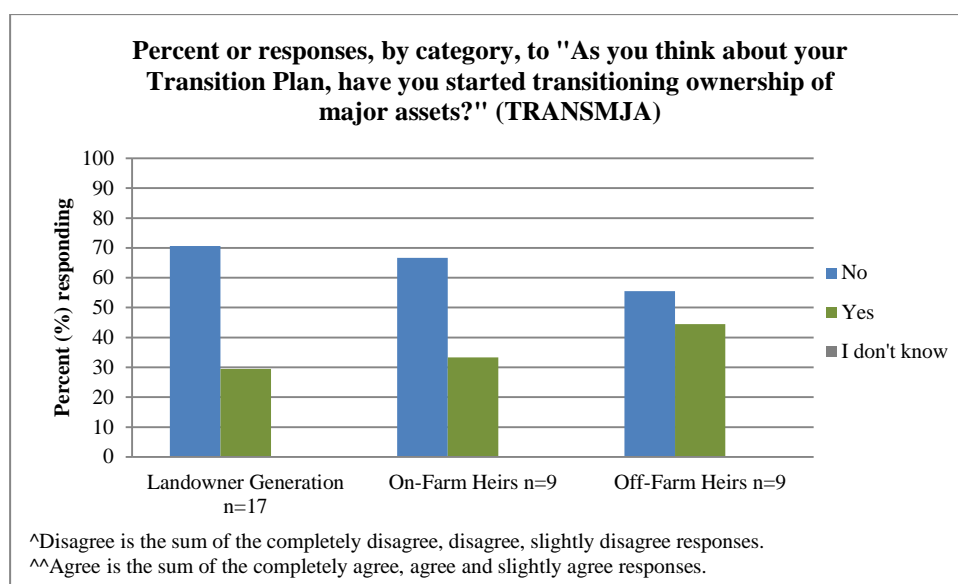
		Coef	t	p>/t/
TRANSMJA As you think about your transition plan, have you started transitioning ownership of major assets?	onfarm	-0.039 (.203)	-0.19	0.848
	offarm	-0.150 (.203)	-0.74	0.464
	_cons	1.706 (.119)	14.29	0.000***
OWNMJA The land is the only thing I own on the operation.	onfarm	-0.778 (.719)	-1.08	0.287
	offarm	0.222 (.719)	0.31	0.759
	_cons	21.444 (.415)	5.89	0.000***
PREADYMJA I am ready for the next generation to take over the ownership of the major assets of the operation.	onfarm	-1.150 (.789)	-1.46	0.155
	offarm	0.516 (.789)	0.65	0.518
	_cons	3.706 (.464)	0.80	0.000***
NGREADYMJA The next generation is ready to take over ownership of the major assets of the operation.	onfarm	1.556 (.746)	2.08	0.045**
	offarm	1.333 (.746)	1.79	0.083*
	_cons	3.556 (.431)	8.25	0.000***
TOATRUST Land ownership should be transferred into a new entity (trust, LLC, etc.) in order to accomplish my goals.	onfarm	1.000 (.647)	1.55	0.132
	offarm	-0.444 (.647)	-0.69	0.497
	_cons	4.889 (.374)	13.09	0.000***

NOPURCHASE	onfarm	-0.167	-0.25	0.800
The next generation cannot afford to purchase the land from me.		(.654)		
	offfarm	-1.167	-1.78	0.084*
		(.654)		
	_cons	5.611	14.86	0.000***
		(.378)		
<hr/>				
LIVINGEXP	onfarm	1.000	1.80	0.080*
I need to retain ownership of the major assets to provide an income source that covers my living expenses.		(.555)		
	offfarm	-0.889	-1.60	0.118
		(.555)		
	_cons	5.000	15.62	0.000***
		(.320)		

Note: Standard errors in parentheses. ***p<.01, **p<.05, *p<.10

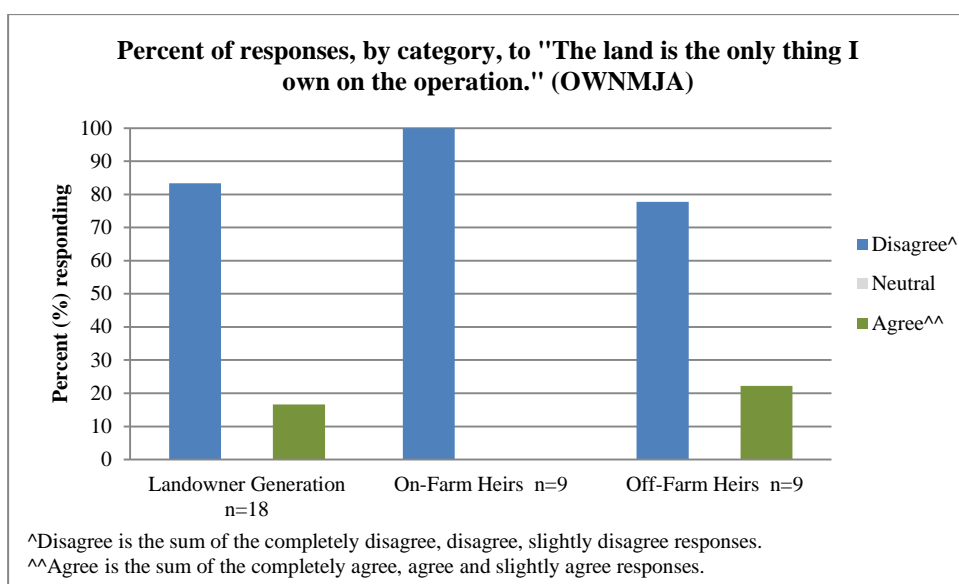
Due to the value of major assets, their transition historically has occurred at the death of the landowner generation. Figure 65 illustrates the responses to “As you think about your Transition plan, have you started transitioning ownership of major assets?” (TRANSMJA), that the landowner generation and on-farm heir indicate this is the current approach. Less certainty was indicated by off-farm heir responses.

Figure 65-Percent of responses, by category, to "As you think about your Transition Plan, have you started transitioning ownership of major assets?" (TRANSMJA)



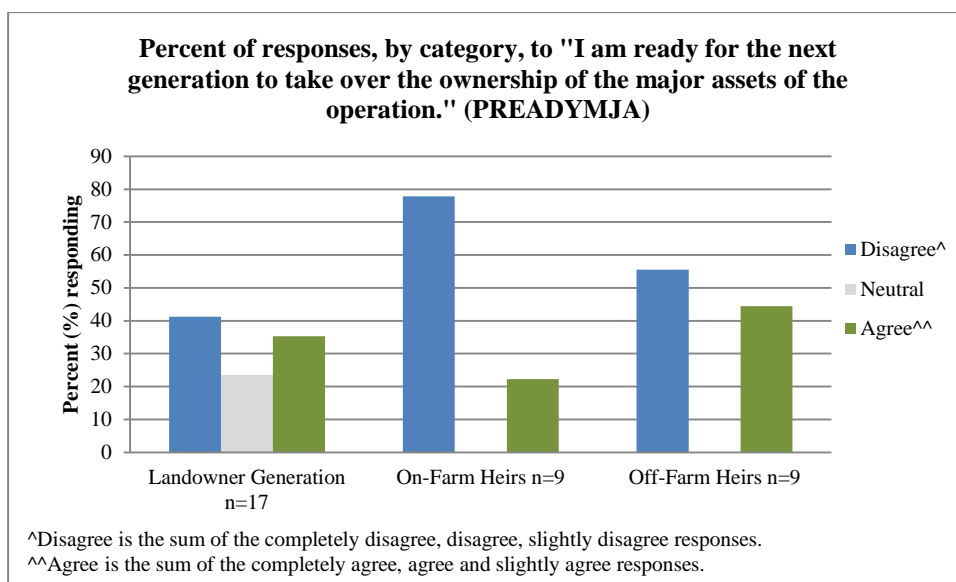
The statement “The land is the only thing I own on the operation.” (OWNMJA) was an effort to determine if major asset ownership was the only involvement in the operation the landowner had, and as illustrated in Figure 66, this is not the case. Eighty-three percent of the landowner generation, 100 percent of the on-farm generation and 78 percent of the off-farm generation disagreed.

Figure 66-Extent of agreement, selected by category, to "The land is the only thing I own on the operation." (OWNMJA)



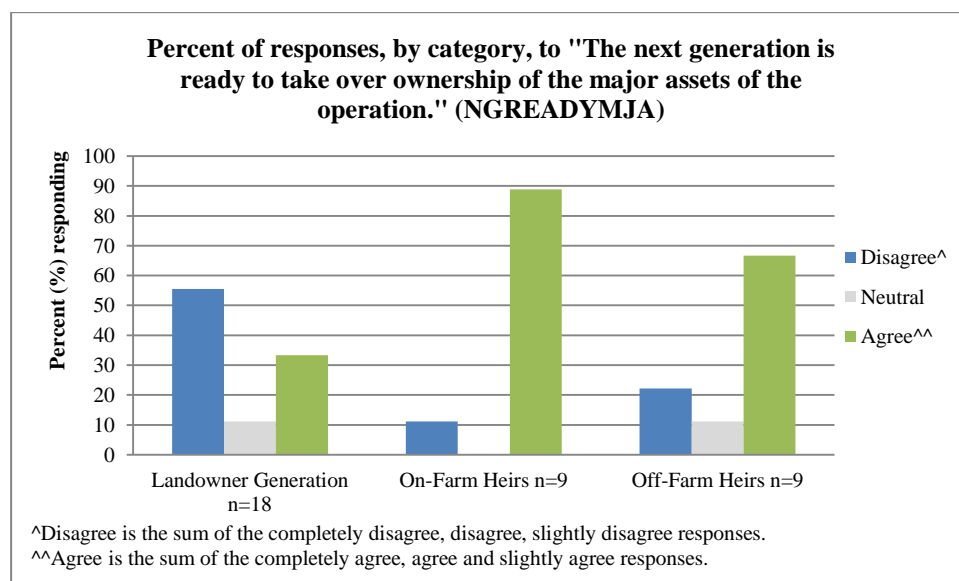
The first statement associated with Assumption J, "I am ready for the next generation to take over the ownership of the major assets of the operation." (PREADYMJA), indicates that transition of the major assets has not started, and Figure 67 illustrates all categories disagreed with the statement PREADYMJA, "I am ready for the next generation to take over the ownership of the major assets of the operation." Forty-one percent of the landowner generation, 78 percent of the on-farm heirs and 56 percent of the off-farm heirs disagreed with the statement.

Figure 67-Extent of agreement, selected by category, to "I am ready for the next generation to take over the ownership of the major assets of the operation." (PREADY)



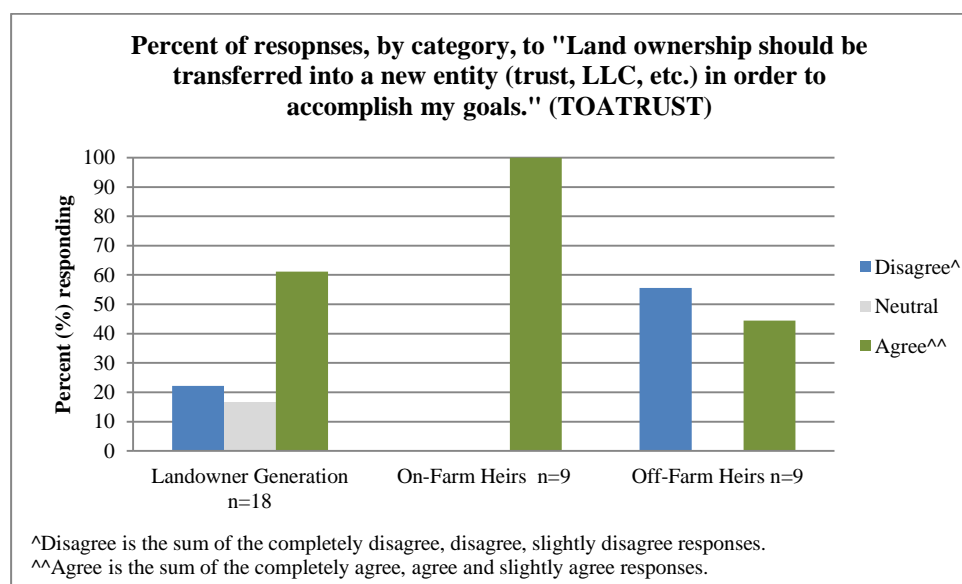
By their responses to “The next generation is ready to take over ownership of the major assets of the operation.” (NGREADYMJA), the heir categories the next generation was ready for this transition to occur. Figure 68 illustrates 89 percent of the on-farm heirs and 67 percent of the off-farm heirs agreed with the statement and 56 percent of the landowner generation disagree with this statement. NGREADYMJA was statistically significant for both heir categories. The on-farm heir mean of 5.112 was higher and significant at $p < .05$, and the off-farm heir mean of 4.889 was also higher and significant at $p < .10$, compared to the landowner mean of 3.556 (Table 12). The heirs continue to indicate their readiness to take over more responsibilities, including land ownership, compared to the readiness of the landowner generation to reduce their responsibilities.

Figure 68 Percent of responses, by category, to "The next generation is ready to take over ownership of the major assets of the operation. (NGREADYMJA)



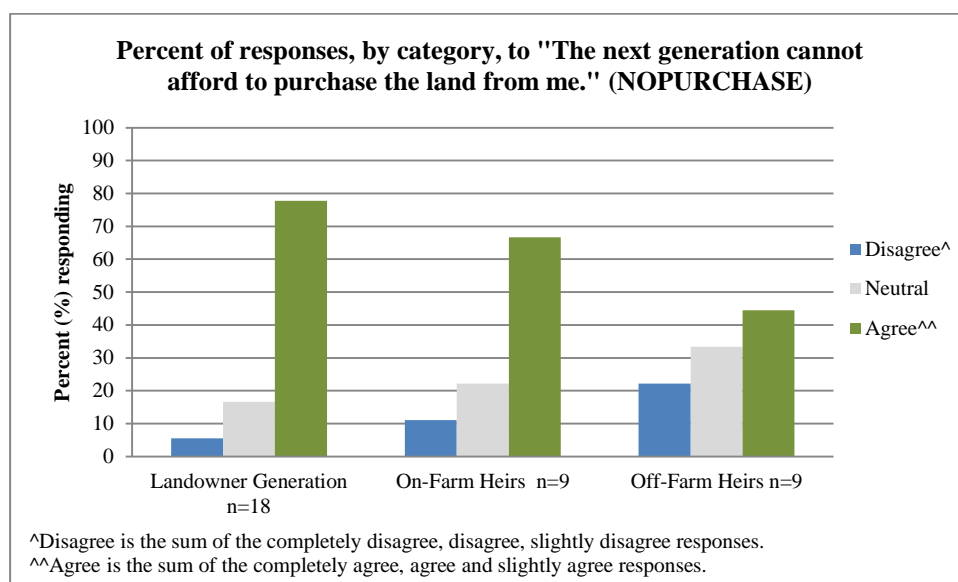
Many tools are available to farms to transfer ownership of major assets. TOATRUST determines the attitudes of the categories about utilizing a new entity, such as a trust or limited liability company (LLC), to accomplish the estate planning and transition goals of the landowner. Though analysis of responses was not significant, the landowner generation and on farm heirs agreed that some type of entity should be created. However, the off-farm heirs were more ambivalent. As illustrated in Figure 69, 61 percent of the landowner generation, 100 percent of the on-farm heirs and 44 percent of the off-farm heirs agreed with the statement.

Figure 69-Percent of responses, by category, to "Land ownership should be transferred into a new entity (trust, LLC, etc.) in order to accomplish my goals." (TOATRUST)



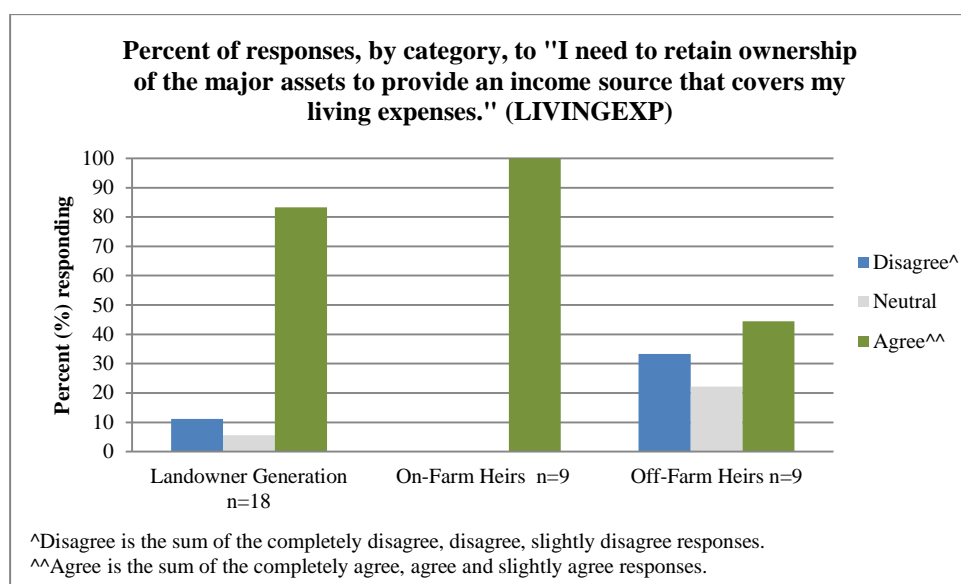
The statement “The next generation cannot afford to purchase the land from me.” (NOPURCHASE) evaluated the perceived inability of the next generation to purchase the land from the landowner generation. Figure 70 illustrates all categories agreeing, to different extents, with this statement. While the next generation indicated they were ready to take over the ownership responsibility of the major assets, all categories indicated the next generation was unable to take over the financial responsibility of owning the land.

Figure 70-Extent of agreement, selected by category, to "The next generation cannot afford to purchase the land from me." (NOPURCHASE)



Integral to the inability of the next generation to purchase the land is the need of the landowner generation to maintain ownership to provide an income source that covers their living expenses. Figure 71 illustrates 100 percent of the on-farm generation, 83 percent of the landowner generation and 44 percent of the off-farm heirs agreed with this statement. The on-farm heir mean (6.000) was higher and statistically significant ($p < 10$) compared to the landowner generation (5.00) (Table 12). The off-farm heir responses were more ambivalent.

Figure 71-Percent of responses, by category, to "I need to retain ownership of the major assets to provide an income source that covers my living expenses." (LIVINGEXP)



Due to the responses to the statements in Assumption J “The landowner generation and heirs have similar attitudes toward transitioning ownership of major assets (land).”, and the level of statistical significance to the statement NGREADYMJA, the a priori assumption does not hold, as the attitudes of all categories toward the transition of major assets are dissimilar.

DISCUSSION

Ten *a priori* assumptions related to farm estate planning and transition planning were analyzed in this study.

Six estate planning assumptions regarding (1) quality of communication within the family, (2) an understanding about asset value distribution, (3) the degree of difficulty related to making estate decisions, (4) quantity of communication within the family, (5) the tools available and (6) utilizing industry professionals to implement the plan were included in the first section of the study. Responses to the underlying statements for each of the *a priori* assumptions were analyzed, leading to the determination that four of the six of the estate planning related assumptions were upheld¹².

The remaining four assumptions regarded components of the transition plan, the transition of (1) workload and labor, (2) management responsibilities, (3) ownership of minor assets and (4) ownership of major assets. The assumptions indicated that all categories had similar attitudes for each area. Two of these assumptions were upheld.¹³

¹² *a priori* estate planning assumptions and results

A-Perceptions about the quality of communication within families differ by category. UPHELD

B-All family categories with on-farm heirs understand the asset distribution will not be equal. NOT UPHELD

C-The landowner generation has found determining how to pass on personal and farm assets to be a difficult task. UPDHLD

D-Farm families have not discussed the estate and transition plan with heirs-NOT UPHELD

E- Farm families need more information and knowledge to create/finish their estate plans. UPHELD

F-Farm families have found it difficult to find and utilize industry professionals. UPHELD

¹³ *a priori* transition planning assumptions and results

G-The landowner generation and heirs have similar attitudes toward transitioning workload/labor responsibilities. UPHELD

H-The landowner generation and heirs have similar attitudes toward transitioning management responsibilities. NOT UPHELD

¹² Continued...

I-The landowner generation and heirs have similar attitudes toward transitioning ownership of minor assets. UPHELD

As direct emails were sent to participants of past extension estate planning conferences, it would be likely that many of the responders have been exposed to education on the topic. The responses to the survey can be used to consider the areas of educational programming that appear to provide appropriate emphasis, and areas that require stronger emphasis.

Improving communication within farm families is one of the goals of the current educational curriculum. Two presentations in the current curriculum directly address personality differences and ways to communicate with family members, and the use of family meetings to discuss estate planning topics. Additionally, presenters continually reiterate, throughout the sessions, the need for communication about the goals of the farm operation and landowner generation. As communication within the family is a key to success, it was the target area of two assumptions in the study¹¹.

The results of the communication assumptions (Assumption A and D) in the study differed in agreement¹¹. Analysis of each statement within the two *a priori* assumptions indicated that communication about the estate plan was occurring. However, the statements regarding the quality of communication concerning the estate plan were viewed differently by the different categories. These results indicate a disconnect in the quality of the information being shared during these discussions. This disconnect indicates that while producers do not like the communication aspect of the conferences, they are a critical component. Thus, there needs to be additional emphasis on the communication methods taught.

J-The landowner generation and heirs have similar attitudes toward transitioning ownership of major assets (land). NOT UPHELD

The next assumption (Assumption B) covered an understanding that if an heir was returning to the operation, the assets could not be divided equally amongst the heirs¹¹. It was evident in the responses that some of the off-farm heirs expected an equal distribution of the assets. There was consensus when presented with the idea that because there was an on-farm heir the distribution of the assets would not be equal. However, when the statement did not explicitly include the on-farm heir, and used the phrase "...dollar value should be split uniformly..." there was a marked difference in the responses. Future curriculum planning could address concept of major versus minor asset value.

Another supported assumption (Assumption C) was the recognition of the difficulty in determining how to pass on personal and farm assets¹¹. From the responses, the landowner generation knows what they want inherited, but they do not know how or when to make the transition of ownership.

The final two assumptions related to estate planning are associated with the involvement of industry professionals in estate planning conferences (Assumption E and F)¹¹. Based on responses, individuals were not comfortable with their level of understanding about the tools available and they are not confident that they are finding the right 'fit' of attorneys, insurance agents, accountants, etc. to create the plan they want to develop for their operation and family.

The transition planning assumptions addressed transition in a systematic manner¹². Traditionally, workload and labor are the first components transitioned to the next generation. Subsequently, the transition of enterprise management occurs. Whole farm

management, as well as transition of ownership of minor and major assets usually does not occur until the landowner generation retires from the operation, or death occurs. The *a priori* assumptions for these areas presumed that all categories involved in the operation had similar attitudes toward the transition of those areas.

Two of the transition planning assumptions were supported (Assumption G and I)¹². Response analysis indicated that the transition of workload and labor was occurring in the operations. All categories agreed that the landowner generation was ready for the next generation to take over, and that the next generation was ready to take over. Additionally, there was an indication that the transition of minor asset ownership, (machinery, livestock or repairs) was occurring in some operations. The responders were consistent regarding the landowner generation readiness for minor asset ownership transition to occur, as well as the next generation being ready.

Analysis of responses indicated that major asset ownership (land) transition has not been occurring in the operations represented in the survey (Assumption J)¹². All categories also responded that the landowners were not ready for the next generation to take over the ownership of these assets (land). However, the heir categories agreed that the next generation was ready to take over the major assets.

The major difference in responses between categories was related to the transition of management responsibilities (Assumption H)¹². The difference in management transition responses was evident when the landowner generation's responses were evenly distributed between operations that have and have not started transitioning management. This compares with nearly 80 percent of the on-farm and off-farm heirs indicating

transition of management was occurring. The variation in responses increased between landowner and the heirs regarding next generation's readiness to assume management responsibilities. The complete divergence in this area provides insight into one of the areas of disagreement multigenerational families' face.

The results from this study support the current content and education programs developed to meet South Dakota farm families' estate planning and transition planning needs, including:

- Communication, especially regarding the differences in personalities
- How to address questions and bring up the topic of transition planning, estate planning and the future of the operation after the death of the landowner generation
- Information on how to pass on personal assets and heirlooms
- Information about the tools available for use in the estate plan
- Where to find industry professionals to implement the tools

The study also indicates areas for additional emphasis and confirms that joint efforts between industry and extension can help address the areas of concern. As Extension and industry professionals work with farm families during conferences or one-on-one they will need to be sensitive about how words and ideas are perceived by different family categories, especially related to the valuation and distribution of farm assets.

An important component to add to the conferences would be the attendance of off-farm heirs. This would explicitly engage all categories in this topic in a structured environment and provide opportunities to explain the reasons why equal value

distributions are not economically feasible for many family operations that wish to continue after the death of the landowner generation. New tools, activities and presentations regarding the transition of management should be added to pro-actively address the issue. Transition of management is a vital component of the transition plan and narrowing the communication gap that currently exists will be critical to the success of the family's operation.

WORKS CITED

- Anderson, R. M., & Rosenblatt, P. C. (1985, Spring). Intergenerational Transfer of Farm Land. *Journal of Rural Community Psychology*, 6(1), 19-26.
- Balch, C. V. (2010). *Internet Survey Methodology*. Newcastle, UK: Cambridge Scholars Publishing.
- Duffy, M., Baker, J., & Lamberti, A. (2000). *Department of Economics, Iowa State University*. Retrieved from www.econ.iastate.edu/faculty/duffy/Pages/farmsuccession.pdf
- Gessner, H. (2014, November 26). *Sustaining the Legacy 2008-2012*. Retrieved from iGrow A Service of SDSU Extension: <http://igrow.org/livestock/reports-to-partners/sustaining-the-legacy-2008-2012/>
- Hachfeld, G., Bau, D., & Holcomb, C. R. (2013). *Farm Transfer and Estate Planning*. Retrieved from University of Minnesota Extension: <http://www.extension.umn.edu/agriculture/business/farm-transfer-estate-planning/>
- Hachfeld, G., Bau, D., Holcomb, C. R., Kurtz, J., Craig, J. W., & Olson, K. (2009). Farm Transition and Estate Planning: Farmers' Evaluations and Behavioral Changes Due to Attending Workshops. *Journal of Extension*, 47-2 (article 2FEA8).
- Harris, J. M., Mishra, A. K., & Williams, R. P. (2012). The impact of farm succession decisions on the financial performance of the farm. *Economic Research Service For the U.S.D.A, AAEA, CAES, & WAEA Joint Annual Meeting*. Economic Research Service.
- Hoppe, R., & Banker, D. (2010). *Structure and Finances of U.S. Farms: Family Farm Report*. U.S. Department of Agriculture, Economic Research Service.
- IRS. (2015, April 15). Retrieved from Estate Tax: <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Estate-Tax>
- Janssen, L., Dillivan, K., & McMurtry, B. (2014, May 29). South Dakota 2014 Agricultural Land Values and Cash Rental Rates. *Economics Commentator*. Brookings: South Dakota State University.
- Kansas State University Extension and Research. (2015, February 2015). *Transition Planning: 12 Steps*. Retrieved from www.agmanager.info: <http://www.agmanager.info/farmmgt/planning/MF3074.pdf>
- Kaplan, M. S., Nussbaum, J. F., Beker, J. C., & Pitts, M. J. (2009). Communication Barriers to Family Farm Succession Planning. *Journal of Extension*, 5fea8.

- Kimhi, A., & Lopez, R. (1999). A Note on Farmers' Retirement and Succession Considerations: Evidence from a Household Survey. *Journal of Agricultural Economics*, 154-162.
- Marshalls, J. e. (2006). The Paradox for the Family Firm CEO: Owner Age Relationship to Succession-Related Processes and Plans. *Journal of Business Venturing* 21, 348-368.
- Matell, M. S., & Jacoby, J. (1972). Is there an optimal number of alternatives for likert-scale items? *Journal of Applied Psychology*, 506-509.
- Mieke, C., & Huylenbroeck, G. V. (2008, August). The Succession Effect Within Management Decisions of Family Farms. *12th Congress of the European Association of Agricultural Economists-EAAE*. Ghent, Belgium: Ghent University/Department of Agricultural Economics.
- Mishra, A. K., & El-Osta, H. (2008). Effect of agricultural policy on succession decisions of farm households. *Review of Economics of Households*, 351(1): 133-152.
- Mishra, A., El-Osta, H. S., & Saleem, S. (2010). Succession Decisions in U.S. Family Farm Businesses. *Journal of Agricultural and Resource Economics*, 133-152.
- Mishra, A., Johnson, J., & Morehart, M. (2003, September 21-23). Retirement and Succession Planning of Farm Households: Results from a National Survey. Salt Lake City, UT.
- Nerlove, M., Razin, A., & Sadka, E. (1984). Investment in Human and Nonhuman Capital, Transfers Among Siblings and the Role of Government. *Econometrica*, 52 (119-1198).
- Olson, K. D., Kurtz, J. N., Holcomb, R. C., Hachfeld, G. A., Craig, W. J., & Bau, D. B. (2009). Farm Transition and Estate Planning: Farmers Evaluations and Behavioral Changes Due to Attending Workshops. *Journal of Extensions*, 47.2.
- Ostrom, T. M., Krosnick, J. A., Bond, Jr., C. F., & Sedikides, C. (n.d.). Attitude Scales. In S. Shavitt, & T. C. Brock, *Persuasion: Psychological Insights And Perspectives* (pp. 15-42). Boston, MA: Allyn and Bacon.
- Parson, R., Ruhf, K., Stevenson, G., Baker, J., Bell, M., Epley, E., et al. (2010). *Research Reprot and Recommendations from the FarmLASTS Project*. CSREES.
- Pesquin, C., Kimhi, A., & Kislev, Y. (1999). Old Age Security and Inter-Generational Transfer of Family Farms. *Eur. Rev Agr. Econ*, 26, 1 (19-37).

- Pitts, M. J., Nussbaum, J. F., Kaplan, M. S., Fowler, C., & Becker, J. C. (2009). Communication Barriers to Family Farm Succession Planning. *Journal of Extension*, 59-79.
- Sharma, P., Chrisman, J. J., & Chua, J. H. (2003). Predictors of satisfaction with the succession process in family firms. *Journal of Business Venturing*, 667-687.
- Step Up In Basis*. (n.d.). Retrieved May 5, 2016, from Investopedia:
<http://www.investopedia.com/terms/s/stepupinbasis.asp>
- Thomas, C. (2013, August 14). *Farm Transition Planning: Are You Ready for the Unexpected?* Retrieved from Ag Web:
http://www.agweb.com/article/farm_transition_planning_are_you_ready_for_the_unexpected/
- United States Department of Agriculture. (2014, May).
http://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_1_State_Level/South_Dakota/sdv1.pdf. Retrieved February 20, 2015, from
<http://www.agcensus.usda.gov/>.
- Vallabh, & Chatrath. (2008, February 1). *Rural Finance Learning Center* . Retrieved from
<http://www.ruralfinance.org/fileadmin/templates/rflc/documents/102901122-1130.pdf>

APPENDIX 1: SURVEY TOOL

Hello: You are invited to participate in our survey. In this survey, South Dakota farm and ranch family members are asked to answer questions about the estate plan and transition plan for their family operation. It will take approximately thirty (30) minutes to complete the questionnaire. Your participation in this study is voluntary. There are no foreseeable risks associated with this project. However, if you feel uncomfortable answering any questions, you can withdraw from the survey at any point. Only surveys that are completed will be recorded. It is very important for us to learn your opinions regarding estate planning and transition planning so we ask that you finish the entire survey. Your survey responses will be strictly confidential and data from this research will be reported only taken together. Your information will be coded and will remain confidential. If you have questions at any time about the survey or the procedures, you may contact Heather Gessner at 605-688-6723/605-688-6723 or by email at heather.gessner@sdstate.edu. Thank you very much for your time and support. Please start with the survey now by clicking on the Continue button below.

1. Do you or any of your family members own farm/ranch land in South Dakota?

1. Yes
2. No

2. Which state do you currently live in?

- | | |
|--------------------|----------------------|
| 1. Alabama | 36. Oklahoma |
| 2. Alaska | 37. Oregon |
| 3. Arizona | 38. Pennsylvania |
| 4. Arkansas | 39. Rhode Island |
| 5. California | 40. South Carolina |
| 6. Colorado | 41. South Dakota |
| 7. Connecticut | 42. Tennessee |
| 8. Delaware | 43. Texas |
| 9. Florida | 44. Utah |
| 10. Georgia | 45. Vermont |
| 11. Hawaii | 46. Virginia |
| 12. Idaho | 47. Washington |
| 13. Illinois | 48. Washington, D.C. |
| 14. Indiana | 49. West Virginia |
| 15. Iowa | 50. Wisconsin |
| 16. Kansas | 51. Wyoming |
| 17. Kentucky | |
| 18. Louisiana | |
| 19. Maine | |
| 20. Maryland | |
| 21. Massachusetts | |
| 22. Michigan | |
| 23. Minnesota | |
| 24. Mississippi | |
| 25. Missouri | |
| 26. Montana | |
| 27. Nebraska | |
| 28. Nevada | |
| 29. New Hampshire | |
| 30. New Jersey | |
| 31. New Mexico | |
| 32. New York | |
| 33. North Carolina | |
| 34. North Dakota | |
| 35. Ohio | |

3. Please indicate gender.

1. Female
2. Male

4. What year were you born? (ex. 1943, 1981 etc.)

--

5. Please indicate your role in the operation. You may represent more than one of the categories below, if you do, please choose the option that most closely describes your current situation.

1. Land owner
2. Heir returning to the operation
3. Off-farm heir
4. Spouse of heir returning to the operation
5. Spouse of off-farm heir

BEGIN LANDOWNER GENERATION QUESTIONS

6. How many heirs (children) do you have?

--

7. Talking to family about my personal, family and business goals for the operation is hard.

1. Completely disagree
2. Disagree
3. Slightly disagree
4. Slightly agree
5. Agree
6. Completely agree

8. As you think about communication regarding estate planning and transition planning with your family, please indicate your level of agreement with the following statements.

	CD*	D	SD	N	SA	A	CA	N/A
Some of my children will not like what I have in mind.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am worried I will appear greedy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am unsure about the reaction of my on-farm heirs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am unsure about the reaction of my off-farm heirs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Communication gaps regarding death exist in my family.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Even when I ask, family members do not want to talk about it.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*For all tables- CD: Completely Disagree, D: Disagree, SD: Slightly Disagree, N: Neutral, SA: Slightly Agree, A: Agree, CA: Completely Agree, N/A: Not Applicable

9. Listening to all family members' perceptions about how the operation is passed on is hard.

1. Strongly disagree
2. Disagree
3. Slightly disagree
4. Slightly agree
5. Agree
6. Strongly agree

I often feel like I am being sold a product by industry professionals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Industry professionals are too far away from my home.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Even if I find an industry professional I want to work with, the cost is too high to implement my desired plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. Are you aware there is a state statute that directs the distribution of your assets if you die without a will? (Chapter 29A-2)

1. Yes
2. No

21. Are you comfortable with that distribution plan?

1. Yes
2. No
3. I do not know what the statute says.

22. What Estate planning tools do you currently have in place? Check all that apply.

1. Will-updated in the last 5 years
2. Will-updated 6 or more years ago
3. Revocable/irrevocable trust
4. Life insurance
5. Long-term care insurance
6. Business structure (LLC, Corp. etc.)
7. Retirement Account
8. I do not know
9. None of the above
10. Other

23. Thinking about Estate Planning and the distribution of all assets at your death, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
The dollar value of the assets should be split uniformly to each of my heirs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The dollar value of the assets should not be split uniformly to each of my heirs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would like to leave a uniform dollar value to each of my heirs, but that will not happen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My family legacy is more than asset value.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

24. Please elaborate on your responses to the options above.

25. What do you feel are the biggest challenges to creating an Estate Plan?

26. Do you have someone (son, daughter, nephew, neighbor, etc.) returning to the operation?

1. Yes - - CONTINUE
2. No - - TO FINAL QUESTION

27. As you think about your Transition Plan, have you started transitioning WORKLOAD/LABOR responsibilities?

1. Yes
2. No
3. I don't know.

28. Thinking about transitioning WORKLOAD/LABOR responsibilities, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
I am ready to limit my workload/labor responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am able to remain involved by actively working on the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am ready for the next generation to take over workload/labor responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is ready to take over workload/labor responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

29. As you think about your Transition Plan, have you started transitioning MANAGEMENT responsibilities?

1. Yes
2. No
3. I don't know.

30. Thinking about transitioning MANAGEMENT responsibilities, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
I am ready to limit my management responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
By actively managing the operation, I am able to remain involved in the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am ready for the next generation to take over management responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is ready to take over management responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

31. As you think about your Transition Plan, have you started transitioning OWNERSHIP OF MINOR OPERATION ASSETS (ex. machinery, livestock, etc.)?

1. Yes
2. No
3. I don't know.

32. Thinking about transitioning OWNERSHIP OF MINOR ASSETS, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
I am ready to limit my ownership of minor assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
By owning these assets I am able to remain involved in the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am ready for the next generation to take over ownership of minor assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is ready to take over ownership of minor assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

33. Related to the transition of MINOR ASSETS, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA	N/A
The next generation is taking over the purchase of new machinery for the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is taking over the purchase of new livestock (breeding and/or market) for the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is covering the repair and maintenance expenses for machinery I have purchased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is able to obtain financing for the purchase of minor assets (machinery, cattle, etc.).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

34. As you think about your Transition Plan, have you started transitioning OWNERSHIP OF MAJOR OPERATION ASSETS (ex. land)?

1. Yes
2. No
3. I don't know.

35. As you think about your Transition Plan, and transitioning the OWNERSHIP OF MAJOR ASSETS (land), please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
The land is the only thing I own on the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is ready to take over ownership of the major assets of the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am ready for the next generation to take over the ownership of the major assets of the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Land ownership should be transferred into a new entity (trust, LLC, etc.) in order to accomplish my goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation cannot afford to purchase the land from me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I need to retain ownership of the major assets to provide an income source that covers my living expenses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

36. When you think about your Transition Plan, and factors that have affected your progress creating the transition plan, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
There were/are family differences that need to be worked out first.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We have not made time to work on it.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We have been unable to find the industry professionals we need.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Laws keep changing so we are waiting until we know what is going on.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I need more education about the tools available before a plan is created.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have concerns about the distribution of my personal assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Determining how to create a fair compensation plan (wage/salary for all involved) has been hard.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Communication with family members regarding the transition of assets is hard.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costs to implement the plan I want/need are inhibiting progress.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

BEGIN HEIRS (ON-FARM AND OFF-FARM) SECTION

37. How many brothers and sisters do you have?

--

38. Talking to family about my personal, family and business goals for the operation is hard.

1. Completely disagree
2. Disagree
3. Slightly disagree
4. Slightly agree
5. Agree
6. Completely agree

39. As you think about communication regarding estate planning and transition planning with your family, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA	N/A
Some of my siblings will not like what my parents have in mind.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am worried I will appear greedy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am unsure about the reaction of my parents.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am unsure about the reaction of my off-farm siblings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Communication gaps regarding death exist in my family.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Even when I ask, family members do not want to talk about it.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

40. Listening to all family members' perceptions about how the operation is passed on is hard.

1. Completely disagree
2. Disagree
3. Slightly disagree
4. Slightly agree
5. Agree
6. Completely agree

41. As you think about conversations with all family members regarding how your parents' operation is passed on, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA	N/A
The off-farm siblings have not been here so their understanding about the goals for the operation is not relevant.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is hard to hear other people's ideas about the farm.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is hard to talk about ideas that may not be in line with my goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

42. For my parents, determining how to distribute their assets, while achieving their goals is hard.

1. Completely disagree
2. Disagree
3. Slightly disagree
4. Slightly agree
5. Agree
6. Completely agree

43. Related to asset distribution, please indicate your level of agreement with the following statement.

	CD	D	SD	N	SA	A	CA	N/A
My parents have farming heirs they want to pass the land on to, so the distribution of assets will not be equal.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
While my parents want the farming heir to continue the operation, they have to distribute the assets equally.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents are having trouble determining the timing of asset distribution so they retain enough income to cover their personal living expenses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents have no farming heirs so they plan to sell all their assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Determining how to pass on family heirlooms and other personal property is harder than my parents anticipated.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents know how they want their assets to be distributed and have implemented a plan to accomplish that.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

44. Have your parents discussed the asset distribution plan with you and your siblings?

1. Yes
2. No

45. Have you parents discussed the particular elements of the asset distribution with you and you siblings?

1. Yes
2. No

46. Do you understand why those components are part of the asset distribution plan?

1. Yes
2. No

47. I am confident my parents have the knowledge needed to create/finish their estate plan.

1. Completely disagree
2. Disagree
3. Slightly disagree
4. Slightly agree
5. Agree
6. Completely agree

48. Related to the creation/finishing of their Estate Plan, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
My parents have enough information about the estate planning tools available (trusts, LLC's, wills, insurance, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents know how to utilize the tools (trusts, LLC's, wills, insurance, etc.) to accomplish their goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents know what their estate planning goals are.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

49. One of the challenges my parents face/have faced when working on their estate plan is finding the right industry professionals (attorney, insurance agent, etc.) to implement the needed tools required to accomplish their goals.

1. Completely disagree
2. Disagree
3. Slightly disagree
4. Slightly agree
5. Agree
6. Completely agree

50. As you consider the challenges your parents face working with industry professionals, please indicate your level of agreement with the following statements.

	Complete ly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Complete ly agree
My parents know what tools to use.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents have a hard time determining if the industry professionals understand their goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents often feel like they are being sold a product by industry professionals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Industry professionals are too far away from my parents' home.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Even if my parents find an industry professional they want to work with, the cost is too high to implement their desired plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

51. Are you aware there is a state statute that directs the distribution of your parents' assets if they die without a will? (Chapter 29A-2)

1. Yes
2. No

52. Are you comfortable with that distribution plan?

1. Yes
2. No
3. I do not know what the statute says.

53. What Estate planning tools do your parents currently have in place? Check all that apply.

1. Will-updated in the last 5 years
2. Will-updated 6 or more years ago
3. Revocable/irrevocable trust
4. Life insurance
5. Long-term care insurance
6. Business structure (LLC, Corp., Etc.)
7. Retirement account
8. I do not know
9. None of the above
10. Other

54. Thinking about Estate Planning and the distribution of all assets at your parents' death, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
The dollar value of the assets should be split uniformly to each of my parents' heirs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The dollar value of the assets should not be split uniformly to each of my parents' heirs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents would like to leave a uniform dollar value to each of their heirs, but that will not happen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents' family legacy is more than asset value.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

55. Please elaborate on your responses to the options above.

56. What do you feel are the biggest challenges to creating an estate plan?

57. Do your parents have someone (you, in-law, son, daughter, nephew, neighbor, etc.) returning to the operation?

1. Yes - - CONTINUE
2. No - - TO FINAL QUESTION

58. As you think about your parents' Transition Plan, have they started transitioning WORKLOAD/LABOR responsibilities?

1. Yes
2. No
3. I don't know.

59. Thinking about transitioning WORKLOAD/LABOR responsibilities, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
My parents are ready to limit their workload/labor responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents are able to remain involved by actively working on the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents are ready for the next generation to take over workload/labor responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation (me, sibling, neighbor, etc.) is ready to take over workload/labor responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

60. As you think about your parents' Transition Plan, have they started transitioning MANAGEMENT responsibilities?

1. Yes
2. No
3. I don't know.

61. Thinking about transitioning MANAGEMENT responsibilities, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
My parents are ready to limit their management responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
By actively managing the operation my parents are able to remain involved in the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents are ready for the next generation to take over management responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is ready to take over management responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

62. As you think about your Transition Plan, have your parents started transitioning OWNERSHIP OF MINOR ASSETS (machinery, livestock, etc.)?

1. Yes
2. No
3. I don't know

63. Thinking about transitioning OWNERSHIP OF MINOR ASSETS (machinery, livestock, etc.), please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
My parents are ready to limit their ownership of minor assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
By owning minor assets my parents are able to remain involved in the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents are ready for the next generation to take over ownership of minor assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation (me, sibling, neighbor, etc.) is ready to take over ownership of minor assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

64. Related to the transition of minor asset ownership, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA	N/A
The next generation is taking over the purchase of new machinery for the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is taking over the purchase of new livestock (breeding and/or market) for the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is covering the repair and maintenance expenses for machinery the parents have purchased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is able to obtain financing for the purchase of minor assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

65. As you think about the Transition Plan, have your parents started transitioning ownership of MAJOR ASSETS (land)?

1. Yes
2. No
3. I don't know.

73. For my in-laws, determining how to distribute their assets, while achieving their goals is hard.

1. Completely disagree
2. Disagree
3. Slightly disagree
4. Slightly agree
5. Agree
6. Completely agree

74. Related to asset distribution, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA	N/A
My in-laws have farming heirs they want to pass the land on to, so the distribution of assets will not be equal.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
While my in-laws want the farming heir to continue the operation, they have to distribute the assets equally.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My in-laws are having trouble determining the timing of asset distribution so they retain enough income to cover their personal living expenses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My in-laws have no farming heirs so they plan to sell all their assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Determining how to pass on family heirlooms and other personal property is harder than my in-laws anticipated.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My in-laws know how they want their assets to be distributed and have implemented a plan to accomplish that.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

75. Have your in-laws discussed the asset distribution plan with your spouse?

1. Yes
2. No

76. Do you know the particular elements included in your in-laws asset distribution plan?

1. Yes
2. No

77. Do you understand why those components are included in the asset distribution plan?

1. Yes
2. No

78. I am confident my in-laws have the knowledge needed to create/finish their estate plan.

1. Completely disagree
2. Disagree
3. Slightly disagree
4. Slightly agree
5. Agree
6. Completely agree

79. Related to your in-laws creating/finishing their estate plan, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
They have enough information about the estate planning tools available (trusts, LLC's, wills, insurance, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
They know how to utilize the tools (trusts, LLC's, will, insurance, etc.) to accomplish their estate plan goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
They know what their estate planning goals are.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

80. One of the challenges my in-laws face/have faced when working on their estate plan is finding the right industry professionals (attorney, insurance agent, etc.) to implement the needed tools required to accomplish their goals.

1. Agree
2. Disagree

81. As you think about your in-laws and the challenges they face/have faced when working on their estate plan, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
My in-laws know what tools to use.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My in-laws have a hard time determining if the industry professionals understand their goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My in-laws often feel like they are being sold a product by industry professionals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Industry professionals are too far away from my in-laws' home.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Even if my in-laws find an industry professional they want to work with, the cost is too high to implement their desired plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

82. Are you aware there is a state statute that directs the distribution of your in-laws' assets if they die without a will? (Chapter 29A-2)

1. Yes
2. No

83. Are you comfortable with that distribution plan?

1. Yes
2. No
3. I do not know what the statute says.

84. What Estate planning tools do your in-laws currently have in place? Check all that apply.

1. Will-updated in the last 5 years
2. Will-updated 6 or more years ago
3. Revocable/irrevocable trust
4. Life insurance
5. Long-term care insurance
6. Business structure (LLC, Corp., etc.)
7. Retirement account
8. I do not know
9. None of the above
10. Other

85. Thinking about the Estate Plan and the distribution of all assets at your in-laws' death, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
The dollar value of the assets should be split uniformly to each of my in-laws heirs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The dollar value of the assets should not be split uniformly to each of my in-laws' heirs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My in-laws would like to leave a uniform dollar value to each of their heirs, but that will not happen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My in-laws' legacy is more than asset value.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

86. Please elaborate on your responses to the options above.

87. What do you feel are the biggest challenges to creating an estate plan?

88. Do your in-laws have someone (you, spouse, son, daughter, nephew, neighbor, etc.) returning to the operation?

1. Yes - - CONTINUE
2. No - - TO FINAL QUESTION

89. As you think about your in-laws and their Transition Plan, have they started transition WORKLOAD/LABOR responsibilities?

1. Yes
2. No
3. I don't know.

90. Thinking about transition WORKLOAD/LABOR responsibilities, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
My in-laws are ready to limit their workload/labor responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My in-laws are able to remain involved by actively working on the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My in-laws are ready for the next generation to take over workload/labor responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

91. As you think about your in-laws and their Transition Plan, have they started transitioning MANAGEMENT responsibilities?

1. Yes
2. No
3. I don't know.

92. Thinking about transitioning MANAGEMENT responsibilities, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
My in-laws are ready to limit their management responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
By actively managing the operation my in-laws are able to remain involved in the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My in-laws are ready for the next generation to take over management responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is ready to take over management responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

93. As you think about your in-laws and their Transition Plan, have they started transitioning OWNERSHIP OF MINOR ASSETS (machinery, livestock, etc.)?

1. Yes
2. No
3. I don't know.

94. Thinking about transitioning OWNERSHIP OF MINOR ASSETS (machinery, livestock, etc.) responsibilities, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA
My in-laws are ready to limit their ownership of minor assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
By owning minor assets my in-laws are able to remain involved in the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My in-laws are ready for the next generation to take over ownership of minor assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is ready to take over ownership of minor assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

95. Related to the transition of MINOR ASSET ownership, please indicate your level of agreement with the following statements.

	CD	D	SD	N	SA	A	CA	N/A
The next generation is taking over the purchase of new machinery for the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is taking over the purchase of new livestock (breeding and/or market) for the operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is covering the repair and maintenance expenses for machinery the parents have purchased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The next generation is able to obtain financing for the purchase of minor assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

96. As you think about your in-laws' Transition Plan, have they started transitioning ownership of MAJOR ASSETS (land)?

1. Yes
2. No
3. I don't know.

FINAL QUESTION

99. If you have additional comments you would like to add regarding estate planning and transition planning, please comment in the box below.