



103: Return on Inheritance (ROI) **Study Guide**

1.) What do you think your children's expectations are for your farm distribution?

2.) Are expectations different among your children?

Explain.

3.) Have you done anything to manage those expectations?

List what you have said or done.

4.) What do you think is a good rate of return for an investment?

5.) What is the current rate of return on the net rent income from your land?

Rate of Return = $(\text{Current Rent Income} - \text{Property Tax}) \div \text{Current Land Value}$

6.) Do you think your "off-farm" heirs will be happy with the rate of return on land?

7.) How likely is it that one or more of your heirs would be inclined to sell land that they inherit?

8.) How is principle/capital appreciation ever realized for increasing land prices?

9.) Challenges or frustrations may arise with children later as they observe their "return on inheritance" (ROI). What would this cause you to do now?

- a. Lock it up even tighter and "throw away the key".
- b. Give them a chance to get out at full price.
- c. Give them a chance to get out at a discounted price.
- d. Don't give them the land in the first place. Give them something other than land to start with.
- e. Leave it alone and let the kids figure it out when you are gone.

Explain your answer.