

FARM SUCCESSION

QUESTIONNAIRE

Farm Financial Strategies, Inc.



Farm Succession by Design, Not by Default.

Your Information

Date _____

Your name and age

Spouse name and age

Address

Phone

Number of farming heirs: _____

Number of off-farm heirs: _____

Please note that all information is kept strictly confidential.

Family & Estate

CIRCLE ONE

- | | | | |
|--|------------|-----------|----------|
| 1.) I have a testamentary trust (or life estate) in my will... | Yes | No | ? |
| 2.) I have durable powers of attorney (Financial/Health) that specifically provide farming rules for my heirs... | Yes | No | ? |
| 3.) Problems could arise between my children or in-laws when my estate is distributed... | Yes | No | ? |
| 4.) I consistently review my estate with an advisor... | Yes | No | ? |
| 5.) I am concerned about estate shrinkage (Probate, Federal Estate, State Death and Income Tax)... | Yes | No | ? |
| 6.) I estimate my estate shrinkage (current law) to be \$ _____ | | | |

The Farm Operation

- | | | | |
|---|------------|-----------|----------|
| 7.) I own _____ acres. I rent _____ acres. Livestock: _____
<i>(Type)</i> | | | |
| 8.) It would effect my operation if one of my landlords sold some of the ground I am currently renting... | Yes | No | ? |
| 9.) I have a family farm entity (C-Corp, S-Corp, LLC, etc.)... | Yes | No | ? |
| 10.) I would buy productive farm ground for \$7,000/acre... | Yes | No | ? |
| 11.) I could cash flow land payments of \$600/acre... | Yes | No | ? |

Ownership/Beneficiary Distribution

- | | | | |
|--|------------|-----------|----------|
| 12.) I would gift assets to my family or charity rather than stockpiling in my estate and pay 40-81% tax at death... | Yes | No | ? |
| 13.) I understand that life insurance death benefits are income tax-free, but could cause an estate tax... | Yes | No | ? |
| 14.) I understand that improper ownership of property can cause unnecessary estate shrinkage of 40-58%... | Yes | No | ? |
| 15.) I understand how my retirement accounts and annuities will be taxed (income & estate) at my death... | Yes | No | ? |

CIRCLE ONE

16.) I would like help in organizing my estate ownership and beneficiary designations to fit my strategies... **Yes No ?**

Farm Continuation

17.) My #1 priority is to keep our farm in the family... **Yes No ?**

18.) My farming child wants to own the farm some day... **Yes No ?**

19.) The number of acres our family will need to sustain the farm operation will need to increase in the future... **Yes No ?**

20.) My family has purchased the same parcel of land multiple times at each generation... **Yes No ?**

21.) My operation would thrive if I had to share the control of the operation with my siblings... **Yes No ?**

22.) My operation would thrive if my children had to share control of the operation with their siblings... **Yes No ?**

23.) At current land prices, my farming child could cash flow land payments if annual costs were \$600-\$1,000/acre... **Yes No ?**

24.) I am comfortable with who would determine land purchase prices at death under our current situation... **Yes No ?**

25.) I am comfortable with who would determine land rent prices at death under our current situation... **Yes No ?**

26.) My farm heir would be able to purchase in 9 months the land that it took me a lifetime to accumulate... **Yes No ?**

27.) I would pass the farm on to farm heirs with a strategy that would reduce tax and guarantee fairness to all children... **Yes No ?**

28.) I am ready to begin the distribution (full or partial) of my farm to the next generation... **Yes No ?**

29.) I would like help in coordinating our estate and farm continuation strategies... **Yes No ?**

(Note: We will do this calculation for you as part of your planning process.)

Farm Transition Value -- Calculating the cost per acre

1 Total Tillable Acres Owned _____

2 Average Price per Acre (Appraised Value) _____

3 Purchase Option in Will (____% of appraisal / or enter 100%) _____

4 Value of land to be purchased (Lines 1 x 2 x 3) _____

5 Total number of heirs _____

6 Farm value per heir (Line 4 divided by line 5) _____

7 Number of non-farming heirs _____

8 Cash needed for buy out (line 6 x line 7) _____

9 Annual land payment -- Assuming 20 year note @ 5.5%
(Line 8 multiplied by 0.084) _____

10 Farm heir's 20 year cost/acre to keep farm together...
(Divide line 9 by line 1) _____

11 Machinery/Corp/Operation Value (Market Value) _____

12 % Family Discount included in estate documents _____

13 Value of farm operation to be purchased (line 11 x line 12) _____

14 Mach/Corp/Op value per heir (line 13 divided by line 5) _____

15 Total cash needed for buyout (line 14 x line 7) _____

16 Annual Mach/Corp/Op payment -- 6 year note @ 5.5%
(line 15 multiplied by 0.2) _____

17 Farm heir's cost/acre to buyout Mach/Corp/Op...
(Divide line 16 by line 1) _____

Farm Transition Cost Per Acre (line 10 + line 17) _____