

# Preparing for Farm and Ranch Succession: How You Select a Lawyer

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Farm and ranch succession planning is an important part of overall financial planning. However, it is something many producers procrastinate about. Drafting a will and a health care power of attorney, creating a trust and maximizing your loved ones' inheritance by minimizing taxes are important matters you do not want to leave to chance.

Before you schedule a meeting with a lawyer, it will save you time if you put together a detailed personal record and balance sheet to provide an accurate snapshot of your business. Here is what should be included:

- 1) Personal and family information, including names, addresses, contact information, ages, social security numbers, children (ages) (include grandchildren), parents names and any other information pertinent to the condition of all family members listed
  - a. If there is a will in place, find it and make it available at this meeting with the lawyer.
  - b. If there are trusts or other entities currently in place, bring those documents along.
  - c. If there are advance directives or durable power of attorneys in place, bring them along.
- 2) Land assets owned, including legal description, acres, current estimated value, and how owned (joint tenants, LLC, partnership, for example).
- 3) List other business interests you own, including the description and value.
- 4) Bank accounts and balances in each.
- 5) Stocks, mutual Funds, and/or annuities (listing and value).
- 6) Life insurance policies, company, policy owner and other details, including beneficiary and amount.
- 7) Retirement plans including IRAs, Roth IRAs, etc.
- 8) Machinery owned, including description and current value (include livestock equipment).
- 9) Buildings on farmstead (description and estimated value).
- 10) Inventory of grain and livestock:
  - a. Separate breeding livestock from market livestock.
  - b. Include grain stored both at your bin sites and in commercial storage.
- 11) Autos and truck inventory (description and current value).
- 12) Interest in other trusts or estates (complete a listing).
- 13) List loans or other outstanding obligations, including the terms and amount.

Having this material and information assembled will give the lawyer a good idea of what you might need, and you won't have to try to recall details in the moment. An excellent resource is Iowa State University's publication titled "Evaluating Your Estate Plan: Estate Planning Questionnaire" File C4-57 as a part of ISU Ag Decision Maker publication series. That publication can be printed and completed prior to meeting a lawyer. It has all the above items plus a few additional considerations.

In addition to the detailed inventory/balance sheet, the decision makers in the family should also have a tentative plan in their mind before meeting the lawyer. In making these tentative plans, they need to consider where they'd like to have the assets go after they are gone. If they have a solid plan, most lawyers and other professionals can draft or propose appropriate legal documents to implement that plan.

### **How to select an Attorney to help with Farm and Ranch Succession Plans**

You don't have to hire the first lawyer you consult. You need to have a lawyer you trust. With the internet and other timesavers, attorneys can cover more territory and are willing to travel greater distances than they have in the past.

To find a lawyer, maybe consider recommendations from friends, family and other agriculture professionals in the community to see who they'd recommend. You can also use web sites like legalmatch.com or lawyers.com as resources to find recommendations in your area.

Actually, Legal fees incurred are reasonable in comparison to the benefits gained or losses avoided. Almost everyone prefers to know in advance how much a service will cost, and persons visiting a lawyer are no exception. So when you visit a lawyer for the first time, ask about the fee. Your lawyer will want you to be satisfied with the fee you are charged. Never be reluctant to discuss the fee or your ability to pay it. This is perfectly proper and your lawyer will welcome a frank discussion on the subject.

It is sometimes necessary to have a written agreement with your lawyer regarding the fee for your case. Read this agreement as carefully as you'd read any contract before you sign it. If there is anything you do not understand, ask your lawyer to explain it and do not sign it until you are sure you do understand. You should receive a copy of the agreement.

### **What to Ask a Lawyer**

When gathering your thoughts and documents, think about what you'll want to ask the lawyer. Consider including questions covering these ideas:

- Have the lawyer give their initial impressions of your situation.
- Get assurance that the lawyer's experience matches your operation.
- Check on how the attorneys' fees and other expenses (flat-rate or by the hour) are charged.
- Be sure to ask about additional fees to consider (like recording fees).
- Inquire about who actually drafts the documents and who then reviews them.
- Ask for an estimate of what the average preparation time to have finalized documents.
- If you have concerns about privacy, review the attorney-client privilege and pledge to confidentiality.
- Find out how often the attorney will want to review your documents after your plan is complete.

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