



Kansas Farm and Ranch Succession Planning Update

Ag Lenders Conference

Ashlee Westerhold



KANSAS STATE
UNIVERSITY



Objectives

- Share findings of the last 3 years of helping families through transition planning
- Discuss tools and strategies used
- Motivate families to try and take the next steps in their transition process

KANSAS STATE
UNIVERSITY



One-on-One Consultations

Provide **one-on-one technical services** to facilitate transition planning by resolving family conflicts, evaluating different succession options, and facilitating meetings with professionals

- Families utilized this service: **over 200**
- Follow-up Families: **70**

KANSAS STATE
UNIVERSITY



Some Big Issues Facing Farm Families

1. Lack of any type of documentation
2. *Fairness* between on-farm to off-farm
3. Affordability of two generations on farm
4. Generational differences on farm
5. Long-term care planning
6. Potential tax exposure

KANSAS STATE
UNIVERSITY



Documentation

- No basic wills or trusts (or haven't been updated for MANY MANY years)
- No operating agreements/partnership agreements
- No job descriptions or standard operating procedures



What could go wrong?

- Intestate
- Probate
- Confusion
- Lack of knowledge on how things were handled
- Loss of business



Principle

- No one will remember what you said—they only remember what is written.



Tools Used

- **Family Meetings and Communication**
- Standard operating procedures (especially book-keeping side)
- Job descriptions and information on how decisions have been made
- Written and signed employment contracts
- Updated operating, lease, and business agreements with deadlines for future updates
- Basic estate documents



Fairness

- Undivided Interest
- Understanding what the farm child needs, but having a hard time being *fair*
- Setting the market value of the farm assets as the amount the farm kid is “getting” in the estate



What could go wrong?

- Family fights
- Farming legacies end
- Sell the farm

Shannon Ferrell, Oklahoma State

Simulation Study of KFMA SC Data

Strategy: Farm Kid & City Kid get undivided interest in all farm assets (City Kid buyout).

	Top Third		Middle Third		Low Third	
Breeding Livestock	\$ 56,602		\$ 28,288		\$ 21,442	
Machinery & Equipment	\$ 1,012,499		\$ 499,177		\$ 152,462	
Buildings	\$ 82,894		\$ 27,155		\$ 11,700	
Land	\$ 2,603,650	69%, 1120 acres	\$ 1,442,237	72% 628 acres	\$ 516,111	74%, 288 acres
Total Assets	\$ 3,755,645		\$ 1,996,857		\$ 701,715	
Net Farm Income	\$ 169,059		\$ 98,369		\$ 36,657	

Strategy	Success Rate					
	Op. Debt 3yr	No Op. Debt	Op. Debt 3yr	No Op. Debt	Op. Debt 3yr	No Op. Debt
Down the middle, commercial lending	1%	0%	0%	0%	0%	0%
Down the middle, family lending	2%	0%	60%	0%	73%	0%

UNIVERSITY

The Value of Transition Planning

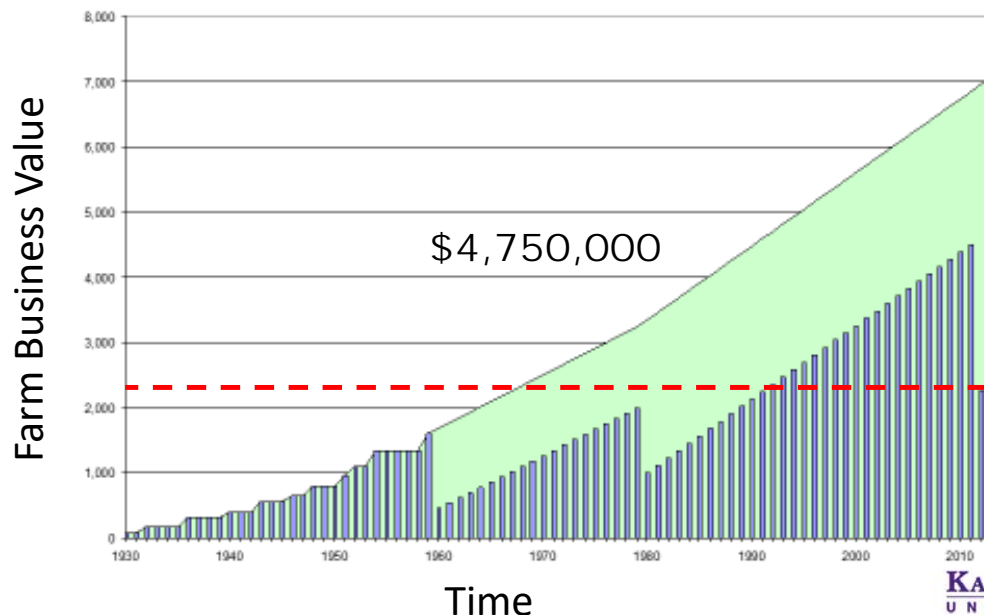


Illustration courtesy Dick Wittman, Wittman Consulting

KANSAS STATE
UNIVERSITY



Tools Used

- **Family Meetings and Communication**
- Buy and sell agreements
- Transfer on death deeds
- Clear division of assets in estate plans
- Long-term lease agreements
- Business entities

KANSAS STATE
UNIVERSITY



Affordability

- KFMA estimates close to \$90,000 for family living expenses not including taxes
- The farm would need to have net farm incomes close to \$200,000 to afford the two families
- Additionally, farm kids need to make enough money to be able to buy out parents

KANSAS STATE
UNIVERSITY



What could go wrong?

- Next Generation goes bankrupt
- Older Generation cannot retire



Tools Used

- **Family Meetings and Communication**
- **Farm Financial Analysis**
- Retirement Planning
- Life Insurance Policies
- Non-cash compensation worksheets



Generational Differences

- Family-first mentality
- More expectations on family lifestyle
- More awareness of living wages and needs
- Workplace flexibility
- Communication looks very different (texts vs. morning coffees)



What could go wrong?

- Older Generation will not let go
- Next generation not interested in coming back

Tools Used

- **Family Meetings and Communication**
- Employment contracts
- Communication of expectations, values, and how it will work moving forward
- Continued family meetings to discuss communication expectations

Long Term Care Planning

- People are living longer
- Costs are skyrocketing
- Lived through Medicaid clawback
- Statistically, average days in a nursing home is 835 days (~2 years 4 months)

LOCATION	In-Home Care				Community and Assisted Living				Nursing Home Facility			
	HOMEMAKER SERVICES ¹	5-YEAR ANNUAL GROWTH ²	HOME HEALTH AIDE ³	5-YEAR ANNUAL GROWTH ²	ADULT DAY HEALTHCARE ⁴	5-YEAR ANNUAL GROWTH ²	PRIVATE, ONE BEDROOM ⁵	5-YEAR ANNUAL GROWTH ²	SEMI-PRIVATE ROOM ⁶	5-YEAR ANNUAL GROWTH ²	PRIVATE ROOM ⁷	5-YEAR ANNUAL GROWTH ²
Kansas	\$54,912	4%	\$56,056	4%	\$21,450	2%	\$54,960	3%	\$75,555	4%	\$81,760	4%



What could go wrong?

- Need to sell land to pay for long term care
- Gift assets while alive and see children lose it for whatever reason
- IRS having a call back for Medicaid expenses



Tools Used

- **Family Meetings and Communication**
- Long-term care planning
- Identify assets to use for long-term care
- Discuss gifting while alive vs death
- Medicaid protection trusts
- Use of business entities to shield assets



Tax Exposure

- Putting tax exposure higher on priority than legacy of the farm
- Gifting while alive vs death vs selling
 - Capital gains tax
 - Income tax
 - Stepped-up basis



What could go wrong?

- Paying more taxes than necessary
- No transition while alive
- Waiting to die before assets turn over



Tools Used

- **Family Meetings and Communication**
- Continued conversations with accountant
- Business entities for operating assets
- Contract sales for land
- Mixing of gifting and selling



**Do any of the families
you support have
these issues?**



ELAINE FROESE QUOTE

- "Deal with the emotional factors affecting planning first, and then you will have a great foundation for being clear on expectations, creating timelines for agreements, and a commitment to action."

KANSAS STATE
UNIVERSITY



AgKansitions

- Mission: Keep Kansas Families in Farming and Ranching
- Deliverables:
 1. Land-Link
 2. One-on-one consultations
 3. Beginning Farmer and Rancher Trainings

KANSAS STATE
UNIVERSITY



Land Link Program

Development of a **LandLink** program to introduce exiting landowners with beginning farmers/ranchers through an application and curated matching process

- Land Seeker: Kansas, Wyoming, North Dakota, South Dakota, Iowa, Illinois, Ohio, Virginia, Kentucky, New York, Florida
- 3 of our Landowners have MATCHED

KANSAS STATE
UNIVERSITY



One-on-One Consultations

Provide **one-on-one technical services** to facilitate transition planning by resolving family conflicts, evaluating different succession options, and facilitating meetings with professionals

- Comments back:
 - “more assertive than I expected, really helpful, not just asking a bunch generic questions, but actually getting to the points needing addressed”
 - “The information was very useful and easy to follow”
 - “provided us some clarity on the succession process”
 - “asked the hard questions that needed answers”

KANSAS STATE
UNIVERSITY



Topic of Conversations for Family Meeting

- Legacy of the Farm
- Values of the Farm
- Goals
- Identify Steps of Succession Planning
- Financial Situation
- Potential Transition Ideas
- Estate Planning

KANSAS STATE
UNIVERSITY



Beginning Farmer/Rancher Trainings



AGEC 450: Returning to the Farm

This course is designed for students who are planning or would like to farm in the future, helping them develop a feasible plan tailored to their individual circumstances.

Spring 2026

Prerequisite: Instructor Permission | **Credits:** 3 hours

Suggested Previous Courses:

- AGECE 120: Principles of Agricultural Economics; and either:
 - AGECE 308: Farm and Ranch Management; OR
 - AGECE 318: Food and Agribusiness Management

This course has three primary components:

- Weekly class on Tuesday and Thursday.
- A weekend workshop for students, families & business partners.
- A written, comprehensive, personal farm business plan.

Comments from past students:

"This class is one of the best classes I have taken at K-State. The class is full of useful information that I will be able to bring back to my family's operation and put to use. I highly recommend anyone looking to return to a farm with plans to take it over to take this course."

"I was able to start the conversation with my family and have it be very detailed. We knew what needed to be accomplished and we were able to accomplish it."

"I thought this class was hugely beneficial. Thank you for the time and dedication I know it took each of the instructors to organize and mentor the students with individual attention."

KANSAS STATE
UNIVERSITY

Are you a Next-Generation Farmer or Rancher?

The Office of Farm and Ranch Transition at Kansas State University Agricultural Economics, in partnership with community college agricultural programs, is hosting one-day conferences designed for beginning farmers and ranchers.

Agenda Topics Include:

- Succession Planning: How land, equipment and livestock can be transitioned between generations
- Communication: Techniques to talk to your family about transition planning
- USDA-FSA Beginning Farmer Loans: Opportunities to finance your farm
- Kansas Land-Link Program: Matching retiring farmers/ranchers with young people interested in agriculture
- Lease Agreements: Common types, negotiation techniques, written contracts
- Farm Financial Management: How to set your farm up for financial success

OCTOBER 17TH – K-STATE STUDENT UNION

NOVEMBER 19TH – BUTLER COMMUNITY COLLEGE

DECEMBER 3RD – GARDEN CITY COMMUNITY COLLEGE

DECEMBER 4TH – COLBY COMMUNITY COLLEGE



To Learn More Information:

<https://www.agmanager.info/beginningfarmer>

KANSAS STATE UNIVERSITY Agricultural Economics



National Institute of Food and Agriculture
U.S. DEPARTMENT OF AGRICULTURE



NORTH CENTRAL
EXTENSION
RISK
MANAGEMENT
EDUCATION



AgKansitions

KANSAS STATE UNIVERSITY

Kansas State University is committed to making its services, activities and programs accessible to all participants. If you have special requirements due to a physical, vision, or hearing disability, contact Nathan Reed, nreed@ksu.edu, or Director of Affirmative Action, Kansas State University, (785) 532-4801. K-State Research and Extension is an equal opportunity provider and employer. Issued in furtherance of Cooperative Extension Work, Acts of May 8 and June 30, 1906, as amended. Kansas State University, County Extension Councils, Extension Districts, and United States Department of Agriculture Cooperating. A. Ernie Winters, Director.

Contact Me

agkansitions@ksu.edu

(785) 532-4526

www.AgKansitions.org

KANSAS STATE UNIVERSITY