

Estate plan makes seamless settlements likely

FARM & FAMILY

BY KRISTIN GUNSOLUS



TALKING WITH FAMILY about what will happen after we're gone is an uncomfortable discussion. And because it's easy to

table the conversation for a later date, oftentimes a plan is never implemented, and children are left facing a mess upon the death of the parents.

However, planning for your death is a necessary and essential part of life. After all, in the words of Benjamin Franklin, "In this world nothing can be said to be certain, except death and taxes." In this column, I will discuss things to consider in approaching the subject, and provide tips to prepare for a seamless estate settlement after you're gone. For the following month's article, I will continue the discussion by detailing what the settlement process entails after a death has occurred.

HAVE THE CONVERSATION

A pivotal aspect in the process is open and early communication, especially in dealing with family farm situations. Be prepared to talk about the inevitable, and discuss potential conflicts as they relate to family dynamics. Also consider

the what-ifs. What if Dad dies early — will the farming son inherit the equipment, or must he buy from Mom? What if something happens to the farming child after the land has transferred — can the land be sold, or must the surviving siblings hold onto it? Will there be shared ownership? Can the land be leveraged? What about rental rates between siblings? What will the nonfarming children receive?

Ask yourself the questions that are certain to arise as your estate transfers to the next generation, and discuss them in advance. It can be helpful to ask your children their thoughts, particularly if one of them will continue farming.

Most importantly, think about what you want to have happen. Articulate the legacy you want to leave, and create an estate plan to make it a reality.

PLAN EARLY

Estate planning should start early and be an ongoing process. Even if you haven't hashed out all the details, have something in place today. Discuss your wishes with your family and ask for their input, if you desire. Seek guidance from your CPA, attorney and financial advisers. Your CPA can help you navigate the income tax waters to lessen any potential future income tax to your heirs. Your attorney can work with you to minimize or eliminate state (if applicable) and federal estate taxes.

Your financial advisers can help you implement a life insurance policy, if that's a part of your plan strategy. It is important that you understand what your plan does, so as to ensure it meets your estate planning wishes.

REVIEW YOUR PLAN REGULARLY

It is unusual for an original estate plan to suffice without ever needing an update. Certainly, many things change throughout the course of life. A change in the law is a change that can directly affect the effectiveness of your plan. Estate tax limits in the year of your death may be drastically different from the limits in place when your plan was created. Update your plan to reflect recent law changes. Children and grandchildren can become estranged, or turn into spendthrifts. Unexpected expenses can consume assets designated for a particular beneficiary, and consequently thwart your plan.

Whether it's annually or every several years, revisit your plan regularly. Determine a maintenance schedule that works for you, based on the complexity of your plan or the recommendation of your attorney. Even the simplest of plans should be revisited at some point after creation.

EASE THE TRANSITION

Let your trustee or personal representative know you've selected him or her

to settle your estate. Let this individual know where you store your documents. The settlement process will be delayed if your trust document or will cannot be found.

Be sure to note your passwords or PIN numbers in a secure place so your trustee or PR can access needed documents or accounts.

Make a list of any bills that need to be paid: for example, heat for your barns in the winters, and debts to be resolved after you're gone. Keep a comprehensive list of all your assets, including investment accounts, life insurance and personal property and their ownership. Oftentimes, the hardest part for children is locating assets they don't know exist.

A detailed report maintained with your documents makes it easy to create an inventory after your death. Finally, leave a list of your professional advisers that your family can contact as they begin to settle your estate.

Use your plan as a tool to ensure your estate is settled seamlessly and according to your wishes. The most important thing is to plan and plan early, and to communicate to your heirs the information they need to settle your estate after you're gone.

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Ag water quality certification hits 300-farm mark

MORE THAN 300 farms have been certified through the Minnesota Agricultural Water Quality Certification Program, according to the Minnesota Department of Agriculture.

Coming in at No. 300 is the Twin Eagle Dairy, operated by Pat and Jody Lunemann in Todd County. As of early January, 306 farms have been certified.

The voluntary ag water quality certification program works with farmers and landowners to identify and mitigate risks to water quality on a field-by-field basis.

The Lunemanns milk 800 cows and farm 1,500 acres of corn, alfalfa and grass to help feed their herd.

"We wanted to get certified to demonstrate that we are doing the best job we can to make sure we have clean water," says Pat Lunemann. "Initially, we didn't know what to expect with the program, but as we worked with our local certification specialists, we found solutions that worked for our farm and protected the water."

The MAWQCP is delivered in partnership with the Board of Water & Soil Resources, the Minnesota Pollution Control Agency, the Department of Natural Resources, and Minnesota's 89 soil and water conservation districts. Through this collaborative effort, the state agencies and

SWCDs are able to leverage their individual strengths to work together to recognize and reward farmers for their work protecting Minnesota's waters.

In 2016 alone, the MAWQCP certified 221 farms and 125,000 acres, due to an increase in trained staff and additional funding.

The 306 farms certified by the MAWQCP represent more than 175,000 acres of working lands. To date, these farms have generated 531 new best management practices that annually help hold soil in place on 14.7 million acres of Minnesota fields, and help keep 9.7 million pounds of

sediment and 6,086 pounds of phosphorus from entering the state's lakes, rivers, and streams annually.

After being certified, each farm is deemed to be in compliance with new water quality laws and regulations for 10 years. Certification is also an approved practice farmers can use to comply with the new state buffer law. Certified farmers and landowners can use their certification status to promote their businesses as protective of water quality. Those interested in the program can contact their local SWCD office or visit mylandmylegacy.com.

Source: MDA