

Team approach is the way forward for farm succession

Succession planning requires the input of all family members as well as advice from experienced professionals to ensure a smooth hand-over and the best outcome for all parties

Bryan Twomey, Teagasc Walsh Scholar



Kevin Connolly, Teagasc Farm Management specialist

Communication around the future of the family farm can be overshadowed by fears of saying the wrong thing resulting in friction and disagreement. The next generation are also often in the dark as to who will be the successor and, if they are chosen, when they might begin to farm in their own right.

Issues such as who will assume the responsibility to manage the farm after the transfer, and how the farm and non-farm assets will be apportioned among the next generation should be discussed and, hopefully agreed, by all family members before anything is decided.

Professional advisors

Early engagement with a Teagasc agricultural advisor will help tease out some of the key questions and what services you need from other professionals on tax, legal and other issues.

Tax is an area of particular concern and people are rightly cautious of triggering a tax bill for either themselves or their next of kin. Many of the tax issues can be resolved once proper tax planning is completed in collaboration with an accountant or tax expert in advance of any transfer.

Solicitors have a vital role in checking ownership titles as well as advising on changes to any proposed farm business ownership struc-



Early engagement with your Teagasc agricultural advisor will help tease out key questions around succession and farm transfer

ture. A solicitor should be involved throughout the planning process to shed light on legal considerations and ensuring the transfer is done correctly. Ultimately, it is through your solicitor that a transfer is finalised and executed.

The 'succession team' concept

The considerations and implications of a succession plan are multifaceted and there are no individuals that have all the knowledge required. Most legal and tax professionals work independently and even though they may share a client there is rarely much engagement between them. A team approach works better

for farm families.

The idea is to bring all your professional advisors together to meet you and your family at a dedicated team meeting. Together they can discuss the likely implications of the transfer and explore all possible options for achieving the family's desired outcome.

The agricultural advisor can assist in facilitating the process by firstly meeting with the family to discuss the family's circumstances, the possible options and what a successful transfer would look like for everyone.

Then, when meeting the other professionals at the team meeting,

FIG 1. AREAS THAT PROFESSIONALS WILL BE ABLE TO ADVISE ON

Agricultural advisor

Farm Partnerships
Companies
Land Leasing
Share Farming
Herd numbers
Income potential
TAMS
CIS-YF
Entitlements
Farming systems
Compliance

Accountant/Tax advisor

Farm Partnerships
Companies
Land leasing
Income Potential
Capital Gains Tax
Capital Acquisitions Tax
Stamp Duty
Income Tax
VAT
Tax Planning

Solicitor

Farm Partnerships
Companies
Land leasing
Retirement Income
Residency
Other Provisions
Trusts
Powers of Attorney
Making/Updating a Will

Continued on p28



Continued
from p27

your advisor will ensure that the queries that you have highlighted are addressed.

The advisor's role is to facilitate the succession team meeting, but also to record the outcomes. These can be circulated to everyone afterwards and used as a roadmap.

A succession team meeting is an opportunity to explore your succession options while having your experts at hand. By having all your professionals present it is less likely that something will be missed or forgotten and ultimately it ensures that you and your professional advisors are all 'on the same page.'

A clear plan of action can be created with follow-on appointments set up with the solicitor, accountant and agricultural advisor in sequence over the following months to look at the specifics of the plan in greater detail.

The case study below outlines how this approach to the farm transfer process works.

Following a preliminary meeting

with their agricultural advisor and a subsequent team meeting with all of their professional advisors, the farm family in question received a fully rounded assessment of their succession options – and they left the team meeting with clarity and a clear direction as to how best to go about transferring their farm.

Progress to date

Research looking into this approach to succession planning has been ongoing within Teagasc since September 2022 in conjunction with University College Dublin and supported



Some 14% of farmers surveyed said they had experienced conflicting information from their professional advisors. And 60% of solicitors and accountants surveyed said they usually require more than three consultations with their farm succession clients.

by the Teagasc Walsh Fellowship Programme.

Teagasc 'Transferring the Family Farm' events in 2022 identified that 75% of farmer attendees would welcome a team approach to succession planning.

Some 14% of farmers surveyed said that they had experienced conflicting information from their professional advisors.

Almost 60% of solicitors and accountants responded that they usually require more than three consultations with farm succession clients. Therefore, the issues you would associate with a fragmented service around succession planning were proven to be true.

With this strong response from the initial surveys the next step was going about developing and designing the approach.

Interviews were held with a number of experts in the legal, accountancy, and mediation fields as well as an expert in teamwork and networking among agricultural service providers.

This feedback and insight led to the design of the Succession & Transfer Team Planning format (Fig 2) which involves firstly, a preliminary meeting with your agricultural advisor, followed by a Memorandum docu-

Case Study – The Kelly family (the case is real but names have been changed)

Tom & Sheila farm under a joint herd number and are now of pension age and would like to take a step back from farming. Their children are Brendan 35, Julie 30 and Mark 28. The following are the ideas and concerns of all the family members at the start of the succession planning process:

Name	Ideas/Opinions	Concerns
Tom & Sheila	Identifying their eldest son Brendan as their farm successor.	Whether to transfer the land to Brendan now or down the line. To give a site to their daughter Julie. To be open and inclusive of their youngest son Mark in the planning conversation even though he is away. How to give their eldest son Brendan more responsibility but still remain involved and receive an income from the farm.
Brendan	To be more involved and improve the farm through TAMS and YFS income.	Parents might not agree with how the farm should be run and where Brendan would like to make improvements.
Julie	Would like to build a house near home and be near to her parents.	Brendan may want the site she has in mind
Mark	That parents have a good quality of life and can visit home freely.	Parents not having sufficient income and that the farmhouse might be transferred with the farmland.

Outcomes* of the Succession Team meeting

The accountant recommended to transfer the outside block to Brendan now before he is 35 and thus avoid Stamp Duty.

The Teagasc advisor suggested that Brendan apply for his own herd number on this land and enter a multi-herd Registered Farm Partnership with Tom & Sheila.

This would allow Brendan to have land of his own within the partnership.

The solicitor advised that the remaining farm assets be transferred in five years time before Tom & Sheila might need Nursing Home Care and to protect the farm from this.

The accountant explained that Julie's existing gift of a house will not have major tax implications if she were to receive a site from her parents.

Mark feels assured that his parents will have sufficient income in their retirement and values being involved in the discussion of the future of his childhood home.

** These outcomes should not be taken as true for all cases*



ment which your advisor completes and circulates to your solicitor and accountant, before then coming together for the succession team meeting.

Having spoken with these experts and agreed on a concept structure, these findings were introduced and presented to a focus group consisting of Teagasc advisory, education and research staff where the approach was critiqued from an advisory point of view.

The most significant outcome from this discussion was the need for a support tool for advisors facilitating the process.

Subsequently an advisor guidebook was created and adapted with the help of this working group.

A workbook to prepare farm families for the process was also created which encourages family engagement and discussion before embarking in the succession team process.

Next steps

Having carried out much of the groundwork over the first 15 months of the research the approach is now being piloted with Teagasc clients.

These pilots are being used as a test-run and our intention is that this approach will be rolled out as a service by Teagasc over the coming years. The feedback so far has been encouraging.

Fig 2. Succession & Transfer Team Planning format



Feedback on the Teagasc team approach to farm transfers

"It is a much better approach, I think it will lead to far fewer disputes. I think it will lead to a cleaner, more successful transition of ownership and that has to be better for all concerned. Nobody is ambushed, nobody has to deal with unintended consequences. Everything is out in the open. Everyone knows where they stand."

Expert from the Law Society of Ireland

"I think this makes sense because I have found that my accountant and solicitor have different ideas as to how we should go about our situation and I find myself over and back and still no wiser."

Kilkenny farmer