

Good Morning,

Can you believe it's already December? I hope everyone had a great Thanksgiving that was filled with love, family, and gratitude. This month's Update from the Field focuses around family farm transition planning. In addition to the abstracts below, Practical Farmers of Iowa has a web page specifically for farm transfer that can be found at this URL:

<https://practicalfarmers.org/programs/farm-transfer/>

Please let me know if you have any questions or if you would like any of the full articles. I can be reached at [kelsey-strandberg@uiowa.edu](mailto:kelsey-strandberg@uiowa.edu).

Warm regards,  
Kelsey

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### **A Model of Farm Transition Planning for the U.S. Plains**

Reed, G., Ferrell, S., DeVuyst, E. A., & Jones, R. (2021). A Model of Farm Transition Planning for the US Plains. *Journal of Applied Farm Economics*, 4(1), 6.

Farm transition planning continues to be a significant challenge for U.S. agricultural owner/producers. Past and ongoing research points to an aging farm population with little or no planning to transition farms to succeeding farming family members, despite documented goals of continued family ownership and operation. This study developed and analyzed alternative farm asset transition strategies using a representative farm for Oklahoma. The simulations considered equity issues, family living requirements, and cash flow pre- and post-transition. Strategies analyzed considered off-farm investments and life insurance tools to even bequests between an on-farm and an off-farm heir, and also modeled splitting inheritance into an operating entity that owns machinery and other operating assets and a landholding entity that leases real estate to the on-farm heir. The simulations assumed a 20-year transition period. Results indicate that early planning is essential for success. In addition, the use of life insurance tools and/or the implementation of equitable, but unequal treatment of heirs improve the likelihood of successful farm transition between generations.

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### **Social Forces and Cultural Factors Influencing Farm Transition**

Inwood, S. (2013). Social forces and cultural factors influencing farm transition. *Choices*, 28(2), 1-5.

Numerous studies demonstrate that farm transitions are influenced by farm family dynamics, socio-cultural values, land tenure, succession, and community factors in addition to economic conditions. While researchers and policy makers may inherently know that social forces and cultural factors are important to farm household survival and succession, it is often difficult to pinpoint what the issues are and how to address them. In order to address the social and cultural factors impacting farm transition, it is important to recognize the demographic, social, and cultural differences among producers and examine how well current policies and programs respond to these differences. American farmers and ranchers may operate large, medium or

small farms; they may be multi-generation or first-generation producers. The U.S. Census of Agriculture recognizes the demographic characteristics of producers by collecting information on: age, gender, race, ethnicity, and number of years farming. A producer's cultural and historical legacy influences broader motivations and values which can directly influence how a farm is structured and how transition decisions are made. Likewise, social issues such as the cost of healthcare and the cost of child care influence farm household economics that directly impact the farm business.

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### **Succession Decisions in U.S. Family Farm Businesses**

Mishra, A. K., El-Osta, H. S., & Shaik, S. (2010). Succession decisions in US family farm businesses. *Journal of Agricultural and Resource Economics*, 133-152.

Farm transfer or succession by the "next generation" holds a place of central importance in the determination of industry structure and total number of farmers and has profound implications for farm families. The family farm sector relies heavily on intergenerational succession. Succession and retirement are linked and reflective of the life cycles of the farm household and the farm business. A large farm-level data set and a logistic regression model were used to examine the determinants of farm succession decisions in the United States, with special emphasis given to the treatment of endogenous wealth and farm size variables. Results point to the importance of a farmer's age, educational attainment of farm operators, off-farm work by the operator or operator and spouse, expected household wealth, and farm business location on the decision to have succession plans.