

5 Easy Steps to Succession Planning

Dr. Tamara Cushing

Florida Forestry Association

August 30, 2023



Who am I?

- Degrees in forestry, taxation, forest finance
- Extension and teaching at UF (Go GATORS!!)
- Society of American Foresters

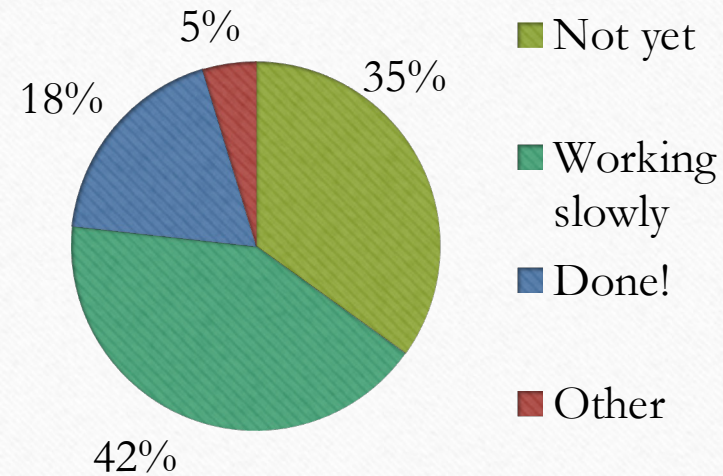
- Wife, mother, daughter
- Gen X

- Fun at parties! I talk about death AND taxes 😊



Have you started planning? You aren't alone

- We aren't all in the same place in the process
- Goal is to help you move along in the process



What's Holding You Back?

- I already have a will
- Kids don't get along
- Too expensive
- Laws keep changing
- Too young to worry about this
- Don't know how to start

Issues Involved in Intergenerational Transfer

Money

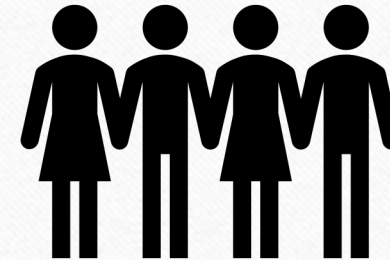
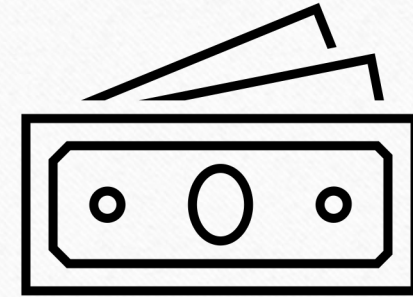
Medical/special/educational
needs

Lack of skills

Estate taxes

Development of
relationships

Control



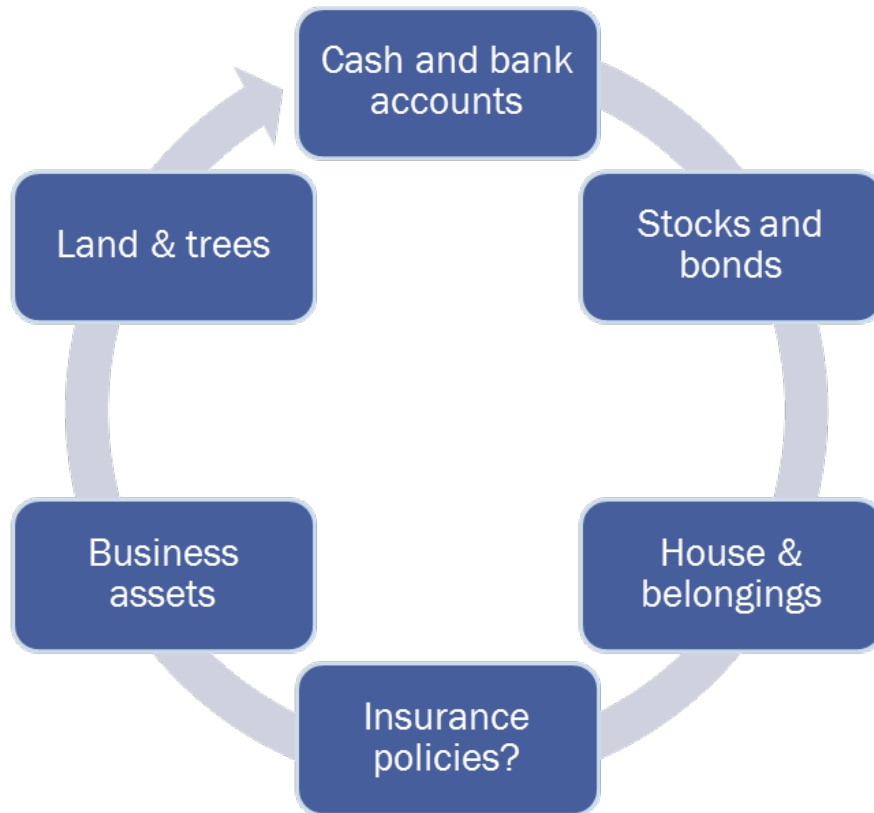
Does the thought of succession planning feel like this?



How do you eat an elephant?

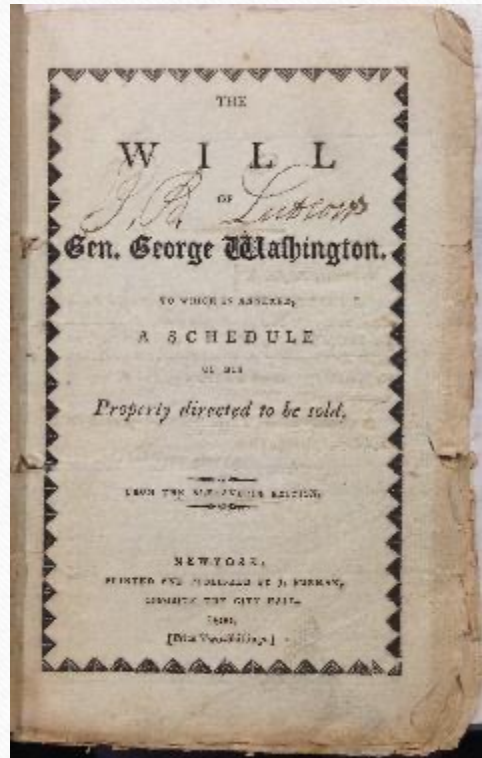


Step 1: Collect Information



- What do you have?
- Track down existing documents
- Estimate of value

Locate the documents



Ohio Department of Insurance
 John P. Kiser - Director
 Mike Taylor - U. Secretary/Treasurer

Cost Sharing Agreement Review Form D

Company Name: _____ NAC# _____
 Contract # _____ Date Submitted _____ Issue Date _____
 Analyst Review: _____ Date: _____ Supervisor Review: _____ Date: _____

STEP 1 - REVIEW THE FILING IN ITS ENTIRETY AND COMPLETE THE ITEMS BELOW. DOCUMENT ALL RELEVANT FACTS OR ISSUES WITH THE FILING IN THE REMARKS SECTION.

1) Was a copy of the agreement included in the filing? Yes No
 Remarks: _____

2) Are the following terms and conditions provided in the Agreement?
 Services to be provided: Yes No
 Compensation: Yes No
 Access to records (regulatory agencies): Yes No
 Maintenance of records: Yes No
 Property rights of records (servient estate): Yes No
 Easement and payment terms: Yes No
 Assignment (non-indemnity): Yes No
 Indemnification: Yes No
 Relevant state law: Yes No

Additional Remarks: _____

3) Is the Agreement only between affiliated parties? Yes No
 Remarks: _____

4) Are there any terms in the Agreement that are unclear or need clarification? Yes No
 Remarks: _____

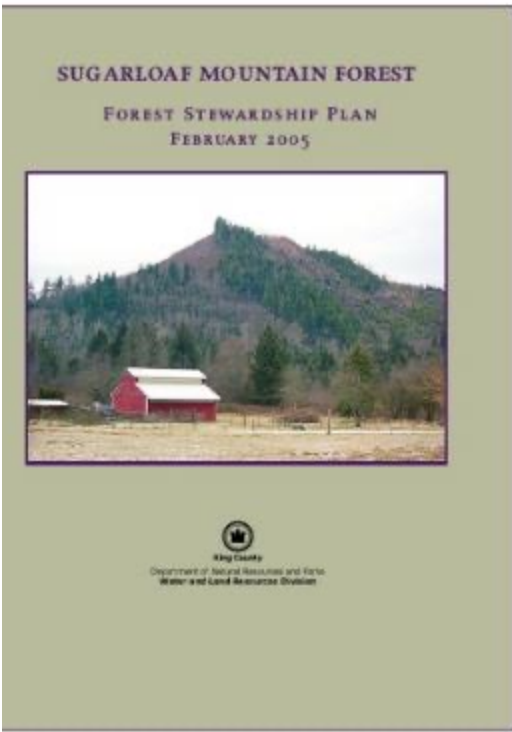
5) Are there any concerns that need to be discussed laterally?
 Remarks: _____

6) Has the business outside provided that discusses the purpose and need for the Agreement?
 Remarks: _____

7) Describe the accounting basis used in apportion costs, and whether or not it is in accordance with SAP?
 Remarks: _____

8) Has the appropriate Cost Allocation or Fair and Reasonable (service agreement) language been included in the Agreement?
 Remarks: _____

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Recording Assets

Real Estate

Description and location: _____

Description and location: _____

Parcel/tax lot #: _____

Parcel/tax lot #: _____

Zoning/easement: _____

Zoning/easement: _____

Date, how acquired: _____/_____/_____

Date, how acquired: _____/_____/_____

How owned: _____

How owned: _____

% ownership: _____%

% ownership: _____%

Basis: \$ _____

Basis: \$ _____

Debt obligation: \$ _____

Debt obligation: \$ _____

Timber

Description: Stand #: _____

Description: Stand #: _____

Est. value: _____

Est. value: _____

Valuation date: _____

Valuation date: _____

Description: Stand #: _____

Description: Stand #: _____

Est. value: _____

Est. value: _____

Valuation date: _____

Valuation date: _____

Bank accounts

Savings Account:

Account Number

Bank or Company

Balance

\$ _____

Checking Account:

Account Number

Bank or Company

Balance

\$ _____

Certificate of Deposit:

Account Number

Bank or Company

Balance

\$

"One day Alice came to a fork in the road and saw a
Cheshire cat in a tree.
'Which road do I take?' she asked.
'Where do you want to go?' was his response.
'I don't know', Alice answered.
'Then', said the cat, 'it doesn't matter.'"



Step 2: Establish Vision & Goals

- Financial & nonfinancial
- Short-term, long-term and transition
- What does the property mean to you?

Goals



**In a perfect world, what I would like
to see happen over the next...**

10 years

20 years



**Major Challenges standing in the
way:**

Why identify my goals?

- Setting goals gives you long-term vision and short-term motivation.
- It focuses your acquisition of knowledge, and helps you to organize your time and your resources.
- By setting sharp, clearly defined goals, you can measure and take pride in the achievement of those goals, and you'll see forward progress in what might previously have seemed a long pointless grind.

Example Goals

- Transfer of property to next generation
- Minimize stress
- Minimize transfer expenses
- Prepare a management plan
- Involve my kids in the management
- Provide income for retirement
- Set up an LLC
- Keep the land in the family

What does the
property mean to
you?

On a scale of 1 to 10

1 = financial asset only

10= priceless family heirloom



Heirloom Scale

- Where are you today?
- No right or wrong
- Changes over time
- May differ...A LOT!
between owners

Where are you on the Heirloom Scale? Select which number most reflects your feelings about your land.

1 2 3 4 5 6 7 8 9 10

1= My property is one of the financial assets in my portfolio and nothing more

10= My property is a priceless family heirloom to be protected at all costs

Use this section to documents your thoughts and why you selected that number:

Now is the time...

- To identify the future
 - Managers
 - Owners
 - Professionals



But are they interested?



How would
you know?



Step 3: Engage the Family

- Walk & Talk



- Family Meeting



Why have a meeting?



EFFICIENT WAY TO
SHARE
INFORMATION



ALLOWS OWNERS TO
SHARE VISION AND
GOALS



INCLUDE
POTENTIAL FUTURE
OWNERS IN THE
PLANNING PROCESS



OPENS
COMMUNICATION
PATHWAY



PLACE TO SHARE
IDEAS AND
CONCERNS

Preparing for the meeting

Moderator appointed

Place / date & time / location / expenses
determined

Written agenda sent few weeks before

Decide on specific goal(s) for meeting

Under that goal or goals what specific topics need
to be discussed

Prepare handouts to discuss during meeting and
then be a part of minutes



Goals of the meeting?

- History of land
- Face-to-face communication
- Get to know each other in a working relationship
- Know the personal needs, desires, & goals
- Education
- Make informed decisions
- First meetings vs subsequent, different goals
- Begin to involve advisors to assist the family

Define “Success”

- Everyone learned something, had fun, and no feelings hurt
- Family communication improved
- Discussion stayed on point and on time
- Everyone participated in discussion
- New topic mentioned and discussed
- Decisions made
- Evaluate meeting as to success in achieving goals



What could possibly go wrong?

Meeting
delay,
transfer
happens
anyway

Lost input
from a
member of
the family

Most did not
fully
comprehend
a topic

No follow
through

Step 4: Create Succession Plan

- New owners
- Transition plan



What would you like to have happen with the land?

- a) Sell it
- b) Donate it
- c) Divide among heirs
- d) Leave to one heir



Who do
you want
to inherit
your
property?

- Spouse
- Children
- Grandchildren
- Siblings
- Nieces & Nephews
- Friends
- Charitable or Conservation Organizations
- Your college?

Things to consider



FAIR VS EQUAL
DIVISION



FINANCIAL
NEEDS



THINK ABOUT
SWEAT EQUITY

Identify the people



Status of current operations

- The current status of the management of the family business
 - The players
 - Recurring activities

Who Does What On Your Land?

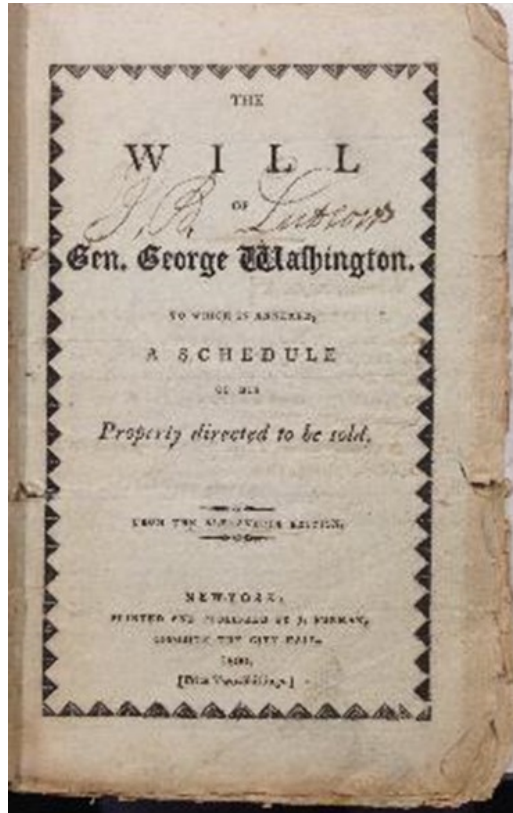
Developing an overview of the management of you land

Jobs on Your Land

Job Title	Who	Job Description	Decisions Making? If yes, what types of decisions	When
Manager of the Land				
Book keeper				
Land Maintenance				

The Professional You Work With (include all that apply)

Type	Role	Name	Address	Phone	Email
Forester					
Wildlife Biologist					
Lawyer					
Accountant					



Step 5: Create Estate Plan

- Meet with advisors
- Decisions about ownership structure
- Appropriate documentation

“He left a fortune, to no one”

“He was a very smart man but he died like an idiot,”

Real-estate developer worth over \$40
MILLION

Died with no will in 2012



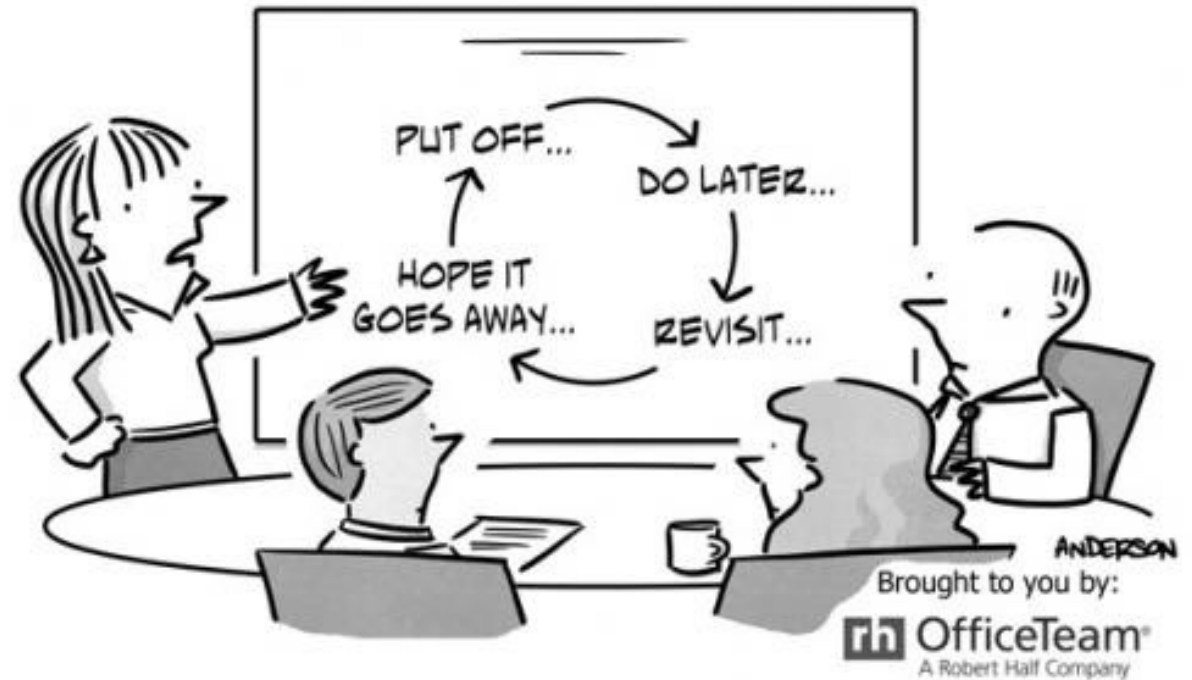


The hunt begins

- Looking for relatives
 - Spouse?
 - Children?
 - Records are sketchy

Why did this happen?

- He didn't want to plan
- Then procrastinated
- Lack of heirs?
- Only half left!
 - Taxes
 - Attorney fees



"I think I see the problem, but let's tackle that tomorrow."

“I don’t want to think about dying”

- It is often quoted that two things in life are certain, death and taxes.
- Death is inevitable, we will all die one day. It is best that you have your family prepared for life afterward with as little hassle as possible
- This is the hardest part, opening the dialogue

How do you eat an elephant?



tcushing@ufl.edu

Every journey begins
with the first step.

