

SUCCESSION PLANNING AND RETIREMENT - WHERE TO START?

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Succession planning can seem a big mountain to climb so it may be easier to split it into two key areas.

1. Transfer of responsibility &
2. Transfer of assets

It is quite common to transfer responsibility prior to transfer of assets. In order to do this it is first necessary to establish who are the people involved and what do they want. Speak to the whole family, what are their expectations from the farm? Although not an easy conversation to initiate, this is invaluable, as such many choose to involve a facilitator to ensure all voices and opinions are heard. Once you have an understanding of where everyone stands it becomes a lot easier to plan.

Handing over responsibility can take many shapes from ownership of a specific task such as youngstock rearing, decision making for the business, becoming a partner or director or involvement in producing a long-term business plan. By passing on responsibilities it can help towards a change of role on the farm to be less hands on and more of a mentor.

It is important to seek expert advice when it comes to structural changes to the business, for example adding business partners. Accountants and solicitors can help with tasks such as creating or rewriting a partnership agreement. External advice can also point out if there is another solution that had not been thought of.

An important consideration when it comes to transfer of assets is ensuring the outcome is fair. However, fair does not necessarily mean an equal split between siblings as there may factors to take account of. There may be one or more siblings who have worked on the farm for a number of years with limited earnings and there may be residential property to think of as well.

When it comes to transfer of assets it is common to start the conversation with an accountant. Most families have an annual meeting with the accountant, often this is a longstanding relationship and the yearly review gives good opportunity to discuss business direction.

It is also essential to check wills and power of attorney documentation to ensure your wishes are carried out. This is especially important if your family situation has changed since they were written.

If you would like to look at some of the resources AHDB has on succession planning including several webinars with farmers, accountants, advisors and facilitators please follow this link: ahdb.org.uk/business-planning/changing-your-business/talking-things-through

