

# *Succession Planning*



**STEPS TO SUCCESS**

**Your love of the land, your management ethic, your desire to see the property remain intact, in forest, and in family ownership—these are components of your woodland legacy.** Most woodland owners in Virginia cite legacy as one of their main reasons for owning land, and a large majority express concern over their ability to keep the land intact. The following steps were designed to help you find the best way to pass this legacy intact to your heirs.

1 2 3 4 5 6 7 8 9



## **Commit to beginning the process and stay committed**

Congratulations on beginning the legacy planning process. A legacy plan is a living document. Once it is completed, it should not be stagnant. Be prepared to stay committed to this process for years to come.



## **Determine your family assets**

Assets are anything you own with monetary value, such as your home, your investments, and your land. Cataloguing and valuing these assets will help you with your succession planning.



# 3



## Write down your goals for your land



Goals are statements of what you want your property to be at some point in the future. A goal should be very general and big-picture. You may have more than one goal for your property—this is not uncommon.





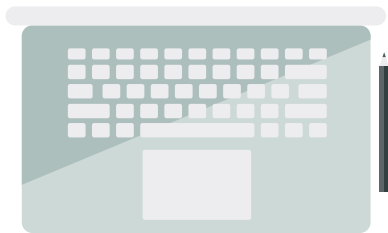
## **Hold a family meeting to share your passion and goals**

The purpose of your first family meeting is to share with your prospective heirs your hopes regarding the long-term stewardship of your woodlands. It is also to gauge their level of interest and commitment to the land.



## **Gather/create essential documents**

After your family meeting, take some time to assemble all the documents essential to your succession planning process. Some of these documents you have already completed in earlier steps.



## Establish your succession planning team

One key to successfully developing a succession plan is to form a team of professionals who have a solid understanding of forest management issues and the complexities of family businesses. Look for professionals who have specific experience with transfer of farm or forest land. You'll also want to look for professionals who appreciate the complexity of family dynamics and attachment to the land.







## **Determine what tools are available to help you meet your goals**

Identify legal, financial and conservation tools that are helpful to achieving your personal and business goals.



## **Provide opportunities for your family to learn about and enjoy your woodlands.**

It's never too early to start building your family's bond with your woodlands. Perhaps it's something simple, such as letting your children or grandchildren feed the chickens or pick blueberries. Perhaps it's something more structured, like an annual family reunion on the land. For family members with a strong interest in the land, perhaps it's involving them in management decisions and activities.





## **Revisit your plan on a regular basis and adapt as necessary**

Like families, your succession plan may change and grow over time. Check back in with your plan on a regular basis to ensure it continues to reflect your goals, your assets, the condition of your land, and your family's interests. Continue the family meetings on an annual basis.

*Many things difficult to design prove easy to performance*

*-Samuel Johnson*



For more information contact

## Essential Documents Checklist

- Forest Management Plan
- Wooded Property & Estate Overview
- Who Does What on Your Land?
- The Heirloom Scale
- Heir Identification
- Family Resource Inventory
- Family Values & Goals
- Mission/Vision Statement
- Will
- Power of Attorney
- Medical Power of Attorney or Advanced Medical Directive

# Worksheet 1 - Wooded Property and Estate Overview

## Property Information

Address/Location: \_\_\_\_\_

County: \_\_\_\_\_ Total Acres: \_\_\_\_\_ Wooded Acres: \_\_\_\_\_

Date of Last Appraisal: \_\_\_\_\_ Last Appraised Value of Property: \_\_\_\_\_

Estimated Current Value: \_\_\_\_\_

Holder(s) of title: \_\_\_\_\_

Amount owed: \_\_\_\_\_ Value of standing timber: \_\_\_\_\_

Most recent timber cruise: \_\_\_\_\_ Distance from nearest incorporated city: \_\_\_\_\_

Is there a management plan? \_\_\_\_\_ General property manager: \_\_\_\_\_

Employees: \_\_\_\_\_

Contractors: \_\_\_\_\_

Neighboring uses: \_\_\_\_\_

## Acreage Total

Parcel ID	Tax Map ID	Acres	Zoning	Date Acquired	Current Value	Basis

**Woodland (Acres)**

Merchantable Timber	Pre-merchantable Timber	Plantations (<10 years old)	Understocked	Other

**Harvest History**

Year	Stumpage Value (\$/MBF*)	Volume (MBF)	Value

\*MBF = Thousand Board Feet either in Doyle or International ¼ inch

**Planting History**

Year	Parcel	Acres	# Seedlings/Acre	Species

**Roads**

Year	Parcel	Length	Cost	Contractor

### Pasture Rental

Parcel	Tenant (Name & Contact)	Rent	Due Date

### Buildings, Machinery, and Equipment

Item	Year Purchased	Purchase Price	Make/Model	Owed	Appraised Value

### Bank Accounts

Asset	Bank or Company	Account Number	Amount
Savings			
Checking			
Certificates of Deposit			

### Retirement

Asset	Company	Policy Number	Beneficiary	Value
Mutual Funds				
Life Insurance				
Employee Benefits				



**Motor and Recreational Vehicles**

<b>Item</b>	<b>Year Purchased</b>	<b>Purchase Price</b>	<b>Make/Model</b>	<b>Owed</b>	<b>Appraised Value</b>

**Jewelry/Gems/Precious Metals**

<b>Item</b>	<b>Year Purchased</b>	<b>Description</b>	<b>Purchase Price</b>	<b>Owed</b>	<b>Appraised Value</b>

**Total Estate Value**

<b>Total:</b>	

## Worksheet 2 – The Heirloom Scale

Name: \_\_\_\_\_

*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*



Thoughts	Thoughts	Thoughts	Thoughts	Thoughts	Thoughts	Thoughts	Thoughts	Thoughts	Thoughts
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>



### Worksheet 3 – Selecting Your Heirs

Name: \_\_\_\_\_

Location: \_\_\_\_\_

Proximity to land: \_\_\_\_\_

Could this potentially change in the future? \_\_\_\_\_

How engaged are they with your land? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Where are they on the heirloom scale with respect to your land? \_\_\_\_\_

What are they interested in? \_\_\_\_\_

\_\_\_\_\_

Is there a way to engage them with your land around those interests? \_\_\_\_\_

Name: \_\_\_\_\_

Location: \_\_\_\_\_

Proximity to land: \_\_\_\_\_

Could this potentially change in the future? \_\_\_\_\_

How engaged are they with your land? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Where are they on the heirloom scale with respect to your land? \_\_\_\_\_

What are they interested in? \_\_\_\_\_

\_\_\_\_\_

Is there a way to engage them with your land around those interests? \_\_\_\_\_

## Worksheet 4 - Who Does What on Your Land

### Jobs on Your Land

Job Title	Who	Job Description	Does this person make decisions?	When/How Often
Manager				
Book Keeper				
Maintenance				

### The Professionals you Work With

Type	Role	Name	Address	Phone	E-mail
Forester					
Wildlife Biologist					
Lawyer					
Accountant					

**Annual/Recurring Activities**

<b>Month</b>	<b>Activity Description</b>	<b>Who Does it?</b>	<b>When?</b>	<b>What to Do?</b>
	Pay property taxes			
	Pay bills			
	Maintain Equipment			

**Permits**

<b>Type of Permit</b>	<b>Who Provides</b>	<b>Why necessary?</b>	<b>When?</b>

***Excerpts from David Watson, University of Wisconsin,  
Center for Agroforestry  
“Succession Planning for Woodland Owners”***

***VISION STATEMENT for YOUR LAND***

A vision statement really is the first step in the succession planning process. A “vision statement” not only serves as a compass to everyone making operating decisions regarding the woodland, but it also serves as a “guidepost” for succession planning activities.

A vision statement keeps everyone on the team focused on the ultimate objective. A vision statement should be a statement about your dreams, about your passion. It should capture the essence of your desire for the woodlands that are so important to you. It should be clear and concise.

A vision statement does NOT contain specific goals, or strategies. It does not tell how you are going to get there. It simply states where you want to go. It defines why you are in this business, or why you own this woodland. A vision statement becomes a compass.

Examples of a properly designed vision statement could be:

- To provide hunting and recreational opportunities to our children and their families;
- To maximize the long-term revenue potential of the timber resources for current and future generations of our family;
- To grow and harvest high quality walnut and hardwood timber in a sustainable manner;
- To provide healthy and diverse habitats for native wildlife species.

A properly constructed vision statement should frame your ultimate goal for the benefit of anyone making decisions regarding your property, now, or in the future. It is the beginning of the blueprint for the operating decisions, as well as the estate planning decisions.

## HEIR ASSESSMENT (David Watson, UWI)

It is critical that a landowner make an honest, objective assessment of the potential heirs. The intent of this exercise is to anticipate which heirs are best able to manage the forestland [and agricultural land], and which heirs are possibly better suited for other family assets. It may identify heirs who need additional preparation, before they can assume an ownership/ management role. It can help to anticipate what could go wrong with the succession plan, what obstacles the heirs may face, and how the current owners might steer the family assets to their best use. It is about stewardship.

The assessment is as simple as objectively evaluating each potential heir, their spouse, family, financial situation and their commitment to the family land. If there is more than one current owner (i.e. a spouse or other family member) it may be useful for each owner to perform this analysis independent of each other. Comparing the two different perspectives, and reconciling any differences, may be enlightening.

***A partial list of possible heir assessment criteria is given below. Families are encouraged to add to this list to suit their particular family situations:***

- Current involvement and knowledge of timberland/agricultural management?
- Passion for the family land?
- Is the family land perceived as a treasured family asset or just another financial asset?
- Career plans? Career requirements?
- Where do they live? How far from the land?
- Does spouse enjoy/value the land?
- Does spouse have the same value system?
- Are the marriages (if any) likely to last?
- Are there health issues?
- Do the heirs get along with each other? What about the spouses?
- Can they all get along in a business relationship?
- What are the current financial resources? In the future?
- Are the heirs persevering? Patient? Or do they want more immediate gratification?
- Do they value and respect wild things and places? Or are they inclined to appreciate the comforts of modern society more?
- Do they understand business matters?
- Are they willing to do physical work? In difficult conditions?
- Does anyone have an emotional, psychological or chemical dependency problem?



# Succession Super Heros: Sound Familiar?

## CAPTAIN IMMORTAL:

“His hair never grays, energy that never wanes and willpower stronger than life itself. .. He has convinced himself that [his last day] is years away, so investing time in planning or training the next generation is for now, an irrelevant task. Captain Immortal only lives in the NOW. You’ll hear Captain Immortal say, “IF I die, or IF I retire....”

## DR. SHHHHHH:

He has a plan ... but he values the power and freedom of privacy more than life itself. He knows that he is not completely immortal, but he doesn’t want anyone else to realize it. ... After all, why should he have to relinquish control and information before it’s absolutely necessary? Dr. SHHHH is also concerned about keeping the peace and not creating attitudes of entitlement in the next generation.

## OBLIVIOUS MAN

He is so consumed with doing his work that he doesn’t even consider what will happen beyond his leadership, let alone the consequences ... He has no clue he is laying the foundation for confusion, chaos and conflict for his family and employees by not making plans for the future.

## MS. REALITY

Always good at taking care of her business, she enjoys the daily thrill of her work, and she knows that someday she will not be able to leap tall fences in a single bound or stop an incoming bull with her bare hands. She has a keen awareness of the responsibility that she must make long term plans for her family. She sees planning as critical and inevitable to longer-term success.

*Excerpts from The Farm Whisperer: Secrets to Preserving Families and Perpetuating Farms*

David Specht, Taneil Specht