

A survivor's story

Written by Nancy Jorgensen

Tuesday, 31 August 2010 10:54



There's an old saying about farmers-you're land rich and cash poor. You hold most of your assets in land and equipment, creating complex issues when it comes to passing on the farm to family.

Tammy Shafer will never forget June 27, 2009, the day that her husband, Roger, died in a pickup accident. The couple had no estate plan or will. Tammy agreed to share her story so that you can learn what you can do to prepare in case you're faced with a similar situation.

"Before, I had limited involvement in the farm," said Tammy, who lives near Green City, Mo. "I worked at a job in town, raised the kids, helped out where I could and cosigned bank notes, but Roger was the decision-maker. He didn't want to worry me with the financial part of it."

Today, Tammy continues to work as a medical technologist in Kirksville, 30 miles away. She manages the farm finances in her spare time. Tammy and her family continue to grow row crops, hay, crossbred beef cattle and contract-raise weaner pigs.

"Our goal was always to farm with the kids some day," Tammy said. "Fortunately, they are all working together, and they want to help."



All three kids stepped up after the accident. Son Logan, 25, suspended his own construction business and returned home. Trevor, 20, dropped out of college to help. Daughter Gentry, 23, stayed home through the fall semester before moving to Texas A&M University where she's working toward a master's of animal science in beef reproduction physiology.

All three want to farm on their own. Tammy hopes they can carry on as the fourth generation on the Shafer family farm. If so, they'll need to expand-the current operation can't support everyone.

The school of hard knocks

Raised on a farm, Tammy knows cattle, but it's been a challenge to learn to budget and make a profit. "Roger was a very hard worker," she said. "He always made it work." Now Tammy's the money manager. Gentry helped Tammy set up spreadsheets to track earnings, expenses and other financial measures.

Roger worked with his brother, Brent, to row crop, mostly corn and soybeans. "Brent's been instrumental," Tammy said. "Without him, I'd be lost." Today, she's out of the row crop business; Logan and Trevor continue to raise crops with Brent. Roger's parents, Leon and Kathryn, are retired but help out when they can.

"I wish I had known more about the financial aspect," Tammy said. "I understand Roger's thinking-the finances were his job, and he did his job well. But it's important for women to know things like who owns the equipment and who we rent land from."

The Shafers rent most of the land they farm. In Missouri, farmers rent 46 percent of all acres farmed, and they rent 55 percent across the United States. As with many farmer-landlord relationships, the Shafers depended on verbal agreements. Since women generally live longer than men, widows own a lot of farmland.

Tammy recently asked a landlord, a widow, to sign an agreement that spelled out the lease price. The neighbor balked at the idea of a written contract, but Tammy reassured her, "It's not for us-it's for our kids."

"I thank God we work with wonderful landlords," Tammy said, adding that her boys and Brent understood most of the arrangements.

The Shafers talked about making a will or estate plan, but never acted on the idea. "We figured it won't happen to us-it

Country Corners

We can talk about the weather

Today's Farmer is online and in social media. When I put these words down, those of us crop watchers in northeast Missouri could ask each other with legitimate concern if August wa...

Country Corner | Administrator | Tuesday, 31 August 2010 | Hits: 32

[Read](#)

Midwest is still cow and calf country

What else are you going to do with all that grass? A ruminant is the only thing that can really do it. Out here in the great flyover where the Midwest ...

Country Corner | stevefairchild | Friday, 25 June 2010 | Hits: 210

[Read](#)

In the latest Today's Farmer

A SURVIVOR'S STORY

There's an old saying about farmers-you're land ri

2010 MFA FOUNDATION SCHOLARSHIP PROGRAM

Established in 1958, the Foundation is a nonprofit

MISSOURI FARMERS REACH OUT TO CONSUMERS

\$10,000 in groceries and an at-home tailgate packa

HE'S MET THEM ALL

Long-time farmer Truman Cooley has met every MF

ALLTECH FEI WORLD EQUESTRIAN GAMES BEGIN

MFA is proud to sponsor this record-breaking eve

WE CAN TALK ABOUT THE WEATHER

Today's Farmer is online and in social media Wh

GRAZING RICE AS A SMALL GRAIN

Will it work? I'm trying to find out I have been

CROP NEEDS FOR SECONDARY AND MICRO NUTRI

Over the past few years, we have seen an increase

happens to other people," Tammy said. "It was naïve thinking-and it could have been a disaster."

It could have been worse

Roger's death was an incredible loss, but Tammy was lucky in other ways. She didn't have to pay estate taxes. Joseph Koenen, an Extension specialist from Unionville, Mo., helped lead classes that Tammy recently attended on farm management (see sidebar). According to him, Federal law for 2009, the year Roger died, allowed a spouse to inherit up to \$3.5 million in assets without paying estate taxes. For this year, if something happened to Tammy, the children could inherit an unlimited amount without paying estate taxes. Unless Congress acts soon, current law expires in 2011, reverting to a previous law taxing inheritances of \$1 million or more.

Since Tammy cosigned on all bank accounts and loans, she didn't have to go through probate. Probate is a court-run process by which legal title of property transfers from the deceased to beneficiaries. It can take six months or more for the court to determine if creditors must be paid before assets become available to beneficiaries.

Tammy Shafer has learned a lot about succession and estate planning. We asked her, along with an attorney, a judge and Extension specialists, to list steps you can take to meet your goals.

Here's what they recommend.

- Both spouses should be involved in making decisions and be knowledgeable about the farm's operation.
- Co-own everything. In most cases, both spouses should cosign all loans, and all bank and other financial accounts should be in both names.
- Put land lease agreements in writing.
- Keep good records, and make sure both spouses know where to access them. Include an inventory of land and equipment, its value, and who owns what.
- Consider purchasing life insurance for each spouse to cover potential loss of income. Keep beneficiaries up to date. When one child wants to farm and others don't, you can leave the farm to the one and purchase life policies to cover the others.
- Work with an attorney to develop a trust and/or estate plan that spells out your goals regarding who will inherit property, equipment and other assets. You might consider forming a limited liability corporation (LLC). But if you do, some of the above steps wouldn't be appropriate. Wills are usually not the best way for farmers to go, since they require assets to go through probate.

This list isn't complete, all items may not apply to your situation, laws in each state differ, and we are not providing legal advice. You should consult an attorney and other experts to determine what's best for you.

But you can begin with baby steps. "First you set goals," said Cynthia Crawford, family financial education specialist for Saline County and the Central Missouri Region for the Extension Service. "If families aren't clear about what they want, you can't honor their goals."

Crawford, who works from Marshall, Mo., suggests you start by filling out a few forms. In Missouri and many other states, you can make bank accounts and other investments such as stocks and bonds payable upon death to your spouse or another beneficiary. For assets with titles, you can make the asset titled on death to the beneficiary of your choice. Crawford suggests you only include the spouses' names, not children's, so the surviving spouse maintains control of the asset.

Extension's Joseph Koenen helps lead Annie's Project classes. "Farmers' assets are complex," he explained. "That's why it's important to do estate planning." He sees farmers creating trusts to deal with untitled assets like equipment, grain and livestock. Land can also be covered. "With a trust, you avoid the probate process, where attorneys usually take a share of the personal property's value."

Titles to land and equipment listed both Tammy's and Roger's names, except for one vehicle, and Missouri allows the surviving spouse to inherit one vehicle without paying taxes or going through probate. Plus, Roger had some life insurance, although it wasn't enough to cover expenses left behind.

After Roger passed away, Tammy set up a trust and formed a limited liability corporation (LLC) to protect her children in case of her death. "That's a huge concern to me-that the farm will continue in the Shafer family," Tammy said.

Things are getting better, but Tammy's still a long way from enjoying life again. "I know God has a plan," she said. "He never said it would be easy. But we live in a wonderful community that's prayed for us and supported us."

On the day of the accident, beans needed planting. Hay was cut and on the ground, waiting to be baled. "The neighbors came in and did all that for us," she said.

Looking back on the last year, Tammy says that for her, farming means more than just money. "I'm bound and determined that we'll all get along. We'll hold this family together."

Estate Planning training

Estate planning became a hot topic at a Women in Agriculture Conference that Crawford organized last winter. Hugh Harvey, probate judge for Saline County, warned participants about what he calls the Vulture Thing. "If you don't have estate goals, the one person you don't want to handle your estate will swoop in and take over," he said. "I see more

MORE IN: [Feature](#), [Country Corner](#), [Livestock](#), [Crops](#), [Viewpoint](#), [Recipes](#), [Upfront](#)

Viewpoints

An educational trip

Board trip highlights scope of MFA's operations
Effective corporate oversight is important in today's business environment. To effectively function in this environment, MFA benefits from an engaged and informed 14-member board of...

[Viewpoint](#) | Administrator | Tuesday, 31 August 2010 | Hits: 19

[Read more](#)

Missouri agriculture takes its case to c

I'm a farmer and a businessman, first and foremost. I'm also a passionate advocate for agriculture. All of us involved in today's agriculture should be. This business is too demanding ...

[Viewpoint](#) | Administrator | Friday, 25 June 2010 | Hits: 138

[Read more](#)

broken families in the courtroom now with second and third marriages, and more fighting between spouses and children."

Karla Klingner Diaz, an attorney in Columbia, Mo., with Value Added Legal Solutions, speaks on estate planning for Annie's Project. She explains that under Missouri law, you can't disinherit the surviving spouse even if you signed estate-planning documents. The issue becomes more complex if a farmer remarries and has children from more than one marriage. "If the husband dies first, kids from his first marriage may not inherit the farm," she said. You can begin transferring assets before your death to assure that you meet your goals and to minimize taxes. Estate plans become critical when minor children are involved.

"Farming is more emotional than other businesses, because land is more emotional," Klingner Diaz said. "You see appeal after appeal in law books related to land. Farm estate fights can be a thousand times worse than the worst divorce."

To fend off family feuds, Klingner Diaz suggests that parents share succession goals at a family meeting. "Parents want to treat children equally," she said. "That's hard if one of the kids farms and the others want an equal share of assets. But being fair doesn't always mean being equal." Sometimes the farm won't support more than one child, and parents may want to reward the child who has worked on the farm.

Klingner Diaz admits that many are intimidated by the idea of consulting a lawyer. "They think they have to know what they want before we meet. We start by asking clients to tell their life story and what prompted them to schedule the appointment. Do you have kids, for example? As the attorney, I'll worry about the details and what plan makes the most sense, because no one family has the same story and goals."

Look for a lawyer you're comfortable with-one experienced in working with farmers. The attorney should understand farm payments and other federal programs. "When farmers die without an estate plan, I have seen legal fees run into tens of thousands of dollars for family members," Klingner Diaz said. "This is when clients pay by the hour and litigation, especially litigation driven by emotion, is expensive in terms of fees and costs. Estate plans are much cheaper and significantly less stressful on the family in the long run."

You can reach Klingner Diaz at www.valspride.com. For more information on estate planning, you'll find this flyer on the web, but keep in mind that Iowa law differs from Missouri: www.extension.iastate.edu/Publications/PM1463.pdf.

Annie's Project Helps women Farm

Help is available for women who want to learn more about the business of farming. Tammy Shafer recommends Annie's Project, a three-hour evening class offered each week for six weeks by the University of Missouri Extension Service. Tammy's class met 50 miles from her home, but she carpooled with other participants.

Mary Sobba, a coordinator for the Missouri Annie's Project, says women often take the first step in setting up an estate plan. "It seems women are more receptive to talking to their children about what they have decided about their wishes when they're gone," she said. "Men tend to put it off because it's an unpleasant subject."

Many farm states now offer Annie's Project, started in Illinois in 2003 in honor of a successful farm widow. In addition to estate planning, the project covers human resources and time management, business plans, property ownership and leases, financial management, and risk management and insurance.

Missouri Extension holds classes in 10 to 12 locations each year. So far, the project has reached almost 600 women in the state. It costs \$50, and includes dinner during each class. Extension also offers shorter, one-time classes on topics like estate planning. For more information, call Joe Koenen at (660) 947-2705, email koenenj@missouri.edu, or visit www.extension.iastate.edu/annie. Or call your local Extension office.

Estate planning became a hot topic at a Women in Agriculture Conference that Crawford organized last winter. Hugh Harvey, probate judge for Saline County, warned participants about what he calls the Vulture Thing. "If you don't have estate goals, the one person you don't want to handle your estate will swoop in and take over," he said. "I see more broken families in the courtroom now with second and third marriages, and more fighting between spouses and children."

Karla Klingner Diaz, an attorney in Columbia, Mo., with Value Added Legal Solutions, speaks on estate planning for Annie's Project. She explains that under Missouri law, you can't disinherit the surviving spouse even if you signed estate-planning documents. The issue becomes more complex if a farmer remarries and has children from more than one marriage. "If the husband dies first, kids from his first marriage may not inherit the farm," she said. You can begin transferring assets before your death to assure that you meet your goals and to minimize taxes. Estate plans become critical when minor children are involved.

"Farming is more emotional than other businesses, because land is more emotional," Klingner Diaz said. "You see appeal after appeal in law books related to land. Farm estate fights can be a thousand times worse than the worst divorce."

To fend off family feuds, Klingner Diaz suggests that parents share succession goals at a family meeting. "Parents want to treat children equally," she said. "That's hard if one of the kids farms and the others want an equal share of assets. But being fair doesn't always mean being equal." Sometimes the farm won't support more than one child, and parents

may want to reward the child who has worked on the farm.

Klingner Diaz admits that many are intimidated by the idea of consulting a lawyer. "They think they have to know what they want before we meet. We start by asking clients to tell their life story and what prompted them to schedule the appointment. Do you have kids, for example? As the attorney, I'll worry about the details and what plan makes the most sense, because no one family has the same story and goals."

Look for a lawyer you're comfortable with-one experienced in working with farmers. The attorney should understand farm payments and other federal programs. "When farmers die without an estate plan, I have seen legal fees run into tens of thousands of dollars for family members," Klingner Diaz said. "This is when clients pay by the hour and litigation, especially litigation driven by emotion, is expensive in terms of fees and costs. Estate plans are much cheaper and significantly less stressful on the family in the long run."

You can reach Klingner Diaz at www.valspride.com. For more information on estate planning, you'll find this flyer on the web, but keep in mind that Iowa law differs from Missouri: www.extension.iastate.edu/Publications/PM1463.pdf.

Last Updated on Wednesday, 01 September 2010 14:40