



Using *A Lasting Legacy* to begin building your estate plan

By James Sedman and John Hewlett

Estate and succession planning is risk management. Though not often dealt with on a daily basis, it can be one of the most important aspects to rural business survival.

Producers should have a well-developed estate plan as part of their overall legacy they intend to leave behind. The interactive, online course from RightRisk.org, *A Lasting Legacy*, was developed to help producers assemble a comprehensive plan to define their legacy. As outlined in a previous article, the two-part *Lasting Legacy* course is designed to help sort out all of the tangible and intangible aspects of a legacy to impart to the next generation(s).

The Coming Need for Good Estate Planning

Well over two-thirds of the farms and ranches in this country are owned or controlled by producers over age 45, and more than half of the farms are owned by people age 55 and older. This, coupled with the trillions of dollars of wealth that will be transferred over the next 20 years, demonstrates the need for a sound estate plan and a well-defined legacy.

There are definite benefits to defining a legacy and estate plan, including providing comfort and



security to family and business, as well as diffusing issues before they have a chance to become problems. Such plans can potentially reduce tax burdens as well as legal and other fees borne by surviving family members.

Few events can negatively affect a family more than the unexpected loss of a family member in which little to no planning or communication of wishes has taken place. No matter a person's age, it is important to plan your legacy for loved ones

because unexpected events can happen at any time (or age).

Resources Available in *Lasting Legacy*

Course 1 involves laying the foundation of a legacy, which will help in determining estate and end-of-life plans later in the course. Activities outlined in the workbook and discussed in the course start by outlining personal information. This ranges from personal history and medical history and conditions, to beliefs, values, and traditions to pass on. Personal possessions are also listed. From there, the course moves to family involvement. This includes defining and strengthening relationships and determining who should be involved in the process. *Lasting Legacy* stresses that communication is key throughout the course, especially with family members.

Course 2 involves making decisions about property, real estate, and other possessions. End-of-life planning is also discussed. The course provides excellent references to start the process of formulating an estate plan and addresses a broad range of topics including estate taxes.

This course provides lists to map out what property goes to which heir, as well as other wishes and concerns. One of the most important decisions

in this step is choosing a trusted professional (lawyer or estate planner) to properly allocate assets. End-of-life considerations are dealt with in the next chapter. These decisions range from medical intervention, last wishes, ceremony preferences, and even care of animals, including livestock. Putting these decisions in writing can save an enormous amount of headache for surviving family members later.

To access *A Lasting Legacy* online, visit RightRisk.org and click Lasting Legacy under the Products link. From there, follow the online prompts; the workbook is available for download within the course as well by clicking the link on the course screen after launching the course.

For further information on this and other risk management topics on the Web, visit the Western Risk Management Library at agecon.uwyo.edu/RiskMgt.

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Source, age verification could earn extra per head

By Bridger Feuz

Producers who want to add value to their calves may wish to consider a source and age verification program.

CattleFax, based in Englewood, Colorado, estimates source and age verified cattle receive a \$10 to \$25 per-head premium in the market. This premium is being driven by the export market. To export beef to Japan, the products must be derived from cattle under 20 months of age, with many other countries only accepting beef derived from cattle under 30 months of age.

Previously, producers have been able to simply sign an affidavit at the time of sale for source and age verification; however, this is no longer a valid form of certification. Producers must now participate in one of two programs with U.S. Department of Agriculture (USDA) oversight. The two options are to participate in either a Process Verified Program (PVP) or a Quality System Assessment (QSA).

QSA programs are typically operated by packing plants and large feeding operations and are specific only to source and age verification.

PVPs are typically operated by data service providers or cattle breed associations and can have a broader scope of claims. Claims under a PVP can include such things as no antibiotic use or no hormone use and can even include animal handling claims; therefore, utilizing a PVP may provide producers with additional premiums for their cattle depending upon their management practices other than premiums just associated with source and age verification.

The USDA maintains lists of all approved programs for both QSA and PVP. A list of available QSAs can be found at www.ams.usda.gov/lsg/arc/qsap.htm. The PVP list can be found at <http://processverified.usda.gov>.

Cost for enrollment in a program varies by the program provider. Hence, it is important for producers to investigate the average premiums received under a program and determine if the cost of enrollment is justified. Additionally, the record-keeping requirements can be different under different programs due to the specific claims a program might offer; however, the records specific to age verification are minimal. In most cases, producers only need to record



the bull turn-out date and the date of the first calf.

Enrollment in either a QSA or PVP does not automatically guarantee cattle will be sold at a premium, as often many local buyers are not interested in targeting the export market. Producers who enroll in these programs need to investigate marketing alternatives that consistently show premiums for source and age verified cattle.

Producers may want to ask their current buyer or sale barn, consider video sales, or become part of a marketing alliance. The key to receiving a premium is to be proactive in your marketing approach.

Finally, at this year's National Cattlemen's Beef Association meetings, a panel discussion on this topic was held, and one of the producers summed it up quite well. California rancher Tony Maddalena said, "As

a member of the cattle industry, I encourage all of you to participate in a PVP. As an individual producer, I hope none of you takes my advice because then my premiums will be higher."

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