

Are You a Farmer or Rancher Over 18? It's Time for an Estate Plan

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Often, the risk of failure for a farm or ranch caused by the death or disability of a young person is much greater than the loss of an older member of the operation. The loss of a young person is usually unexpected. Young people are often not as financially stable, have young families, and provide the bulk of manual labor. Estate planning is something anyone over the age of 18 should do, regardless of how little or how much they have in assets.

Before you meet with your estate planning attorney, ask yourself the following questions:

1. If I am unable to make financial or business decisions, who do I trust to make them for me?
2. If I am unable to make healthcare decisions for myself, what type of care do I want and who do I trust to make these decisions for me?
3. If I die today, what do I want to happen to my stuff?
4. If I die today, what are my family's financial needs?

Here are the key components of an estate plan for a young farmer or rancher:

Power of Attorney

A Power of Attorney allows you to designate a trusted person (an agent) to make financial or business decisions on your behalf while you are alive but unable to make these decisions yourself. This power can be limited to specific decisions or situations. A Power of Attorney expires at death.

Living Will or Advanced Medical Directive and Power of Attorney for Healthcare

One of the more difficult decisions to make is your wishes for medical care. In a "Living Will" or "Advanced Medical Directive" you will outline what types of medical care you want to receive when you are unable to make them yourself, such as life support. In addition to this document, you should also appoint a Power of Attorney for Healthcare. This person does not have to be the same person who you chose to handle your business affairs.

Wills and Beneficiaries

The final document that you will need is a will. This document will provide directions to your personal representative on how to distribute your assets at death. In addition to a will, you should review how your assets and financial accounts are titled, including any beneficiary, Payable on Death, or Transferable on Death designations. Assets with specific types of ownership or beneficiaries will pass outside of your will.

Make sure that these assets and accounts are titled/designated according to your wishes. Most checking, savings, and retirement accounts have these designations.

Consider Life Insurance

You should also discuss life insurance policies with your insurance provider. Life insurance can help you provide financial support for your family if you die. This could be a small policy covering funeral expenses. Or it could be a large policy assisting your family to pay off debt and cover living expenses as they adjust to a lower income. There are several kinds of life insurance policies available. Work with your agent to select the right policy for your coverage needs.

Finally, organize your important documents and put them in a safe place. In addition to the items above include: important passwords, keys, account information, insurance policies, loan documents, lease agreements, titles, and any other information that your power of attorney or personal representative would need.

Estate planning is a continuous process, not a one-time task. Your plan will change as you get older. You may get married, divorced, have kids, etc. Make sure at each of these big life events, you review and update your plan.

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