

# Estate Planning vs. Succession Planning

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A close-up photograph of a person's hands holding a mound of dark, rich soil. The person is wearing a red and grey plaid shirt. The background is a soft-focus landscape of a field at sunset, with the sun low on the horizon, creating a warm, golden glow. The text is overlaid on the right side of the image.

Every  
farmer/rancher  
needs an estate  
plan....

but *NOT* every  
farm/ranch needs a  
succession plan.

# What's the difference?

## Estate Planning

The process of arranging for the care of a person at the end of their life, settlement of debt, and distribution of assets remaining **after death.**

**Goal:** ensure assets go to heirs, minimize taxes, avoid probate

## Transition Planning

A strategy to ensure the **continued leadership and management of a business** after key individuals are no longer able to fulfill their roles.

**Goal:** ensure that the business survives



# Questions to ask yourself...

## Estate Planning

What would you like to happen to your assets at/after death?

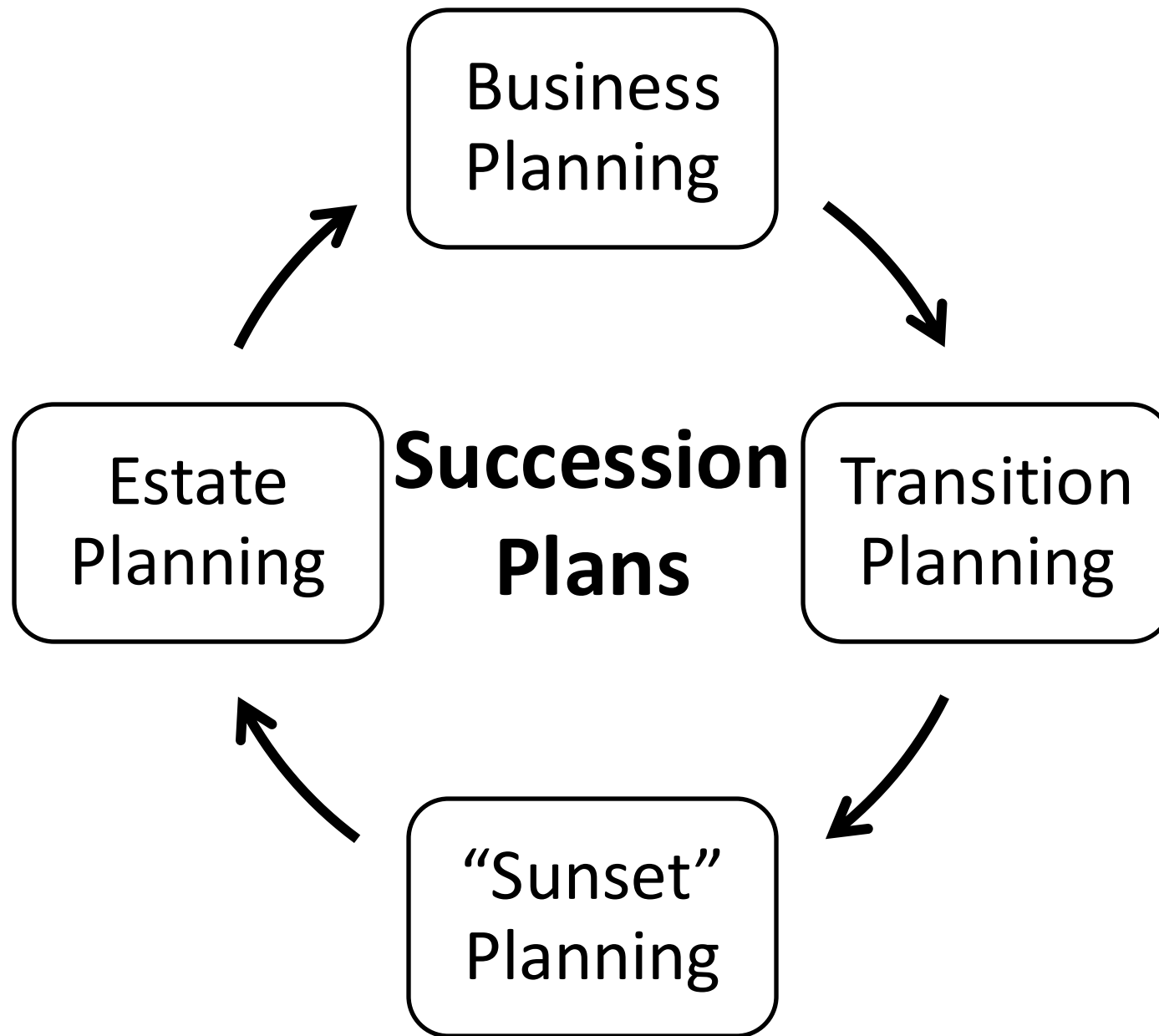
Are you the last farmer/rancher in your family?


## Transition Planning

What would you like to happen to your business, during your life, and after your death?

Do you have someone “coming back” to the business?







# Who is on your team?

- Lawyer
- Tax Professional
- Banker
- Financial Planner
- Others?

# ESTATE PLANNING



Every adult needs  
an estate plan





# Estate Planning: Anyone over 18 years old

## You absolutely need....

### 1. **A Will**

- Assign a guardian for minor children
- Assign a Personal Representative (aka Executor)
- Assets subject to probate
- “Intestate” - If you die without a Will, the state will determine how your assets will be distributed.

### 2. **Power of Attorney** – Management of assets

### 3. **Power of Attorney for Healthcare** – allow for someone to make healthcare decisions on your behalf

### 4. **Living Will or Healthcare Directive** – Outlines your wishes for healthcare

- Documents 2-4: expire at death
- All of these documents (1-4) can be edited or replaced anytime, given that you are competent.



# Estate Planning: Anyone over 18 years old

## You may need/want ....

### **5. Trust**

- Might not be necessary
- Avoids probate
- Make sure assets are transferred to the trust before death, or there is a mechanism for transfer at death
  - “Pour Over” or “Residuary” clause in the will

### **6. Funeral Instructions**

### **7. Bequests of Personal Property**

- Grandma’s Yellow Pie Plate?
- Signed and dated





What do you  
already have in  
place?

When was the last  
time you reviewed  
these documents?

# Common Estate Planning Concerns

- ➔ Probate
- ➔ Federal Estate Tax
- ➔ State Inheritance Tax
- ➔ Long-Term Care



# Probate

- ➔ The formal legal process that gives recognition to a will and appoints the Personal Representative (Executor) who will administer the estate and distribute assets to the intended beneficiaries.
  - Public
  - Can delay access to assets
  - Can be costly
  - Only if estate is over \$100,000 (State Specific)
- ➔ Assets that pass outside of the will
  - **Trusts** (make sure assets are titled to the trust)
  - Many accounts and titled assets allow for **the designation of a beneficiary or remainderman.**
    - Joint Tenants *with* Rights of Survivorship, Life Estate Deed, Payable on Death, Transfer on Death, Beneficiary
    - **Make sure these designations, match your current estate plan**

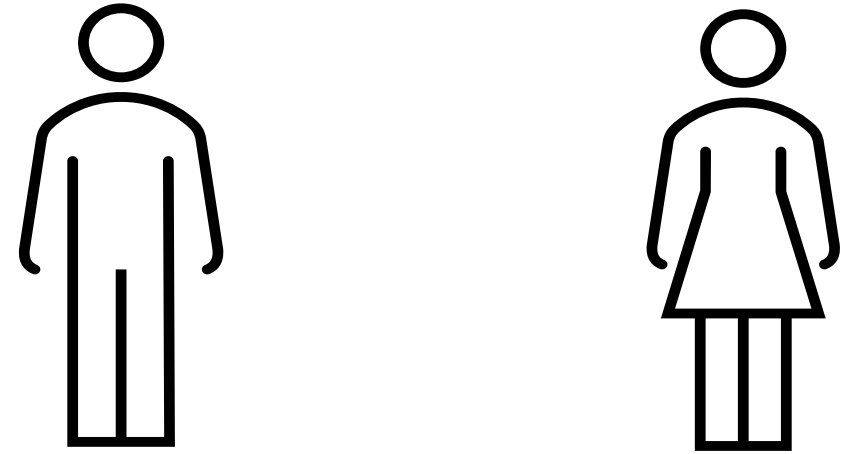


# Federal Estate Taxes & Gifting

## ➔ Federal Gift and Estate Tax Exemption “unified tax credit”

– Exemption of **\$13.99 million (2025)** per person, taxed at 40% above this amount

- Can gift this amount during life, or pass it at death... “unified”
- On “taxable estate”
- Will revert to ≈ \$7 Million on Jan. 1, 2026 (unless the current law is extended)
- **3-year lookback period**



\$13.99 million

\$13.99 million

Under current law and if their estates are structured correctly, a married couple could pass \$27.98 million in assets, without paying federal estate tax.

\*See a tax professional for exact details. Amounts change annually.



# Federal Estate Taxes & Gifting

## ➔ Exclusions from Federal Gift and Estate Tax

- **Unlimited gifts to a spouse who is a U.S. citizen**
  - Estate balancing – shifting assets between spouses
- **Annual Exclusion** of \$19,000 (2025)
  - Does not count toward \$13.99 million (2025)
  - Can gift the annual exclusion to as many people as you choose, do NOT have to be related
  - Can gift money, assets, or entity shares
- Qualified education expenses (tuition) paid directly to the institution\*
- Medical expenses paid directly to the institution\*



# Nebraska Inheritance Tax

*as of Jan. 1, 2023*



Person	Tax % and Exemption
Surviving spouse, Under 22 years old, Qualified Charities	0%, unlimited
<b>Class 1: Immediate Relatives</b> Brothers and sisters, children, grandchildren, great grandchildren, parents, grandparents and great grandparents, and their spouses. Adopted children are treated as natural children.	1%, \$100,000
<b>Class 2: Removed Relatives</b> Aunts, uncles, nieces, nephews, their descendants and their spouses.	11%, \$40,000
<b>Class 3: All Others</b>	15%, \$25,000



# Long Term Care: 3 Options

Nebraska DHHS



[go.unl.edu/nw72](http://go.unl.edu/nw72)

## 1. Medicaid

- 5-year look back period
- Limits assets that can be owned – See DHHS website
- Limited facility choices

## 2. Long-Term Care Insurance

- Most affordable in Mid 50's to Early 60's
- Some life insurance policies or annuities have long-term care riders

## 3. Private Pay/Self-Insurance

- Annual care cost  $\approx$  \$10,000/month
- Average stay of 2-3 years

Booklet: Ohio State



[go.unl.edu/va2g](http://go.unl.edu/va2g)



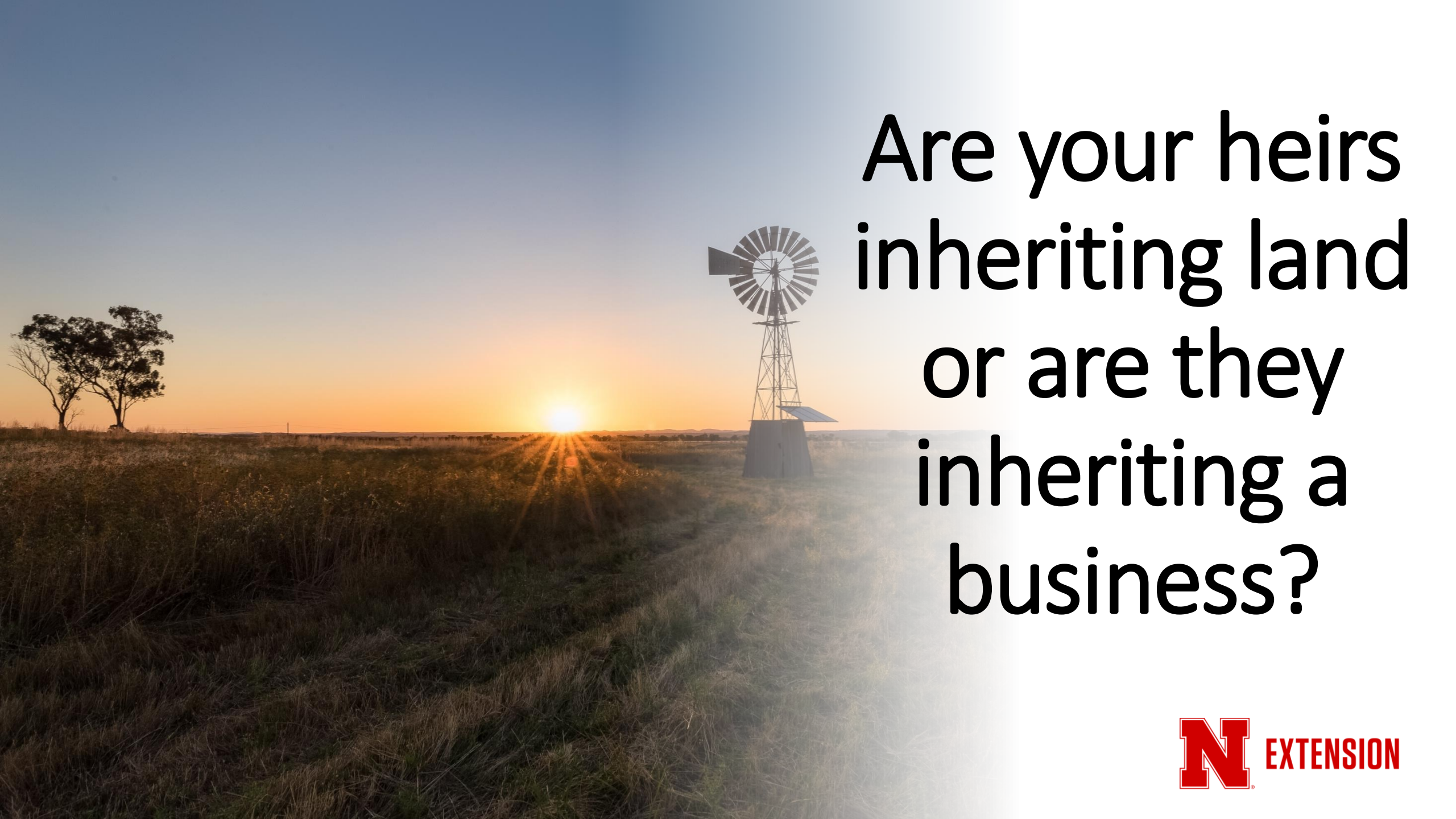
# SUCCESSION PLANNING



# Farmer Retirement Stats

- ➔ A survey of Iowa farmers showed,  $\approx 20\%$  never plan to retire,  $\approx 60\%$  only plan to semi-retire, and only  $\approx 20\%$  plan to completely retire.
- ➔ Why are farmers retiring at a later age or only semi-retiring (2017 UNL Survey)
  - 75% Have a difficult time giving up control of the farm
  - 69% Modern equipment – allows them to farm longer
  - 66% Relate retirement to their own mortality
  - 62% Cannot afford to retire
  - 50% Healthier/longer life
  - 55% Don't have a successor
  - 54% Don't know what else they would do



A rural landscape at sunset. The sun is low on the horizon, casting a warm glow over a field of tall grass. A windmill stands in the middle ground, and a few trees are visible on the left. The sky is a mix of orange and blue.

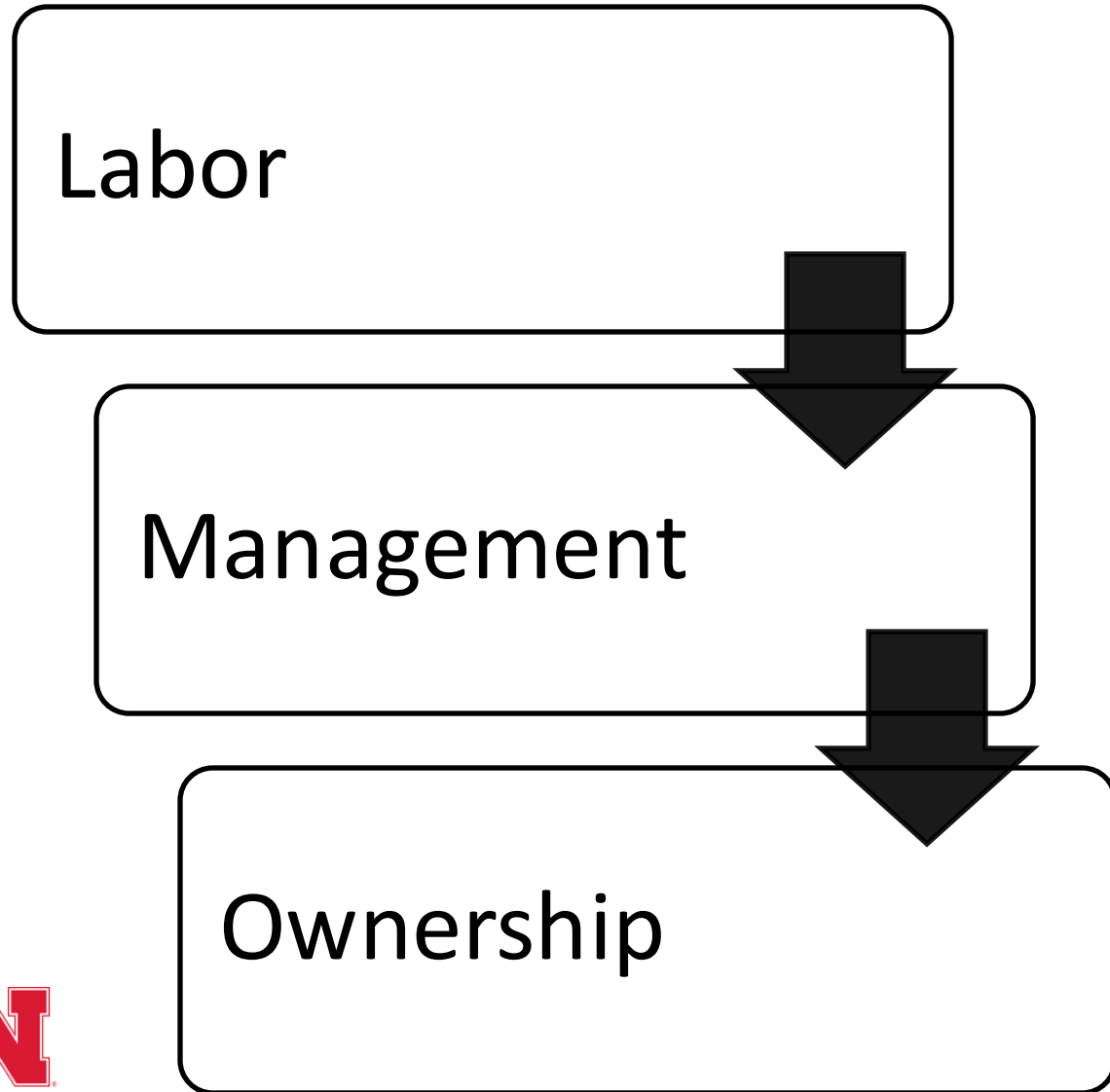
Are your heirs  
inheriting land  
or are they  
inheriting a  
business?

# What is *succession* planning?

- ➔ Includes, but is not limited to estate planning!
- ➔ A gradual and carefully planned shift of a business to new owners/managers, it includes **timelines, milestones, and written agreements**.
- ➔ Considers the possibility of **death, disability, divorce, disagreement, bankruptcy, felony, and/or retirement**.
- ➔ **“Never Ending”** Process – should be reviewed during major life events (birth, death, divorce), or every 3-5 years.



# What is succession planning?



- **Three main areas of business succession** – labor, management, ownership
- Biggest key to success is management training and decision-making transfer



Who is truly going  
to be the next  
owner and  
manager of this  
business?



# Succession Planning

- ➔ **How are you teaching the person to manage this business?**
  - Bring them along to meetings with advisors and service providers
  - Requirement to work for someone else...
  - Consider handing over certain aspects of business management or giving them decision-making power over a small percentage of the operation
- ➔ **What are the triggering events within your plan?**
  - Death, disability, divorce, disagreement, bankruptcy, felony, or retirement
- ➔ **What structures or agreements do you have in place to help the transition?**





# What *succession* documents do you have?

## Estate Planning

You absolutely need:

1. Will
2. Power of Attorney
3. Power of Attorney for Healthcare
4. Living Will or a Healthcare Directive

You may need/want

5. Trust
6. Funeral Instructions
7. Bequests of Personal Property

Work Together

## Succession Planning

You may need/want:

8. Entity
  - a. Partnership
  - b. LLC
  - c. Corporation
9. Position descriptions
10. Operating Agreements
11. Lease Agreements
12. Buy-Sell Agreements
13. Other



Your situation is  
unique. NOT  
every tool in  
the toolbox is  
right for you.



# RETURNING TO THE FARM

WORKSHOP SERIES



March 7-8, 2025 | [cap.unl.edu/rtf25](https://cap.unl.edu/rtf25)



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# NEBRASKA LAND LINK

*Connecting  
Landowners with  
Land Seekers*

*[cap.unl.edu/landlink](http://cap.unl.edu/landlink)*



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**NORTH CENTRAL  
EXTENSION  
RISK  
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EDUCATION**



United States Department of Agriculture  
National Institute of Food and Agriculture

# Rural Response Hotline



- 800-464-0258
- Monthly clinics offer a free one-on-one confidential opportunity to meet with an experienced attorney and financial counselor who specializes in agricultural legal and financial issues.



# Nebraska Department of Agriculture



- 402-471-4876
- The [NextGen](#) program encourages owners of agriculture assets to rent to an eligible beginning farmer to help them get started. The owner receives the rent from the beginning farmer plus a Nebraska income tax credit. The beginning farmer benefits by securing a three-year lease and may apply for a personal property tax exemption (Beginning Farmer Tax Credit Act).
- [Negotiations Program](#) uses mediation as an effective means to resolve agricultural disputes. Mediation is a fair and neutral process led by an impartial third party to resolve differences through discussion, negotiation, and problem-solving. The mediation process maintains confidentiality, fosters positive relationships, allows you a voice in the solution, and is cost-effective.



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