## Passing on Your Legacy:

## Heather Gessner

## Season 1, Episode 43

[Intro music]

**Kiernan Brandt:**

Welcome to Cattle HQ, a podcast from industry experts and progressive producers discussing cutting edge info about the cow calf sector to keep cattlemen and women in the know and positively affect their bottom line.

**Madison Kovarna:**

Welcome to Cattle HQ, brought to you by South Dakota State University Extension. I am Madison Kovarna, a beef nutrition field specialist based out of Watertown and joining me today is Heather Gessner. Heather is SDSU Extension’s own livestock business management, field specialist, and primarily works with farm and ranch families on farm management issues including but not limited to livestock budgets and marketing, risk management, estate planning, and farm transitions and whole farm business planning. Heather is joining me today to share some information about estate planning and sustaining your legacy. Heather, I want to thank you for joining me on this episode today. It’s always fun to talk with you whenever I get to meet with you, both professionally within extension but also off the clock as well and I will give you a couple of seconds here to introduce yourself to our listeners who may not be super familiar with you and just give us some background.

**Heather Gessner:**

Sure. Great to be here and I appreciate the time. I started with Extension in 2001 and in that timeframe, we were tasked with some needs assessments. So, starting in 2006, we started our first estate planning conferences. I’ve kind of been doing this area since then. Really felt that need for providing farmers and ranchers with information on things that are available to them in the estate planning world, in the farm transition world, and then I joke generally that my main focus and topics areas are death, dying, taxes, budgets, and marketing. I really get all the fun topics out there when I start working with producers. It really keeps things interesting when you have that variety of topics, but you also hear mostly the bad stories because they come to you when they need help and we’re really trying to reduce the number of “Oh, darns” and “Now, what do I do” situations with a lot of the programming in the areas that I try to educate farmers and ranchers on.

**Madison Kovarna:**

I think it’s your passion for what you’re doing and how you introduce it is so funny. Every time you say your ideal with death, dying business, taxes, all the fun things, it just makes me giggle a little bit inside even though some of those topics aren’t necessarily the most fun to talk about. And talking about estate planning and transitioning those operations down to potentially the next generation or another higher hand or anything like that can definitely be a topic that’s difficult to discuss, but it is that necessary evil to bring up at the table and make sure everybody’s on the same page. What are some ways that you have encountered that potentially make this conversation a little bit easier to have? Are there any big hitting tips that people could take home to begin having those conversations?

**Heather Gessner:**

I think some of the big take home messages and the big things about getting started here is to really start those discussions with what do we want to have this operation look like and that can start with mom and dad sitting down at the table and being like, “Okay. What are we doing? Where do we want to go? What’s our plan?” And then tying that into the next generations. I try to title on my guess as intentional conversations to intentionally, while you’re hauling cattle or if you’re in the semi together, hauling corn this harvest time of year, have those conversations of, “All right. Prices are low this year. Income is low this year. Is this really what you want to do, and if it is, what are we going to do to this farm so that we can make that transition to you in a profitable way so everybody’s got some of those - some salary at the end of the day?” Because that comes into being one of those catches. Finances are one of the biggest reasons that people fight and argue within a family is the financial situation. So, we’ve got to have those intentional conversations about, “Yes, I really want to come back. Yes, I know the finances aren’t always going to be great. How are we going to fix that and make it work back and forth?” Once you get past those intentional conversations with all the people that are on the operation whether it’s grandma and grandpa and aunt and uncle, maybe you’re farming with a cousin, really having those in depth conversations, then we need to move to a family meeting type of situation where we bring in the non-farm heirs. Who’s related to this family, but not planning on coming back to the operation and what’s their take on the situation and how are they seeing the potential for the family to continue the operation or their expectations of what’s my inheritance going to be. When we have those family conversations and we really understand where everybody’s coming from, that helps everybody understand the tools that are put in place, the methods that we’re going to use, and when it comes down to it, what are we going to get at the death of our grandparents or our family members. If everybody understands, we can take that difficult conversation, difficult decisions, difficult relationship components, and maybe make them a little bit easier to understand, swallow, and implement when the time comes.

**Madison Kovarna:**

I think you brought up some excellent points about these conversations aren’t necessarily just wants to be had with the people who have current control of decisions and finances right now. I think you brought up some really good points of these conversations need to be had with everyone and that includes maybe for those people who had kids that they aren’t coming back right now, that that’s not really in the cards for them to come back and be directly involved to that operation. Having them still be aware of what’s happening and where this potentially may go because who knows, maybe they have some business thoughts that would be something we can take into consideration as these plans come to life and as they begin to become more formal. And off of that tangent here, when we’re talking about all these conversations we need to have, there are a lot of things that need to be buttoned up and bows to be tied to make sure everything’s all packaged nicely for when things do inevitably end. What are some things that are commonly missed when it comes to this estate planning and what are your top concerns when people are bringing up these conversations with their family members or their hired hands?

**Heather Gessner:**

One of the things that I’ve noticed that gets missed is the conversation about what happens to all the personal assets of mom and dad, and personal assets being like you know things in the house or maybe it’s a tractor that was refurbished or something like that because traditionally, what happens to our operations is mom and dad might retire and maybe they build a new house in town to retire to or they moved to town. They find something that’s on a single level so that it’s easier to get around as long as they can. The heir, coming back to the operation moves into the family house. With that, there really is no farm sale, there’s no auction of personal assets or no division of those personal assets, things that are in the barns, on the farm place stay in the barns. Same way with the things that are in the house and maybe there’s personal assets with a lot of memories and a lot of some of those take heart moments and - of that we’re in your life that you don’t get a chance to own or possess or have that item so that you can pass it on to your children as that non-farming heir. A lot of times, it gets joked about who gets grandma’s yellow pipe plate is a full blown program put out by the University of Minnesota that talks about those individual items that aren’t really titled assets and maybe they don’t have a lot of value, but they’ve got a lot of sentiment behind them. Where those items get distributed to and how is another important component of that estate plan that might cause some issues and rifts even though there’s not a lot of money behind it. But maybe you remember baking Christmas pies with grandma and it was always served in that pie plate or maybe it was the dining room table and at Thanksgiving, we always had these tablecloths and those tablecloths spur on those memories. Some of the times, the things that get missed are the small value items, but they have a lot of sentiment behind them and we want to really encourage everybody to be thinking about those things as part of your estate as well as, “Here’s a $10 million farm and the assets that go with that.”

**Madison Kovarna:**

It’s always something, in my opinion, that when we start looking at the things that come up in these estate planning conversations and the transitional plans, the things that end up taking more of a toll on an emotional decision than you would think. Like you said this simple item as a pipe plate really can get people and their emotions really going and can really make those conversations really charged and hard to have. If we don’t have them now, it’s only going to become more difficult to have those conversations. So, you brought up an excellent point of making sure that maybe not only the business assets are talked about. We do talk about a little bit of everything that is owned under mom and dad or grandma, grandfather, whoever. And off of that too, we’ve talked a lot about mom and dad and grandpa and grandpa, but is this something that only a certain age group should worry about or - I’m in my early 20s and is this something that I should maybe you mentioned about as well for our younger listeners? If there are things that we can be doing now to make this process later in life a little bit easier?

Heather Gessner: For everyone that has an asset whether it’s just your checking account or just a vehicle, really starting to look at creating a will so that you’ve got something available if an accident happens and that’s the definition of an accident, we don’t know when it’s coming or what’s going to happen at that point. But putting together a will that distributes your assets to people that you want them to go to is very important. The state of South Dakota has all of those things listed and has created an estate plan for you if you don’t have one, but it probably doesn’t have everything going to where maybe you want it to go the most. If somebody’s not married, they’ve got some assets to their name, they’re trying to generate wealth through retirement plans and those types of things, really thinking about who you want the beneficiaries of those to be is an important component that you need to be thinking of so that where’s that money and those funds going to go to if something would happen untimely. Another thing that we really encourage everyone especially the 20 somethings, looking at a power of attorney for your healthcare and your financial needs is also an important piece of that estate plan for everybody in general, but if you're hurt with the new HIPAA guidelines and those types of things, if you go to the hospital, your parents can’t even be told if you’re really there because you’re an adult, you’re over 18. And if you don’t have a power of attorney for healthcare or it’s not on file at the hospital under the HIPAA’s paperwork, they can’t tell you that you’re there at the hospital or provide input on medical things that maybe you want or do not want done to you if you’re - if you show up in the ambulance. So, power of attorneys and those types of things tied in with that will are some of the big important components that as soon as you hit 18, you really want to be thinking about putting into place for your own - we can call it an estate plan, but we can - it’s there as a risk management tool basically for you and your family to take care of you at the end.

**Madison Kovarna:**

You think that’s something too that we tend to forget is that these don’t have to be - as of right now, they’re really just making sure that everything that you’ve worked hard for in this period of your life will go to where you want it to and making sure that it’s always - at some point, at the forefront of our mind and that definitely makes it hard. No one wants to think about that, but I would much rather know that my friends are going to where I want them to go and they’ll be able to benefit someone rather than being tied up in court cases and legalities towards when we - if that, unfortunately, that does happen and you did mention that the state of South Dakota has quite a few resources available. I was going to ask you, I know you share a lot of information through SDSU and the extension website. Are there other resources available for people to start these conversations or just resources that they can use in this realm?

**Heather Gessner:**

I really want to say that there’s probably so many resources out there that people get caught in a rut and they’re like, “There’s too much information. I don’t know what I’m going to do.” I’ve had people tell me that they enter like an estate planning coma on the number of resources that are out there and the things that are available. That’s one of the reasons we started putting the programs together and the conferences so that we can try to breakdown the big points of the information, give you some of those tools and the ideas, and then you can find the right people to help you implement what you really want to do. There’s a lot of great workbooks out there by other extension staff across the nation. I’ve got a workbook that we’re working on putting together to help people step through all the information components. There are different publications that you can read and look up on how do I have conversations. Maybe my favorite book is having conversations with difficult people and early on in my career, I read that book so I’d be like, “Okay. If I’m talking with somebody that communicates in this manner, here’s one way that I can handle that and if they communicate in this manner when they get upset, then I can use these tips and tools.” There are a lot of great books on communicating. There are different publications and info blurbs all across the internet, all across the extension on setting goals and putting them together and what trusts do or what a business structure does. We really want to make sure that amid all of those pieces of information, that we also take that next step and once we’ve read up and learned about all the things, we’ve got to really take that next step and put something down in paper. We’ve got to hire attorneys. We’ve got to find the right life insurance agent. We need to find a financial planner to help us. We’ve got to pull the trigger and put something down on paper. Otherwise, all the time that you spend on education and learning is pretty much just lost time. It’s an investment that you’re not using. We got to take that time and invest it wisely and then put the pen to paper and actually implement the plans so that when it is our time and we put die and need to pass on that farm or that ranch that we've been working for, that the plan is in place and does what we need it to do.

**Madison Kovarna:**

You are so right and the fact that there are so many resources out there in the world, on the internet, great new resources and all of those things that sometimes it can feel like we’re drinking out of a firehose and end up really just overwhelming ourselves and setting us back to square one where this conversation is too hard to have because of all the things I have to think about versus if we just take a step back and have a look at it piece by piece. You started a program that actually can help producers and people work on their estate planning through a more structured program and that’s called Sustaining the Legacy, and that’s something that you spearheaded during your career here at SDSU Extension. You’re also seeing several classes around the state this year into the next and would you be willing to share some information regarding the program itself, maybe what you tend to cover or how that program is structured or anything about that Sustaining the Legacy?

**Madison Gessner:**

You kind of hit on one of my favorite topics to talk about, so you bet. What I tried to do is put together the main topic areas and the main tools that farmers and ranchers can use when they’re putting their estate plans together. Like I said, we started this in 2006. So, we’ve refined it, we’ve tried different things. One of the best ways that we found to provide all of this information so that you don’t go into that information coma and you stop moving forward with your plan is to set up three-day conferences. So, we’ll meet in different towns across the state for three different Tuesdays in a row. Every day, the topics are different. Once we teach you about some of the topics and give you some of the tools, we encourage you to go home and over that next week, try to implement some of them and try to start some of the conversations, maybe give you - I call it homework, but it’s generally fairly easy homework because it’s related to your farm and ranch, you know the answers probably. We just need to start moving forward with our plan. We put them together, three Tuesdays in a row, 10 to 3. I want to give you time to do chores in the morning. I want to give you enough time to get home and finish chores in the afternoon if we can. So, we cover the state, we bring in experts in different areas to talk about different components because one of my other big goals with this is not only to teach you about the tools that are available, but also help you provide you with some of the names and resources of the people to find. Who are attorneys in your area or maybe not even in your area that are the right attorneys to talk to, to put together an estate plan? Because that’s one of the biggest things that we have to do once we learn about what we want to put together, we’ve got to find the right people to help us do that. We’ve got to find somebody whose personality we get along with, somebody that we think will listen to us. It might not be the same person for everybody. I tried to help you do some of those initial interviews and really find the people that you can put in your corner to help you make your plans come to life. Those programs start in November. We run them once a month or one town per month and then over the next five months, I hit five different locations across the state and really try to provide all of that information throughout the winter months.

**Madison Kovarna:**

I’ve always been watching the extension website for when a new batch of these Sustainable Legacy programs come out because you always tend to find the towns that maybe we aren’t - and super frequently for other programs which I think is really neat to expand this program out to different communities and different producer groups and that type of thing. I think you’ve done an excellent job in making sure everybody has an opportunity to at least be close to a program like this where they can enroll and come and learn about these topics that are also important as they move through on a different chapter of their life. We are budding up to the end of our time together and I wanted to open the floor for you before we depart this episode of if there’s any closing comments you’d like to share with the listeners about really anything in this realm that maybe has come to mind throughout this conversation or just something you tend to look back on or anything like that, the floor is yours Heather.

**Heather Gessner:**

I guess the main thing that I would really encourage people to do is get started. If you need a plan or you think you need a plan, probably you do because if it’s entered your mind, probably planning is an important component that needs to be thought of and there are some big tax changes coming up December 2025 where we’re having a revision of the federal estate tax law and moving backwards from approximately $12 million exemption that we have today, down closer to a $6 million exemption. With the change in the value of property and the farm assets that are around, we might hit that threshold of $5 million or $6 million much easier than we were looking at with an $11 million or a $12 million exemption. So, having something in place in case that law is reversed to the to the $6 million lower level, will really be an important factor for a lot of farms and ranchers out there. It’s also an important component to get your plan in place as the average age of farmers is increasing. With the number of individuals needing some type of long term care and the cost of long term care, we have to figure out how our farm and ranches and our families are going to afford that to take care of us in the best way possible as we enter those golden years of retirement, which I know farmers and ranchers don’t really do. That’s what they tell me. They’re all going to just die in the tractor seat or fall out of the saddle. We really need to be planning for some of those events that are probably going to happen. A lot of farmers and ranchers, when they talk to me, the keyword that they say is, “Well, if I die, this is what I want to have happened.” The catch with that is there is no “if I die.” Someday it’s going to happen to all of us no matter what we do and no matter what we want to try. However, we can try to prevent that and put it off as long as possible. We are going to die someday, so having a plan in place that accomplishes our goals and does it in the least cost possible manner while still maintaining family cohesion and family get togethers once we’re gone, the more we can do to put that together ahead of time, the better and not only is it better for your family, it’s better for all the communities that we’re part of and better for agriculture in South Dakota as a whole. The things we do here with our estate plans and our transition plans really encompass so much more. I guess Nike says it the best when they said “Just do it” and I don’t have written permission from Nike, but I’m kind of using their little tag line there. We just need to do it no matter what. I guess that would be my biggest take home message is to just do it.

**Madison Kovarna:**

If we don’t start now, the conversations aren’t going to have themselves and we’re not saying that these plans need to come together all in one day. These are conversations that happen over months and years with everybody who needs to be involved and doing little pieces at a time can make this difficult pill a little bit easier to swallow. With that, I wanted to thank you, Heather, for joining me on this podcast. It was a very engaging conversation, learning about all of the ins and outs that producers can use to sustain their legacies through proper estate planning and the ways they use through your career are making that easier for them to have and make those plans successful. I hope our listeners will take advantage of the information you have shared with us and gather information and advocate for themselves. With that, this has been Cattle HQ, brought to you by SDSU Extension, headquarters for all things beef/cattle. Visit extension.sdstate.edu for the latest beef information and for any additional information about Heather’s Sustaining the Legacy programs to see if there’s one coming to your area that you can attend this winter, into the beginning of next year. With that, until the next episode. Stay curious and keep learning.

**Kiernan Brandt:**

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[Outro music]