

A conversation with

Robert Moore

Wright Law Firm



OCJ: First, could you share your background and how you got involved with the legalities of family estate planning?

Robert: I grew up on a dairy farm in Coshocton County. After graduating from Ohio State I worked for OSU Extension for nine years. During my time with OSU Extension, I attended Capital Law School at night. I felt a legal career working with farmers would be both challenging and rewarding. After law school I joined Wright Law Co., which focuses on agricultural law, particularly estate and succession planning for farm families.

OCJ: How do you feel about the recent changes to the federal estate tax?

Robert: It is definitely beneficial to farmers. The new \$5 million federal estate tax exemption will allow most farm families to be exempt from federal estate tax. If the exemption had gone back to \$1 million, many farm families would have struggled to continue the farm due to federal estate taxes upon the death of a family member. I do have concerns that the new law is only in effect for two years.

OCJ: What are some of the top challenges faced by farms with regard to estate planning?

Robert: Are on-farm heirs and off-farm heirs treated equally or equitable (non-equal)? Transferring the land to the next generation while minimizing the risk of the land getting outside of the

family through divorce, sales, bankruptcy, etc. Providing a retirement income to the retiring generation and a fair inheritance to off-farm heirs without jeopardizing the viability of the farming operation for the on-farm heir. Potential long-term healthcare costs.

OCJ: What are some of the best ways to avoid problems with the transition of a farm to the next generation?

Robert: Well-drafted trusts that focus not only on the asset distribution but also on the financial viability of the farming operation for the next generation. This often involves incorporating a business plan with the estate plan. A good estate plan and a good business plan are essential for an effective succession plan.

OCJ: How should farm and non-farm heirs be handled differently?

Robert: On-farm heirs should receive the farm operating assets — machinery, livestock, tools. Off-farm heirs should receive non-farm assets — cash, investments, life insurance. Oftentimes, a farmer does not have enough non-farm assets for the off-farm heirs. In many situations, the best farm asset for an off-farm heir to receive is ownership in an LLC holding the farmland. The family LLC provides rental income to the off-farm heirs and ensures a long-term land base for the farming heir.

OCJ: In general, when should family farm planning get started? When is a good time to address these issues?

Robert: It's never too early and it's never too late. Typically we see farm families address planning when the older generation is considering retirement and wants to pass along the farm, but needs to secure retirement income.

OCJ: Every farm situation is different, but what are some good general rules to follow when planning for the future of the farm?

Robert: Have a good trust-based plan that is incorporated with a good business plan. Be leery of distributing land to heirs as co-owners. One co-owner can force a partition of the land. Instead, put the land in an LLC co-owned by the heirs. Don't buy your parent's land. Buy your neighbor's land. If possible, insure against long-term health cost. Have adequate liability insurance. Don't forget the little things like making sure the farming heir gets the tools in the shop.

OCJ: What are some particularly challenging situations you have seen?

Robert: The most challenging situations almost always involve family disputes. A common issue is siblings inheriting land together and disagreeing on how to manage or hold the land together. This can lead to partition actions and forced sheriff's sales; and more importantly strained family relations.

Also, in-laws are often a source of conflict, particularly those who are not from farms and do not understand the dynamics of farms and farm families. The in-laws may not understand why the

farming heir may get certain benefits over others or why the parents put such a high priority on keeping the farm in the family.

OCJ: What is the most rewarding part of your job?

Robert: Knowing that the work we do at Wright Law Co. is helping make agriculture stronger for today's farmer and for future generations.

OCJ: What is the hardest thing you have to do?

Robert: The stress of our workload. Practicing law is very challenging and demanding. We have to know the law, how to apply it to each unique situation and then draft documents to capture it all. In some ways we have to be able to see into the future. Mistakes on our part can have very detrimental and damaging consequences to our clients. Managing and prioritizing the work to meet deadlines and client expectations is a challenge.

Also, sending out bills to our clients is no fun either. We realize that our bills are paid out of clients' hard-earned money. We feel good about what we do and we like to provide a much needed service to our clients, but the amount of overhead involved in operating a law firm as well as the time involved in producing a quality product drives our billing rates. I often think about how many bushels of corn it takes to pay the bill I am sending out.

Ohio residents honored for support of fairs

Individuals from across the state were recognized for their outstanding support of local fairs during ceremonies at the 86th Ohio Fair Managers Association Annual Convention at the Greater Columbus Convention Center, Jan. 5-9. Ohio Agriculture Director Robert Boggs presented each recipient with a certificate.

The award recipients were:

• District 1 — L.C. "Butch" Krauss, Fulton County

• District 2 — Dave Jury, Wyandot County

• District 3 — James A. Bell (posthumous), Greene County

• District 4 — Jim Kirk, Fayette County

• District 5 — Herbert J. Berry, Wayne County

• District 6 — Joel D. Spires, Fairfield County

• District 7 — James C. Rex, Morgan

County

• District 8 — Albert Young, Coshocton County

• District 9 — James Bailey, Portage County

Ohio's 94 county and independent fairs and the Ohio State Fair support the local economy and help educate the public about the importance of agriculture and the many necessities it provides, including food, clothing, shelter, fuel and

energy. In addition to setting and approving the dates for the independent and county fairs, the department is responsible for helping to assure the safety of fair amusement rides, for monitoring livestock shows to help assure honest competition, and for coordinating animal health efforts with designated local veterinarians.

For more information on Ohio's fairs, including a listing of fair dates for the 2011 season, visit www.agri.ohio.gov.