

**FARM SUCCESSION:**

Strong Roots,  
New Growth

PRESENTATION BY MAVIS GRAGG



THE GRAGG LAW FIRM, PLLC

## ABOUT MAVIS GRAGG

- Based in Durham, NC with a footprint across the state of NC
- Over 12+ years experience as an attorney working with clients on real estate, estate planning, and estate administration matters
- Over 20 years experience as mediator empowering people to resolve conflict and problem solve for themselves
- Passionate about helping clients maintain and grow wealth through thoughtful, individualized planning

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# WEALTH

How do you define wealth?

An abundance of valuable possessions and money

A measure of the value of all of the assets of worth owned by a person.



# GOALS WITH SUCCESSION PLANNING

- Liquidity to carry the farm through the transition period and purchase interests
- A formalized arrangement to transfer ownership and management control
- Decisions made about management succession
- Decisions made about family versus non-family ownership
- Address any sibling or family rivalry in advance
- Provide for retirement income of the current owners
- Mitigate or eliminate any estate taxes

# FOUR WAYS TO TRANSFER OWNERSHIP

## Sell to Co-Owner

- Co-owners can create agreements with various options
- Buy-sell agreements set the terms such as family keeps interest but no management responsibility
- Requires cash. Life insurance or disability insurance should be considered for funding buy out.

## Sell to Key Employee

- Great option when you have a trusted employee
- You can train them and bring them in to key relationships
- Money is key challenge for this option. Can address with seller-financing or acquisition loan, for example.
- Very important to address in advance of retirement.

# FOUR WAYS TO TRANSFER OWNERSHIP

## Sell to Outsider

- Most suitable for operations with demonstrated success
- Well trained and functioning staff, esp. management or highly desirable land a key selling point.

## Passing to Heir(s)

- Important to consider *who* should be in charge.
- Consider a buy-sell agreement including your heirs as parties.
- Multiple family member owners with management rights can create conflict

# INTESTATE SUCCESSION IN NC

<b>If you die with:</b>	<b>here's what happens:</b>
children but no spouse	children inherit everything
spouse but no descendants or parents	spouse inherits everything
spouse and one child or descendants of one child	spouse inherits 1/2 of your intestate real estate child or descendants inherit 1/2 of your intestate real estate
spouse and two+ children, or descendants of those children	spouse inherits 1/3 of your intestate real estate children or descendants inherit 2/3 of your intestate real estate
spouse and parents, no children or descendants	spouse inherits 1/2 of your intestate real estate parents inherit 1/2 of your intestate real estate
parents but no spouse or descendants	parents inherit everything
siblings but no spouse, descendants, or parents	siblings inherit everything

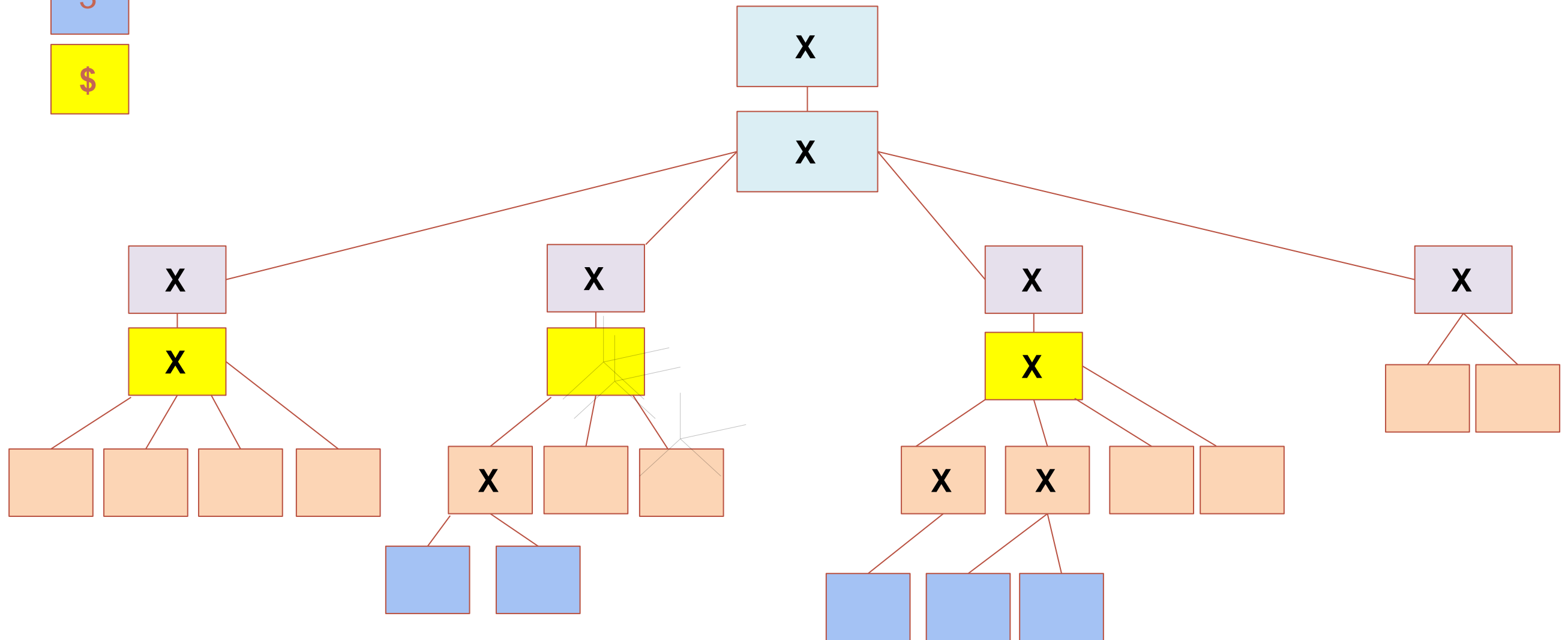
# GROWTH OF THE FAMILY TREE OVER TIME

1

2

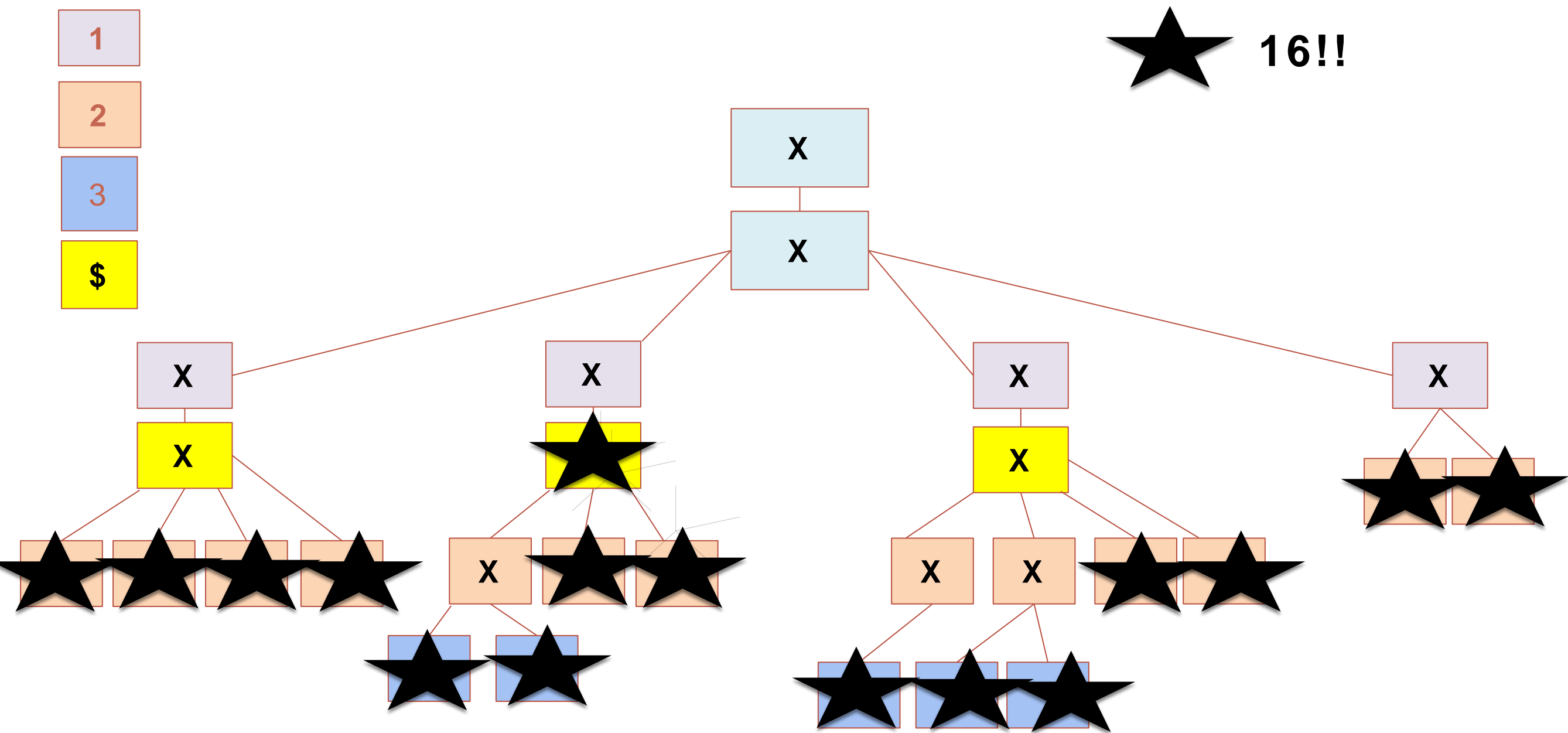
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# CREATION OF MULTIPLE OWNERS OVER TIME



# LEGAL STRUCTURE OF HEIRS PROPERTY

Tenants in Common

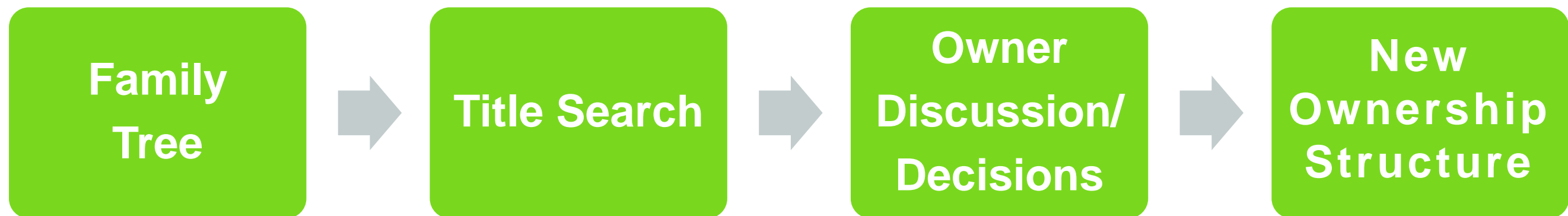
Ability to Transfer to  
3rd Party

Unanimous  
Decision Making

# CHALLENGES OF HEIRS PROPERTY

- Legal structure
- Social
- Financial

# MAKING FAMILY LAND OWNERSHIP WORK





# ALTERNATIVES TO A SINGLE ENTITY

- Maintain the current situation
- Partition of the land
- Sale of the land in lieu of partition

# ESTATE PLANNING DOCUMENTS

- Financial Power of Attorney
- Healthcare Power of Attorney
- Living Will
- Trust
- Last Will and Testament

# NON-PROBATE VS. PROBATE ASSETS

## Non-Probate Assets

- Life Insurance Accounts
- Retirement Accounts
- Payable on Death Accounts
- Assets with Survivorship Rights
- Real Estate


## Probate Assets

- EVERYTHING ELSE!!!!

## \*Warning\*

- Failure to properly list beneficiaries and survivorship rights can cause non-probate assets to fall into the estate.



The background image shows a lush green field, likely a cornfield, with a tractor visible in the distance. The sky is a clear, bright blue. The text is overlaid on a semi-transparent white rectangular box in the center of the image.

*"It feels good to hear someone say, 'take care". It feels so much better to hear someone say 'I will take care of you.'"*

*-Unknown*



**THANK YOU!**

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