



DO YOU WANT TO FARM YOUR LAND FOREVER? IF NOT, CONSIDER THESE OPTIONS

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If you don't want to own your farmland forever, you have a few options. Here, we outline a few exit strategies that ensure the integrity of your farm.

When you're ready to retire, the last thing you want to do is to sell your farm. Holding onto this valuable asset and preserving your family's history is far more appealing than passing it on to a stranger, but there might not be a farmer or another interested party in your family who's ready to take on the responsibility of farmland ownership.

The good news is that if you don't want to farm your land forever, you have options. This post will outline three possible avenues you can explore and raise a few considerations you should take into account as you decide what's next.

What can you do with your farm when it's time to make a change?

It can be difficult to think about a future in which you're not connected to your family's land, especially if you're a farmer who works their family's land, but you do have three main options:

- 1. Keep your land in the family.** If your children want to farm or if there are other interested parties among your extended family, you may find yourself in a position to lease your land to a family member so that they can decide whether or not they're interested in managing the land themselves when the time is right.
- 2. Rent your farmland to someone outside your family.** If you've already been renting out your farmland, you know that keeping up with soil health,

maintenance, and rental agreements is still tough work. It's far easier than farming the land yourself, but this option brings in more income over time than you'd get by selling your land outright. If you've been renting your farmland for years and are looking to simplify your life in retirement, you may want to try a simpler way to rent your farmland so that you can maintain a stream of passive income. Hold onto your most valuable asset by renting your farmland instead of selling it, and give your family a chance to decide if they're interested in farmland ownership down the line.

3. Sell your farmland. If you're lucky enough to have farmland in your family, it's wise to hang onto it, but if you're faced with capital constraints, you may feel pressure to sell your land. Before you make this permanent decision, be sure to consider the long-term value of the land for future generations before you make this deal. The value of a cash rental farm income every year shouldn't be underestimated.

If you had to weigh these options based on the possible emotional and financial outcomes, you'd probably find them far from equal. But it's important to think through how each would impact you and your family's financial future.

Consider the possible outcomes of selling your farmland

Whether or not you've been operating your own acres, it's important to remember that there is a real difference in how different generations approach (and appreciate) farmland.

In our experience, the more generations you get away from those who lived on the farm, the less attachment the landowners have to the land itself. These generations tend to look at the land as an asset rather than as a tradition and lifestyle that they're invested in protecting. The USDA's data supports this: 50 percent of non-operator landlords acquire their farmland through inheritance.

Even if you opt to keep your land in the family, people who aren't farmers who inherit farmland typically sell it within five years. This is why it's a good idea to explore your options for farmland rental before making any permanent changes.

When you start to think about the next steps for your farmland, don't count on nostalgia from the next generations. Remember that they may not want to continue the story of your family's land in the same way. If you want to keep your farmland in the family but the best candidates for ownership on the family tree aren't ready yet, consider leasing out your farmland until that time arrives.

All sales are final

Once you've sold your land, you have no control over the farm or what the buyer does to that property. This may sound obvious, but the only way you can pass on your values to someone outside your family is to find a buyer that has a strong history of farmland stewardship.

However often you hear about a family farm being sold off, the data shows that this kind of turnover isn't all that common. Only ten percent of all farmland in American is expected to be transferred between 2015 and 2019, and six percent of this will change hands through gifts, trusts or wills.

Farmland doesn't come up for sale all that often, so you can't expect to have a chance to buy your land back if you change your mind. Take your time and think hard about the value of your farmland to future generations, emotionally and financially. If you're interested in learning more about how to rent your farmland through Tillable, reach out to our team to learn more about this option.

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