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Many options for succession plans

AGING FARMERS without succession plans to help them step into enjoyable retirement are a concern, say a senior realtor and a farm succesion planner.

Bayleys NZ country manager Simon Anderson says his agents deal often with farmers thinking about how to exit their farms, but who may be confusing retirement and succession.

"The two are different issues: one must be managed properly for the other to become a comfortable reality," Andersons says.

He points out that the average farmer age is rising in all farm sectors: census data shows cattle farmers in 2013 averaged 56 years old, up from 53 in 2006; sheep farmers on average were 53, up from 50 in 2006; dairy farmers averaged 41 versus 40 in 2006. (The slower rise in dairy average age reflects younger farmers moving in to a rapidly expanding sector.)

But Anderson says aside from land use, there are more pointers suggesting Kiwis need to think harder about how farm succession will be managed when the age averages get too high.

Rabobank has found that fewer than 20% of farmers responding to the bank's surveys have a written succession plan, 48% have an informal plan and 33% have nothing.

This is despite two thirds of respondents aiming to hand over the farm in the next 10 years as they approach 65.

This concerned the bank enough that it took on a succession planner to help farm owners to see how they could release some or all their capital, then plan how to spend their retirement years.

A farmer wanting to sell and retire has plenty of options, Anderson says. For example, he could leave some money in his farm business to help the would-be new owner if the latter found he could not raise all the needed capital through a bank.

Lease-to-buy options also look good to young operators keen to get through the gate of a retiring vendor's property. This could work when an older farmer, with no relative wanting to take on the farm, wants to help someone he has identified as a motivated operator.