



# AG LEGACY

## TODAY DECIDES TOMORROW

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A legacy is the summation of a lifetime of achievement and how that lifetime will be remembered. The Ag Legacy Symposium on Feb. 25, held at the Chico State Farm brought together ranchers, farmers and agri-business owners to prepare for the next generation of managers and owners. The event featured sessions on legal aspects, financial topics, political factors, family dynamics, and provided real life scenarios for participants to consider incorporating into their succession plan. This feature is the first of three on the event, highlighting lessons from fellow farmers and ranchers presented at the symposium.

The symposium began with raw emotion and stark reality, “we have seen tragedy all around us, and watched as fellow ranchers have been wrapped in grief while trying to carry on the family business,” stated co-host **Kasey DeAtley**, Ph.D., Chico State Professor and fellow rancher during the opening address. “It was hard time for me as executor of my grandparent’s estate and they had it set up well. I can’t imagine how hard it is when the planning is not good.”

Planning an Ag Legacy should include discussions of:

1. Values and life lessons
2. Personal possessions of emotional value
3. Fulfilling final wishes and instructions
4. Ownership of financial assets and real estate
5. Management succession

“If the discussions between generations do not cover all five components of a legacy, the legacy transfer will not be completed successfully,” said symposium presenter John Hewlett, Extension Ranch/Farm Management Specialist at the University of Wyoming.

When you begin to plan the 5 areas listed above, it can naturally invoke a lot of feelings and emotions. It may seem hard to discuss, hard to take action, hard to put pen to paper, but don’t lose YOUR Ag Legacy because it was “hard”. Frankly the government and courts don’t care and that is who wins when you fail to plan!

“There is no right or wrong answers” stressed Jeff Tranel, Colorado State University Extension, but you must do something. “The answer today might not be the same tomorrow.” Your Ag Legacy plan can evolve with changes in internal family dynamics, business economics, along with adapting to changing government legislation and tax codes.

The most important question posed to participants was – Are you willing to jeopardize the legacy of your family business? That is your business, just know the consequences. Creating your Ag Legacy should not be done alone, figure out the best people to help you, and choose an advisor that can coach you and your family through the process. Gather information, connect with fellow farmers and ranchers, analyze that information, and use a team of trusted advisors – accountant and lawyer

- to write your Ag Legacy plan. It will be hard, but what will be harder is for your children and grandchildren to watch the government decide the script for your legacy while lawyers and the government make financial gains.

A keystone feature of the Ag Legacy symposium was fellow farmers and ranchers sharing their personal Ag legacy heartaches, triumph and lessons learned. **Tim Koopmann, Deb Cockrell** and **Ryan Schohr** opened up their family businesses to share tips, success and their individual passion to urge fellow farmers and ranchers to have the hard discussions they may be avoiding and put the pen to paper write their own Ag Legacy.

## DESIRES AND DOCUMENTS

Deb Cockrell, Modoc County rancher and agritourism business operator shared about the importance of doing things before it is too late. The Cockrell family has an Angus cattle operation in Northern California and offers guests lodging to tourists to enjoy country living. The four grown children of Deb and her late husband Will Cockrell are involved in different facets of the agriculture industry and are partners in the family ranching operation.

Cockrell shared how she and Will sat the kids down after they completed college and had careers of their own to talk about the ranch future. She shared that as a parent, the gift we give them is to make sure they are taken care of and not left with a burden.

Cockrell discussed the importance of family meetings and getting issues out on the table. However, not everyone manages a business with business meetings...but find the right way, time, and place to talk about your agriculture legacy (that is not before Christmas dinner).

"Your desires and documents should not be a secret, communicate with your family. Everyone has different family dynamics that can throw kinks, but find a way to talk" stated Cockrell. "You never know when illness or a horrible accident may happen, you need to be prepared in advance."

In 2019, Will was tragically diagnosed with pancreatic cancer and passed away in the spring of 2022. Cockrell had a warning to expedite a plan for the unavoidable. "You must be prepared, if he would have been in a tragic accident, we would have been given no time at all," she shared.



the Cockrells had started their succession planning years before his cancer diagnosis, but the diagnosis made them go on defense. They worked with advisors to make sure everything was complete. The Cockrell's have implemented a variety of strategies, including Limited Liability Corporations (LLCs), Trusts, DMV transfer on death, Bureau of Livestock ID cattle brands registered to trust, Pay on Death (POD) beneficiaries on accounts, and the like as part of their Ag Legacy Plan.

Reflecting back on the past months with a personal goal to complete everything in the year following her husband's passing, Deb shared; "Emotions can make it hard to concentrate, hard to make decisions, and you are faced with a lot of decisions to make. BE PREPARED."

## COMMUNICATION AND CONSERVATION

Tim Koopmann's 850-acre family ranch in the middle of California's Bay Area, is nestled between a golf course named after an endangered species, commuter-packed Interstate Highway 680 and ranchettes on what used to be working rangelands. The Koopmann Family has been a victim of the estate tax not once, but twice. In 1968, his grandfather had a tragic accident saving horses and fell victim to a train crash, passing away with no will or documentations. Tim watched his father get sick with worry and stress. The Koopmanns were forced to fire sale hundreds of acres at below market prices to meet tax obligations to save the main ranch.

"The toughest thing to say is.... You are going to die, let's talk about it," said Koopmann. "It is a tough thing to do, a lot of people don't get to it.... including my family. My dad died of a heart attack, and we began the struggle to pay the estate tax AGAIN."

On the second round, the estate taxes on the small working ranch, in an area with some

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of the nation's most expensive land, reached nearly \$750,000. Tim shared the outcome was looking bleak, but at the eleventh hour, a sale of the ranch was averted through the utilization of conservation easement.

"I am proud that our family's ranching legacy will never be surrendered to development," said Tim Koopmann. "We used a conservation easement as a tool to deal with a lack of estate planning by my parents. The most lucrative livestock I have ever raised are California Tiger Salamander, and the little critters saved the ranch."

Koopmann noted, a conservation easement is not for everyone, but it is a tool in the toolbox to consider when you are planning your Ag Legacy.

"Don't find yourself or put your kids in my position – DO SOMETHING," advocated Koopmann. "I have taken a much different approach to estate planning and communication with the next generation – to sustain future generational transfers. I swear my kids will not have to go through what my dad and I went through, but I still have a lot to do."

Tim shared how the ranch currently has multiple absentee partners, and the challenge that can present for him today, but the number of absentee partners will double for his children if he can't identify a solution to streamline the business ownership model.

## TEAM, TALENT AND TRAJECTORY

Ryan Schohr is the 6<sup>th</sup> generation to farm and ranch in Northern California. The Schohr Family farming operation was established in 1861. The diversified family farm currently produces sushi rice, walnuts, hay and commercial cattle, in addition to managing wildlife habitat, alpine forestland, and off-farm investments. Schohr discussed the hard lessons from a lack of good estate planning by his great-grandmother that can never be rectified. In the 1980's his parents were raising a young family and struggling to navigate the previous generations poor estate planning, high interest rates, depressed agricultural markets and leveraged family buyouts.

Today, his family works with a team of talented advisors to actively plan for generational transfers, volatile markets, and unfavorable public policy, to keep the operation steadfast and growing for the next generation. Schohr shared about the team he and his family work with, including family business consultants, accountants and attorneys. He also shared about the important role his "personal board of directors" contributes (trusted friends and business partners), that he calls for advice and success strategies for his Ag Legacy. This "Personal Board" presents him with different business outlooks, provides real-life case scenarios

to learn from, and challenges him to become a better farmer, businessman and family man.

"You can't do it alone, use a team of advisors, if you do it alone your odds of failure are greater," said Schohr. As part of his presentation, Schohr urged attendees to put pen to paper. Attendees were asked to name their personal board of directors, identify who would manage the ranch and farm business activities inside (office), outside (field/cattle) and who would be a visionary for the future of the agricultural business. Also, to write down the contacts and resources to make the operation run smoothly if something tragic should happen – the contact for leases, veterinarian, cattle marketers, bankers, forage insurance agent, etc. These should not remain only in your head! Share them with the team that will carry out your legacy while making your farm and ranch function.

"I am confident that if something happened to me today, that my 8-year-old son and my wife will be taken care of, the government will not take the farm, the farm will continue to grow crops because of the team we have in place, and my son can be the 7<sup>th</sup> generation to successfully operate and grow the farm," shared Schohr.

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The session brought together multiple generations from farms and ranches across Northern California to learn, share and connect. The day was a day to start building and refining Ag Legacy Plans, discussing challenges, while sharing dreams, hopes and aspirations.

"This event was a great opportunity for farmers and ranchers to get knowledge and insight from a diversity of high caliber speakers," stated Jane Roberti, Roberti Ranch. "This is something that every family needs to get done, and the experiences shared by fellow farmers and ranchers will help improve our family Ag Legacy Plan."

Future Ag Legacy events are being planned for later this year and in 2024. If you are interested in learning more about these events, please <https://surveys.ucanr.edu/survey.cfm?surveynumber=40630>.

The event was hosted by DeAtley and Dr. Eric Houk, California State University, Chico and **Tracy Schohr**, University of California Cooperative Extension, with support from Chico State Young Cattlemen's Association. Sponsorships for the event were from the California Beef Cattle Improvement Association, Butte County Cattlemen's Association and USDA-NIFA Grant.

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