

ESTATE PLANNING

Is It for You?

by Al Lundstrom

Estate planning. Just exactly what does it mean? What is an estate? In colonial times, an estate was described as a large land holding with a distinguished manor house—a place where the wealthy and powerful maintained life on a grand scale. As a “legal” word, however, estate describes the position in which a person stands in relationship to the use, ownership, possession and control of property.

A plan is a sequence of events that will happen in a particular acceptable way in order to accomplish a specific goal or objective. When we say an “estate plan,” we have a method of projecting your life’s goals. Simply put, it is making sure that what you would like done is, in fact, what happens.

Since these articles are going to be written specifically for ANGUS JOURNAL and its readers, a practical approach to this situation is definitely needed. Most articles on estate planning are either directed to the farmer or the businessman. Within the Angus industry, especially within the purebred Angus industry, two distinct groups of people exist. There is the rancher-farmer who is establishing himself as a businessman and there is the businessman who is establishing himself as a rancher-farmer. Each group will definitely have circumstances and situations that vary greatly, yet they have common interests in the God-given resource of the land and that which they produce.

This Series

During the next few months, these articles will start with the very basics of estate planning and the fundamental reasons why this planning should be accomplished.

What makes estate planning for the cattleman unique? Certainly your problems are not routine, yet each day you make decisions. You take into consideration alternate courses of action and decide what route to take. You are constantly faced with the question, “What if?” What if I cut my hay and it rains? What if I sell my steers today; will I get the price I want or should I



wait? What if I breed to this bull; will the genetic mix produce a calf crop as good, better or worse than last year?

You are not shy when it comes to hard work. As a cattleman, you own land that may be subject to a mortgage. You labor on the acres to earn a living and you utilize management to generate savings and assets. In other words, you are a landlord, a capitalist, a laborer and a manager. You are a decision-making individual in charge of fixed assets and renewable products, all of which require a business decision. You, the cattleman, are a businessman.

Weather and Resources

Unlike most businessmen, your assets and cash-generating products depend on the weather and natural resources. The planning you do can vary greatly from year to year, but inflation will continue to be your partner. Since farming is a capital intensive industry, your investment is higher than that of non-agricultural industries. Your potential for success is greater and so is your chance of failure. Being able to max-

imize your potential and minimize your liabilities is the fundamental and underlying factor in good business planning, which also takes into consideration estate planning.

Estate planning encompasses many complex areas. These areas include federal, estate and state inheritance taxation, trusts, wills, insurance and business organization—all of which we will discuss in these articles. In estate planning, the goals and objectives for you and your family should govern your choices or alternative ways by which you complete your plan.

Keep in mind throughout all of the following articles that estate planning is not a science. Estate planning is an opportunity for you to share ideas with professionals and to arrive at a common understandable way of decreasing your liabilities, maintaining your assets, and providing financial security for you and your family.

No Special Time

There really isn't any special time in your financial life cycle when estate planning is

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required or necessary. It should happen when you are concerned about the assets you have acquired and the security it will provide for you and your heirs. Sometimes the fewer assets you have, the more concerned you should be about how they are going to be handled. On the other hand, the more assets you have, the more concerned you should be about how *much* will be liquidated for the benefit of your government in federal estate taxes, state inheritance taxes, administration costs and fees.

First ask yourself, "Is estate planning really for me?" This is the big question. That will be established in our first article. It will establish whether or not you have the assets, the problems or the goals that require any estate planning or just have the need for a will. Don't confuse the issue of estate planning with being wealthy. Estate planning is for anyone who wants to be sure of what happens to assets and property he has worked a lifetime to acquire.

Everyone has an estate plan. It is just that you have the opportunity to design your own plan—or be the victim of a plan that is currently provided for you by your state and federal government that is implemented by Probate Court. Each plan is unique, but keep in mind that *if* the Probate Court plan takes effect, you have *no* control over the destiny of your assets to your heirs or the amount of assets that will remain after administration costs, court fees, federal and state inheritance taxes, and estate taxes.

Reduce Taxes, Court Control

Taking the time to design your own plan will provide you with an opportunity to reduce all these taxes and reduce the control the Probate Court has on the destiny of your assets to your heirs. Estate planning is like any other type of planning you have done in the past. The sooner you get involved, the more control you have over the end product, your plan.

As I said before, estate planning is not a science. Estate planning is an idea. A group of ideas developed by you and the individual you work with in helping you design a program to fit your needs.

If you already have an estate plan, the one basic question you should continue to ask yourself is, "Could I improve on my plan?" The only thing permanent is change.

Future articles will run in a series and will provide you with a sequence of events in helping you plan your estate. The articles will be divided into four specific segments: (1) The Introduction to Estate Planning, (2) The Fundamentals of Estate Planning, (3) Forms of Agricultural Business Organizations and (4) The Design of An Estate Plan to Meet Your Goals and Objectives.

If you have specific questions or comments, please direct them to ANGUS JOURNAL and we will try to incorporate the answers in future articles or answer them directly. Remember that your estate plan is a method of projecting your life's goals rather than a passport to death. 