

Planning Your Legacy

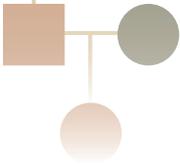
Creating an estate plan will ease the transition for the next generation and may provide opportunities for youth.

by Julie White

What's one of the first things you should do when you own a business? Plan for the future. And, according to Rob Oltjen, senior vice president and wealth advisor for private wealth management at UMB Bank, it's about the last thing people do. Oltjen encourages Hereford breeders to consider what will happen to their farm or ranch once they pass.



PHOTO BY KYLA COPELAND, FOCUS MARKETING GROUP



“It’s not something fun to do or to think about,” Oltjen says. “But it’s something you want to do for the benefit of your children. Or if you don’t have any, plan for how you want your assets distributed at your death.”

Transition plan

Oltjen says the first step is to identify an estate-planning attorney. “You really want to be sure to work with someone whose expertise is estate planning,” Oltjen says. “Have an inventory of all your assets to bring to the table and consider your plan for after you pass away. What do you want to happen to your operation? What do you see as the transition plan?”

He adds that the value of farmland is ever increasing, and increasing land values put even more pressure on cattlemen to get a plan in place to transition the estate well.

“Something Hereford breeders can do especially if they do not have children or someone to pass the farm or ranch on to is to carve off a piece of land or allocate something and leave it to a foundation or have a life insurance policy you can begin now and leave it to the foundation,” Oltjen says.

Not only will giving to a charitable cause give back to a meaningful organization but the gift will cut down the size of the estate and, therefore, can help reduce steep estate taxes.

“With land prices as high as they are, there are probably some folks who are going to be over the \$5.43 million per person estate taxes exemption,” he explains. Each person has an estate tax exemption of \$5.43 million, and together with a spouse that number equals \$10.86 million tax-free. Once an estate exceeds that amount, taxes will be owed.

“If there is some property that would put you up and over that amount, you can bequeath it to a foundation,” he says. “Therefore more is going to a good charitable entity. Most people would rather

the money go somewhere else instead of to the government. With land prices being what they are in some areas at a couple thousand dollars an acre, giving some land to a foundation will equal quite a sum for an organization that has benefitted them or they care about.”

Bruce Everhart, Hereford Youth Foundation of America (HYFA) vice president, encourages Hereford breeders to leave a legacy gift to HYFA, ensuring the future of Hereford youth through scholarships and supporting future Junior National Hereford Expos.

HYFA encourages, recognizes and rewards the development of life skills and values in the next generation of leaders by providing education, scholarship and leadership opportunities for Hereford youth.

“Your gift to HYFA is effectively managed and protected by a passionate board and experienced fund manager,” Everhart says. “The future of HYFA is dependent on gifts from Hereford breeders across this nation. This breed has made a lasting impression

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— Rob Oltjen



and impact on my family. I have designated a portion of my estate through my will to go to HYFA for developing Hereford youth for the future.”

The basics

Oltjen says if there is not a will or a trust in place upon death, the estate is going to be considered intestate, meaning there is no plan. The state’s laws will then decide where the money goes.

“In some states that could mean that if for example, a husband passes away, and you’ve got a wife and two kids the money may be split into one-third for the wife and the other two-thirds split between the two kids. And that’s probably not the way you drew it up in your mind,” he says.

“I wouldn’t trust your state probate laws to settle your estate for you. If you don’t have a will at all, that’s what’s going to happen. It will be different in each state.”

Herefords & kids

Missouri Hereford breeders Bob and Gretchen Thomson are passionate about Hereford cattle and Hereford youth.

An excerpt from “Herefords & Kids,” by Angie Stump Denton, originally printed in the 2010 May/June issue of the Hereford World.

Nestled in the Ozark hills near Rolla, Mo., Glengrove Farm has been home to performance-tested Herefords for 40 years.

Bob Thompson is the third generation to farm the land, which was purchased by his grandfather in 1903. From 1926 to 1965, Glengrove was a registered Jersey dairy farm. In 1973 Bob and his wife, Gretchen, purchased their first Herefords, and the whiteface breed has grazed the Glengrove pastures ever since.

Through the years, the couple has worked together, managing and building their herd. Bob was in the banking industry for 37 years; he retired after serving 25 years as president of U.S. Bank in Rolla.

Helping youth, both Bob and Gretchen have served on the Missouri Hereford Association (MHA) board, and Bob was the group’s president. Bob currently serves on the American Hereford Association Board of Directors. The couple was recognized as the 2002 MHA Purebred Breeder of the Year and has been recognized by the Missouri Junior Hereford Association.

Fellow Missouri Hereford breeder Marty Lueck says through the years Bob and Gretchen graciously have given of their time and money to support Hereford youth. “Although Bob and Gretchen do not have any kids of their own, they have numerous ‘adopted’ Hereford kids, who they have helped and cheered on for numerous years,” he says.

Gretchen says they enjoy attending the junior nationals each year and watching Hereford youth excel at the event. “It’s amazing how the kids get along so well with one another. They have learned personal skills and how to respect each other.”

The Thompsons also open their home and farm to Hereford youth traveling to junior nationals. In 2009 Hereford youth from Pennsylvania stopped over on their way to Tulsa.

“There’s nothing better than kids and calves,” Bob says. “When showing cattle, youth learn responsibility, how to care for animals and learn the consequences if they do not. They also learn about winning and losing as well as the basics of bookkeeping and financing.”

Bob says he believes youth who are involved in programs such as the National Junior Hereford Association (NJHA) have a leg up in college and when they go out into the real world.

“Gretchen and I believe the Hereford breed is going to continue to increase in popularity, but to continue that growth, we are going to need good young people who will provide the leadership to keep the breed growing,” Bob says.

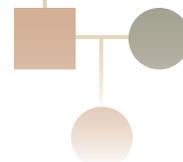
Because of this passion, the couple has bequeathed a portion of their estate to the Hereford Youth Foundation of America (HYFA).

“When you start to think about how you might like your estate distributed, you consider organizations that you are passionate about,” Bob says. “We love Hereford cattle and Hereford people, so the decision to bequest a portion of our estate to Hereford youth was an easy decision. We want to help with the process of developing leadership among Hereford youth to keep the breed growing in the years to come.”

Bob says it is very important to do estate planning. “We all put it off and plan to do it someday,” Bob says. “There is a great deal of satisfaction when the process is complete and you have determined how your estate will be distributed — knowing that state and federal laws will not dictate how it is distributed.

“The process is easier on heirs and family if you have a plan established. The bottom line with estate planning is that you know it is distributed the way you want it to be instead of the government making the decision for you.” **HW**





He says the first thing to do at the very minimum is to create a will, which establishes an executor, which is a person you trust to settle the estate. “The executor can be a bank or an individual,” Oltjen adds. “You’ll name that, the guardian of your children and you will describe in the will how you want your assets split.”

The will is the simplest option though Oltjen says there are some drawbacks including attorney fees as the will is settled at the county level. “It’s going to be expensive because they will have a standard fee, probably on a sliding scale, north of 1%. It’s also not going to settle quickly because you are relying on the courts to get it done. There are some disadvantages to doing a simple will, but at least it gets you started at having a plan for your assets.”

A step past a will is to develop a trust. “That trust is revocable during your lifetime so you can change it any way, shape or form but once you pass away it becomes irrevocable at that point,” he says.

“It is its own entity and has its own tax ID. All the assets that you titled in your trust are now going to flow into this trust. It’s not public. You can move assets out quicker than a will and again you can name the trustee a bank or an individual.”

Oltjen says he prefers a combination of a bank and a personal trustee — co-trustees. “The bank can do all the heavy lifting,” he explains. “They can invest the money, gather all the assets and they can distribute it. We are more professionals of it and know exactly what to do where an individual may not know that. But they want to have some input.”

He adds that once you’ve met with an estate-plan attorney, the attorney will give you more things to think about. “You’ll meet with the attorney again and draw up a plan and have it (in) place. Then it’s something you need to review with your estate plan attorney every two to three years. Are you up to date

on the tax laws? Has anything changed in your life that would make you want to alter the document?”

Everhart says HYFA can also provide tools and resources for Hereford breeders who have questions about estate planning and leaving a legacy gift. “Getting started on estate planning is often the hardest thing to do,” he says. “HYFA has experts to help explain and reassure you as you think about transitioning your estate to your heirs. HYFA can also help modify your plan to meet your needs today.”

Oltjen concludes with emphasizing the importance of getting a plan in place. “You never know what’s going to happen. So that estate plan you worked out with your attorney is really an insurance plan to make sure your estate is settled the way you would like it.” **HW**

Hereford research division

The Hereford Research Foundation (HRF) was established in 2009 as a division of the Hereford Youth



Foundation of America (HYFA), a 501(c)(3) not-for-profit organization, to support breed improvement projects outside the scope of the American Hereford Association (AHA) budget.

HRF was developed to support programs that enhance beef cattle production. These projects will be conducted throughout the United States in conjunction with universities, private firms and ranches and shall be funded by donations.

Extensive time and resources are spent each year by the AHA to enhance beef cattle production through various ongoing projects. You can see the value of these projects at Hereford.org.

Contact AHA for more information on how to make tax-deductible contributions. **HW**

The Foundation

The Hereford Youth Foundation of America (HYFA) was established in 1986 and is a not-for-profit 501(c)(3) corporation dedicated exclusively to scholarship and educational support of youth in the business of raising Hereford cattle.

The Foundation is governed by a board of directors who are heavily involved in the Hereford industry and who have a vested interest in educating youth, developing leadership and encouraging young people to return to production agriculture.

People directly involved in production agriculture account for less than 2% of the United States population, yet a strong agriculture economy insures the national security, well-being and independence of our nation through the production of the safest, least-expensive and highest-quality food supply in the world. The HYFA’s goal is to recruit, support, educate, train and identify future leaders that will appreciate and extend our nation’s position as the bread-and-protein basket of the world.

Since it’s beginning, the focus of

the HYFA has primarily been geared toward supporting youth. Juniors can participate in a wide variety of contests and activities that are supported by the HYFA. Hereford youth have the opportunity to gain invaluable leadership skills that will enable them to become self-directed, educated leaders in today’s world. Each year the HYFA awards numerous scholarships to deserving Hereford youth. **HW**

