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Contact:

Bill Hyman, Executive Director
Independent Cattlemen's Association of Texas
Office: 512.620.0162 / Cell: 830.857.3500

Plan NOW to Keep the Farm in the Family

Regardless if you are 35 or 65, what would happen if you became too ill to manage your ranch, or if you died suddenly, and only one of your children wanted to carry on the operation? It's never too soon to plan, and making the appropriate decisions now can save your family money and strife, and ensure your wishes are known and carried out. Texas A&M University's Dr. Wayne A. Hayenga, professor emeritus, attorney and nationally recognized speaker, will present a practical, easy-to-understand and not-to-be-missed 90-minute session on estate planning at 8:30 a.m. Friday, June 11, at the Independent Cattlemen's Association Convention in College Station.

While Dr. Hayenga advises that individuals work with one of the 500 or so Texas attorneys who specialize in estate planning and probate, he will provide an overview of issues to be considered and discuss the six documents considered to be the tools for ensuring the future of the family estate. These include power of attorney, medical power of attorney, the nomination of a guardian, a "living will" or ultimate medical directive, and the will and trusts.

"If a ranch owner becomes ill or is injured, the power of attorney enables his or her pre-selected person to manage the business, pay bills and keep the operation afloat," said Dr. Hayenga, in a recent discussion about his upcoming ICA session. "The medical power of attorney allows for medical decisions to be made by an assigned person on one's behalf. With a 'living will' or ultimate medical directive, a person can pre-determine when or if measures are to be taken to sustain their life."

"In these days of serial relationships, it also is important to nominate a guardian, in case a person becomes permanently incapacitated and needs to have their estate handled during their lifetime," said Dr. Hayenga. Legally, the spouse is automatically the guardian, but in

some cases, a person may wish to designate a grown child or other individual to handle his or her affairs of the estate.

Upon death, assets are passed to heirs in one of four ways, a topic Dr. Hayenga will explore in depth in his workshop. Life insurance and retirement plan proceeds pass through contract, bank accounts pass through the operation of law, and there are wills and trusts.

Although the will appoints an executor and lists who receives items, Dr. Hayenga explained that trusts can be a more efficient and tax-saving method for distributing property to heirs. Currently there is no estate tax, but Dr. Hayenga said that, without legislative changes, the law will revert in 2011, allowing only \$1 million to pass tax-free to heirs. Because the value of land, livestock, buildings, equipment, stocks and bonds can quickly add up, advanced planning is needed to save estate taxes.

Dr. Hayenga said a trust can be an effective tool for large estates, when minor children or grandchildren are involved, or when an heir needs restricted access to prevent overspending. "A trust also can be established to protect the employment of the heir who is running the family ranch, preventing other heirs from splitting up the property," he said. "Generation skipping" also can be employed, in order to leave property or assets to a grandchild or another younger heir. "Trusts also can ensure that property is maintained in the family, allowing its use for a lifetime, and eventually passing to the next designee." he said.

Even if an estate is small, planning ahead for powers of attorney, and other life-ending eventualities can reduce family stress, and financial hardships in the future, said Dr. Hayenga. "When it comes to preparation, sooner is better than later."

Dr. Hayenga's presentation at the ICA Convention is open to everyone, and full or single day registration is available. Convention information, schedule and registration documents are available on the ICA web site at <http://www.icatexas.com/referenceforms.html>, or by calling the ICA office in Lockhart at 512-620-0162.