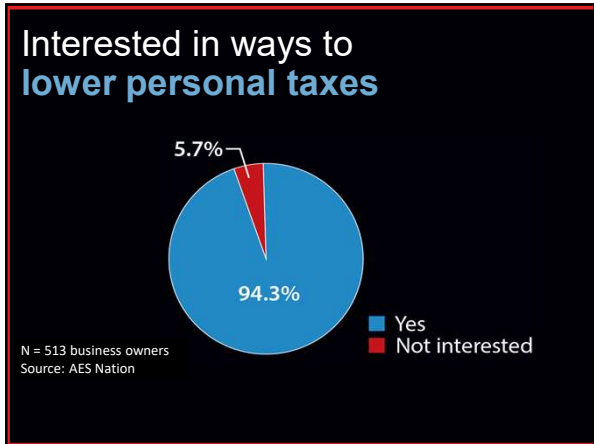




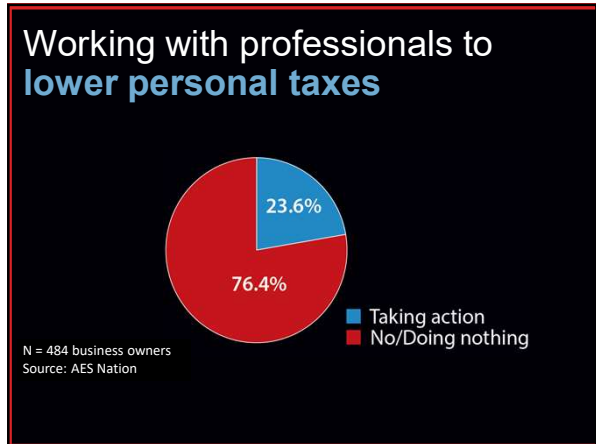
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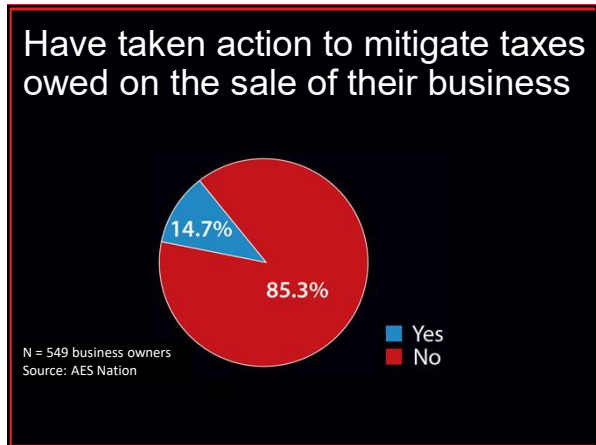
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2. Ownership Transition

- ✓ Choose entity structure
- ✓ Explore transfer options
- ✓ Mitigate taxes on sale or transfer
- ✓ Negotiate buy-sell provisions

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Evaluating transfer options:

- Creating liquidity
- Minimizing tax liability
- Reducing owner's exposure to business risk
- Avoiding extra costs and complexity
- Reducing taxable estate



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Transferring an interest:

- Structuring the transfer
- Outcomes for the 'seller'
- Outcomes for the 'buyer'
- Options:
 - Selling an interest
 - Gifting an interest
 - Sweat equity
 - Bonuses
- Unnecessary risks & liability



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Comparison of Transfer Options LEGACY BY DESIGN, LLC

Criteria	Gifting Partnership Interest	Selling Partnership Interest	Liquidating Partnership Interest	Selling Assets	Compensatory Transfer of Partnership Interest	Using a Split-off
Liquidity generated for owner?	No.	Yes, to the extent owner does not finance the sale.	Yes, unless owner receives installment pay outs.	Yes, to the extent sales proceeds are distributed to owner.	No.	No.
Does successor need cash to complete transfer?	No.	Yes, if external funding not available, seller will have to finance.	No. However, partnership is responsible for financing the liquidation payments to exiting partner.	Yes, if external funding not available, seller will have to finance.	Minimal. Needs to pay income tax on value of interest received.	No.
Does owner remain subject to business risk?	Yes, with respect to any partnership interest retained.	Yes, if owner finances the sale.	Yes, if owner receives installment payment.	Yes, if owner receives installment payment.	Yes, with respect to any partnership interest retained.	Yes, with respect to any partnership interest retained.

All webinar resources are found at:
<https://legacy-by-design.com/webinar-succession-planning-for-farming-professionals/>

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