



# Managing human aspects in intergenerational transfers of family farms

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# “Support the Farmer” Project

- The Farmers’ Social Insurance Institution Mela launched a project called “Support The Farmer” in 2017
- The purpose of the project is to help farmers, who are working under severe economical and mental pressures
  - The need for mental support increased substantially as a result of the crisis in the milk market in 2015
- Mela’s regional project workers help farmers to get the difficult situation under control, to find solutions to their problems and to prevent the risk of the loss of their work ability
  - The assistance is tailored to the farmer’s needs

# Difficulties on farms are not only financial

- Financial difficulties have a strong connection with mental well-being
  - mental burden, fatigue, frustration, cynicism....
- Currently the economic uncertainty is the biggest reason for mental burden of farmers, but not the only one. There are also many other reasons: big changes in life, loneliness, difficulties in the family life etc.
- Farm succession is a typical situation where Mela's project worker's help is needed
- The farm succession process is a life crisis for all parties involved. The new entrepreneur takes on a lot of responsibility for the farm as a whole. The owner generation gives up the family farm that they have held for decades and that was their life's work.
- All kinds of problems may occur:
  - The successor is not given the space to make decisions or he/she doesn't know how to act as an entrepreneur
  - The older generation doesn't want to step aside.
  - The timing of farm transfer is not ideal

# Problems concerning farm succession

- Different views and expectations between generations
  - Whose views are dominant? Who is leading the change?
- Lack of understanding of the expectations of the others <- > lack of discussion
- Different personalities and communication culture of the family
- Accepting the change involves a lot questions and emotions
  - As the owner, is it difficult for me give up the farm or is it very expected and welcomed step? Am I able to step to the side?
  - As a successor, do I have the motivation, know-how and ability to commit to farm management? Can I get space to make my own choices and decisions? Am I able to ask for advice, or does my pride prevent me from asking for help even when it would be necessary?

# Questions and tips for a successor

- Do I have enough knowledge of farm management? Acquire the necessary competence.
- Calculate the purchase price and find out other questions related to finances and taxation with a professional. Take into account future investment needs.
- Take into account what obligations are transferred to you in connection with the farm sale
- Be realistic about the farm incomes and expenditures as well as personal finance expenses
  - The calculations are for you and your future, not for the bank. By cheating, you are only cheating yourself
- Be prepared for unexpected life situations. Consider making a will, prenuptial agreement and/or power of attorney
- Take into account your own endurance and well-being. How much work can I really do?
- Agree with your spouse about the rules of working. The spouse may not have a real idea of the farm's cycle of the year.

## Questions for both generations

- Living arrangements in connection with a farm sale. Who lives where? What if owner generation can't afford to buy their own apartment after the sale price? What if the successor will get a partner after the farm sale, how does he/she feel about the living arrangements?
- Will the parents' and siblings' belongings be stored on the farm after the sale? How long?
- What are the rules for visiting successor's home? Can the close family come and go as they want or are there limits? What does the partner of successor think about the visiting rules? Will the older generation remember to respect the privacy of the successors?
- Is the older generation involved in farm work? Are they working for free or will they be paid?

# Things to remember

- Openness. Go through things constructively, even the difficult ones!
- Integrity. Be honest with yourself and other people involved
- Take everyone's points of view into account – the process of being heard
- Many problems are caused by emotions. Often there is some fear or personal trauma in the background.
- Ask for help before things get complicated
- Make use of various therapy and job guidance services preventively to help with discussions, if handling things without support is difficult
- Get help from financial experts. Require expertise and justifications as well as sticking to schedules.

# Mela's measures to support mental aspects in transfers of family farms

- The individual support given by Mela's project worker
  - Asking questions
  - Listening
  - Giving tips but not ready answers
- Vouchers for therapy services
- Peer support groups for owner generations and successors

# The future?





Thank you!