



An Estate Planning Guide – Goal Setting¹

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Published: August 2025

Everyone, regardless of financial status, will leave behind an estate upon their death. Legally, an estate represents a person's net worth. It includes assets such as bank accounts, homes, vehicles, investments, licenses, social media accounts, businesses, life insurance policies, retirement accounts, and other personal property. For those involved in agriculture, assets may also include land, livestock, machinery, equipment, and brands. An estate also encompasses liabilities such as mortgages and other debts.

In addition to estate planning, business owners—particularly those in agriculture—should develop a succession plan to ensure a smooth transition of ownership and management to the next generation. Succession involves transferring ownership of assets through inheritance, gifting, preferential sales, or other methods that align with the current owner's wishes. Planning for succession is crucial when the goal is to maintain business continuity under new leadership.

Estate planning and succession planning typically involve three key phases:

1. *Where are you?* (assessing your current situation)
2. *Where do you want to go?* (making decisions about the future)
3. *How can you best get there?* (determining the best path to transition from your current state to your desired future)

Goal setting is a critical part of this process. It involves defining clear objectives and making informed decisions about the future. Important questions to consider include, but are not limited to:

- *What do I envision for the future of the farm or ranch?*
- *Who is best prepared to take over the business?*
- *Is maintaining family harmony more important than preserving the farm or ranch as a viable business?*

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Individuals and families are primarily responsible for the first two phases. Legal, accounting, and other professionals will guide the individual in selecting appropriate strategies and drafting the necessary legal documents for the transition.

This guide is designed to help users better understand the importance of goal setting and to support them through the process. It includes a series of reflective statements for users to evaluate based on their personal and family priorities. The final section provides space to draft specific goals for both the family and the farm or ranch—encompassing both land and business operations.

Fairness

One of the most emotionally fraught challenges in estate and succession planning is deciding how to divide assets among heirs. Many farm and ranch families say they want to be “fair” or “equal”, but those two words do not necessarily mean the same thing. Trying to divide everything equally can sometimes hurt the long-term success of the farm and create conflict within the family.

Fairness means thinking about each person’s situation, contribution, and needs. In estate planning, fairness means establishing a distribution that accounts for everyone’s current circumstances and desired future. Fairness is an equitable distribution of assets as opposed to an equal distribution. For example, a child who has worked full-time on the farm for years, taking on labor, management, and risk, has made contributions that are very different from siblings who have pursued careers elsewhere. Families often recognize this by providing sweat equity, such as giving the farming heir land, equipment, or a larger share of the business.

At the same time, it is important to treat off-farm heirs with care and respect. This does not always mean giving them a piece of the farm. Instead, families might use strategies like life insurance, savings, or off-farm investments to provide something of value that will not put the operation at risk. Such an approach helps keep the farm running while still honoring everyone’s place in the family.

Timing also plays a role in fairness. The farming heir may need land or control of equipment now to continue the business. Other heirs may receive their share later, after the older generation passes. This does not mean those heirs are being left out. It simply reflects that different roles may require different timing.

Every family member has different life experiences, financial and emotional needs, and different expectations. That is why it is so important to talk early and openly. Some may want opportunity, others may want security, and some just want to be included in the conversation.

In the end, a good succession plan does not just divide property. It protects relationships and gives the operation its best chance to survive. Fairness means being thoughtful, not necessarily equal. And it is what helps sustain both the farm and the family.

Values Clarification and Expectations

Before a person sets goals, it is important to reflect on and understand the family's values and those of the person operating the farm or ranch. Values are the fundamental beliefs that guide one's actions, thoughts, and feelings, shaping decisions and influencing an overall sense of self. They are deeply personal and can evolve as you gain experience and develop as an individual.

The following sections contains fundamental statements designed to help determine its importance to members of the older, retiring generation and their families, followed by statements to help determine whether or not the steps necessary to achieve the values have been accomplished. By completing this exercise, one will hopefully begin the process of crafting goals and creating a clearer path for the future.

Values, Vision, and Legacy – These questions clarify long-term values, purpose, and vision.					
How IMPORTANT is it to you that.....	<i>Not Sure</i>	<i>Not Important</i>	<i>A Little Important</i>	<i>Somewhat Important</i>	<i>Very Important</i>
Each heir should receive an equal proportion of my estate.					
The farm or ranch (and other businesses) should remain viable.					
The land should continue to be owned by family members.					
Some of my estate to charities.					
Family conflict should be minimized during the estate and succession planning process.					

How TRUE or UNTRUE are each of the following statements?	<i>Untrue</i>	<i>Mostly Untrue</i>	<i>Neutral</i>	<i>Mostly True</i>	<i>True</i>
Family harmony is more important than my heirs continuing to operate the farm or ranch business.					
I am comfortable knowing that my successors may operate the farm/ranch differently than I did.					
I am anxious about the estate and succession planning process.					
I feel emotionally ready to transition out of day-to-day management.					
I am concerned about my identity after retirement.					
I am willing to give up control to enable the next generation to succeed.					
I worry about being left out of the decision-making process.					
I am comfortable with the idea of reducing my role in the business.					
I am comfortable with my plans for retirement.					

Family Involvement and Communication – This section explores family dynamics and communication readiness.

How IMPORTANT is it to you that.....	<i>Not Sure</i>	<i>Not Important</i>	<i>A Little Important</i>	<i>Somewhat Important</i>	<i>Very Important</i>
All heirs and family members feel that they were treated “fairly” during the estate and succession planning process.					
There is a plan for the orderly transfer of my/our personal possessions of emotional value to the desired beneficiaries.					
My family agrees on who should inherit or manage the operation.					
I communicate my estate and succession plans with all family members.					
All family members have an opportunity to voice their thoughts and wants for my succession plan.					

How TRUE or UNTRUE are each of the following statements?	<i>Untrue</i>	<i>Mostly Untrue</i>	<i>Neutral</i>	<i>Mostly True</i>	<i>True</i>
I am confident my family understands my/our estate and succession wishes.					
My family has held formal meetings to discuss estate and succession planning.					
I am open to feedback from my heirs about estate and succession planning.					
I have asked all family members about their interest in taking over the operation.					
I feel confident talking with my children about estate and succession goals.					
I have communicated openly with my children about my estate and succession plans.					
I’ve involved both farming and non-farming heirs in discussions about who will take over the farm/ranch.					
I am open to outside mediation if conflicts arise in succession planning.					

Identifying Successors – These statements assess successor readiness and generational transfer.

How IMPORTANT is it to you that.....	<i>Not Sure</i>	<i>Not Important</i>	<i>A Little Important</i>	<i>Somewhat Important</i>	<i>Very Important</i>
There is a written plan for transitioning management of the farm/ranch.					
There is a written plan for transitioning ownership of the land to my successors.					
All my heirs (family members) are involved in developing a succession plan.					

How TRUE or UNTRUE are each of the following statements?	<i>Untrue</i>	<i>Mostly Untrue</i>	<i>Neutral</i>	<i>Mostly True</i>	<i>True</i>
I am confident the next generation can succeed in operating the farm or ranch.					
I have identified a successor or successors for my farm/ranch operation.					
My identified successor or successors are interested in taking over the operation.					
All heirs (family members) agree with the selected successor or successors.					
I am willing to mentor my successor or successors.					
I will support my successor or successors even if they make different decisions than I would have made.					
I have involved my successor in key financial decisions.					
I have discussed expectations and responsibilities with my successor(s).					
I am willing to step back so the next generation can take the lead.					
I have clearly communicated my timeline for stepping away from operations.					

Finances – These statements assess the important financial aspects of the succession plan.					
How IMPORTANT is it to you that.....	<i>Not Sure</i>	<i>Not Important</i>	<i>A Little Important</i>	<i>Somewhat Important</i>	<i>Very Important</i>
I/we have enough money to live comfortably after retirement.					
Providing for my and my spouse’s long-term care needs.					
Your estate and succession plans minimize taxes.					
Your plan provides for a family member with “special needs”.					

How TRUE or UNTRUE are each of the following statements?	<i>Untrue</i>	<i>Mostly Untrue</i>	<i>Neutral</i>	<i>Mostly True</i>	<i>True</i>
I have calculated how much income I/we will need after retirement.					
The business is financially strong enough to support a succession plan.					
The farm or ranch can provide the successor or successors with reasonable salaries or “family living” draws.					
I understand how ownership and management will transition separately.					
I have consulted professionals about financial and tax planning.					
I understand the estate tax implications of my estate and succession plans.					

Setting Goals

What are Goals?

Goals are specific outcomes the family wants for its future and the future of the farm or ranch. Estate and succession planning goals involve the transfer of farm ownership and management and personal items to the next generation.

It is important in the process of estate and succession planning that all family members are aware of and understand the future of the family and the farm or ranch. When everyone is on the same page, the process may become less stressful. Those without clearly defined goals may struggle with making difficult decisions or creating conflict and financial hardships.

Why Set Goals?

Clearly defined goals provide direction, improve communication, and help avoid conflict. A family that takes time to sit down and talk through possible goals for their operations and families is more likely to enjoy success in transferring management and ownership of their business. These goals can be used to help guide one through the process, helping families accomplish what matters most to them, like keeping

the land in production, ensuring a comfortable retirement, or supporting all the heirs in different ways. Without goals, it may be common for conflict to arise during difficult decisions or even cause some to put off the planning process altogether.

Having clear goals will also help one see the current state of the business and make adjustments that better reflect the current financial situation or the family's wants/needs. Individual and family goals are the foundation of any well-organized estate and succession plan. Having goals that reflect the family's values will ultimately limit misunderstandings and increase the probability of long-term success within the business.

SMART Goals

A well-known goal-setting process called SMART Goals can be used to develop personal goals for any operation. SMART stands for:

- Specific: What exactly does a person or family want to achieve?
- Measurable: How will one know when a goal has been achieved?
- Attainable: Is this goal realistic given a specific situation?
- Relevant: Do these goals align with the family's values and long-term needs?
- Time-bound: By when should these goals be accomplished?

A vague goal, such as "we want to retire someday" or "we want to treat all of the heirs equally", does not help create a clear plan for the future. Using the SMART goals process, one can begin to create goals like "transfer day-to-day management decisions over the next three years, starting with feeding and breeding decisions this fall". Such a goal is much more developed and gives everyone involved a clear picture of the direction the business is headed, ultimately helping the succession process continue smoothly.

Setting Your Own Goals

Now that you have established your values, they can then be used to create specific goals. Your goals will help the succession process move forward smoothly. Sample goals are provided in Appendix A.

Goals related to Values, Life Lessons, and Family Relationships

Estate and succession planning is more than just thinking through passing on physical assets like land and equipment. There are also intangible things like work ethic, religious beliefs, commitment to stewardship, or how decisions are made in your operation to be passed on to the future generations of your family.

Goal 1:	
Goal 2:	
Goal 3:	

Goals related to Personal Possessions of Emotional Value

Most families have personal items that may not have any monetary value but carry deep emotional value. Talking about passing on these items now can ensure they are passed on with care and limit misunderstandings in the future.

Goal 1:	
Goal 2:	
Goal 3:	

Goals related to End-of-life Issues

People have different preferences when it comes to end-of-life care, funeral arrangements, and special instructions related to certain beliefs or values. Discussing these topics with one’s family, medical providers, and others will ease the burden on loved ones and reduce conflict during challenging times.

Goal 1:	
Goal 2:	
Goal 3:	

Goals related to Ownership of Real Estate and Other Titled Property

Transferring real estate and other titled property is much more complicated than just naming heirs; it requires well-thought-out planning to avoid potential tax issues and to keep the process fair among everyone involved.

Goal 1:	
Goal 2:	
Goal 3:	

Goals related to Management

Over the years, a farm/ranch manager has gained valuable management experience and skills that can be beneficial to successors. It involves deciding who will make the final call, how management responsibilities will change, and if the day-to-day operations will stay the same or some changes should be made. Clear communication and planning are necessary to ensure that the process is completed with limited disruptions and the business continues to prosper under new management.

Goal 1:	
Goal 2:	
Goal 3:	

Goals related to Charities

Some individuals may want some or all of their estate used to support organizations that are of importance to them and their legacy. These can be the local church, ag groups, land trusts, or universities. Having goals for how to accomplish such gifts will limit misunderstandings.

Goal 1:	
Goal 2:	
Goal 3:	

Appendix: Example Goals

Passing on Values and Life Lessons

1. I want to create a written family legacy letter by December 31 that shares our values of land stewardship and hard work with all my children and grandchildren.
2. Starting in January, I will hold a yearly family meeting to talk about the history of the farm and reinforce our values of faith, conservation, and integrity.
3. I want to mentor my grandchildren in the importance of giving back, within the year, by volunteering together for a 4-H or FFA event each year.

Passing on Personal Possessions of Emotional Value

1. I will make a list of heirlooms with personal meaning and write a note explaining the story behind each item to include with the estate plan by June 15.
2. I will talk with my children about sentimental items—such as grandma’s quilt and my branding iron—and ask what matters most to each of them during our Thanksgiving gathering this year.

Final Wishes and Instructions

1. I want to complete my advance healthcare directive and share copies with my family and healthcare proxy by September 1.
2. I will write down my funeral preferences and the location of burial by the end of the month, so my children are not left guessing.
3. I want to meet with my attorney by November 15 to create a living will and update my power of attorney documents.

Passing on Real Estate and Other Titled Property

1. I will work with a lawyer by next spring to ensure the farmland is passed to my farming heir without forcing a buyout from non-farming heirs.
2. I will place a conservation easement on the homeplace to protect it from development and preserve the land for future generations by this November.
3. I will clearly state in my estate plan who inherits the deeded property, including the rental house and pasture lease by December 31.

Passing on Management Skills

1. During our annual business meeting this year, I will mentor my successor in marketing, financial planning, and enterprise budgeting by including them in all major decisions.
2. I will delegate more day-to-day responsibilities to my successor starting this season, with check-ins every two weeks by next harvest.
3. I will register my successor to attend next year’s Annie’s Project course or state Extension farm business class to grow their confidence and skills.

Sharing Cash and Other Liquid Assets with Non-Heirs

1. By August 15, I will have a plan to designate 5% of my estate to support our local FFA chapter through a memorial scholarship fund.
 2. I will contact my insurance provider by next month to include my church as a secondary beneficiary on my life insurance policy.
 3. I will identify a farmland conservation nonprofit and initiate a donation agreement by the end of the year.
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