

phwealth

Life after farming



A study of retired farming couples
in Otago/Southland

By Rhodes Donald

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March 2019

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Summary

Retired farmers are our most important cluster of clients and for some time we have been interested in learning more about their lives. Not the legal, money or accounting stuff. We wanted to find out what retired farmers were doing in retirement, and how their new lives were panning out after farming.

In our study we began by asking retired farmers to reflect on their life-time of farming and to describe how they got into farming in the first place. What were the family dynamics at the time?

We asked them to describe aspects of their farming lives, taking them all the way through to the shift off the farm and how their lives have developed since farming. What went well; what could have gone better?

We heard some wonderful stories. I was inspired by what I heard, and encouraged to dig a bit deeper. My dream is to share these stories with farming families and all those interested in farming life and to keep building on this body of knowledge in the years ahead. I have done my best to record both the facts and the spirit of the stories I heard, and I have added some further thinking and commentary where I thought it would be useful.

Although every farm and every farming couple is unique (it is hard to generalise), some good advice was handed out by our retired farmers. Our farmers spent 35 to 50 years farming, working with the weather, growing grass and managing the well-being of thousands of animals.

Then, slowly, it becomes too much for the mind and body and it is time to move on.

A life after farming? Will it ever be as good as life on the farm? How did our retired farmers prepare themselves for the remaining 30 years of their lives?

Hear the stories that our farmers told us. Listen to their trials and their triumphs. And help improve the transition to life after farming for farmers everywhere.



phwealth
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Preface

I am indebted to my colleagues at phwealth, for the time to pursue this study. In particular, I would like to thank Jared Campbell, who had several great farming contacts on the Taieri. He helped with my early interviews and typed up most of my notes. A big thank you Jared.

I have quoted extensively from the conversations I have had with my respondents but have altered some of the information to hide the source. My promise to the retired farmers I met with was to maintain their privacy and it would be very distressing to me if I hadn't achieved this. Individuals may recognise their own comments of course, but overall, I have tried very hard to maintain the privacy of all those who volunteered their stories so generously.

Any mistakes in this paper are mine and I have not tried to corroborate any of the stories I have shared; they stand on their own.

Nothing in this paper should be taken as personal or professional advice. It is of a general nature or it relates to a specific set of circumstances, so you shouldn't rely upon these comments being relevant to your circumstances. Every situation is different. One of the key messages from this study is to get help, as early as possible, for your particular situation. This is true whether you are coming up to a major new stage in your business or in your life. It is also true if you feel things just aren't going right for you on a personal level.



Background

I have been part of the farming world from my early childhood growing up in Masterton, in the Wairarapa. Both my parents inherited family businesses. For my mother it was a quarter share in a family farm and for my father it was a factory manufacturing farm machinery, Donald's Woolpresses.

I spent my holidays on my mother's farm, Ngaputahi, in the Pohangina Valley near Ashhurst, in the Manawatu. Every school holidays I had the choice of going to either her farm or my uncle's farm closer by at Gladstone. I loved every minute of life on those farms. I am convinced I would have been a farmer if I had not had club feet and found it difficult to walk, let alone farm. I am not sure I would have been a very good farmer though as I was more interested in machinery and growing things than working with animals.

Frankly, I was scared of the responsibility of looking after thousands of animals. I loved the scenery on farms, the birds in the bush and the streams and rivers running through them. There surely were the seeds of an unsuccessful sheep and beef farmer in the making.

Instead of farming I followed my father's bent and began a mechanical engineering degree at Canterbury University. My father's business involved manufacturing woolpresses, wire strainers, stock weighing platforms and post drivers in Masterton and an engineer was needed in the factory. As a young man I loved the factory and engineering, but it didn't last. I did three years of an engineering degree and transferred to industrial relations, economics and finance. I was one of the early financial planners in New Zealand during the 1980s writing articles, speaking at seminars and mentoring emerging financial advisers.

Sixteen years ago, I opened a financial planning business with the partners of accounting firm, Polson Higgs, in Dunedin. This has been the most rewarding work of my life as it combines a technical element with the people side. I am drawn to the couples I meet on their farms and in their businesses, hearing how they got to where they are, listening to their stories and seeing some of the personal risks they face as they move to the next stage in their lives. It is getting involved with people and helping them see their way through their struggles that stirs my passion.

However, it dawned on me that I didn't really know what it meant to be a farming couple, facing an uncertain future after years of farming, worrying about the next stage of life. Leaving their farm, their home, the place where their families had grown up, as well as their place of business, all at once. I decided to approach our retired farming clients, ask them some questions and find out what it was really like.

The study

I began with the objective of finding 20 farming couples and 10 farm advisers across Otago and Southland to interview. I prepared a list of questions, one set of questions for farming couples and another set for farm advisers.

Of the 20 farming couples I met and interviewed, 5 were still in transition in that they had shifted off the home farm but were working almost full-time in some way with farming. There were another 5 couples who had down-sized onto hobby blocks while the balance of 10 couples were fully retired and not involved in farming at all.

The average age of the men in the study was 70 and for the women it was 67. The youngest man was 61 and the eldest was 89. The youngest woman was 58 and the eldest woman was 77.

I refer to 'couples' a lot in this paper but in five cases I only spoke to the man. In three cases our men had lost their wives and in another two cases their wives were unavailable.

Farm succession is a popular topic in the farming fraternity. I knew many of my group would have been through a farm succession exercise, and that it would be a relevant topic for them. I am interested in farm succession but it is not my area of expertise. Rather, I was interested in the lifestyle implications of moving off the farm. If farm succession issues came into it, that would be fine, but it wasn't the object of the exercise.

My experience with business succession, including farm succession, was one of the primary motivations for my initial involvement in finance, but this study was to be about other things, softer things. Not who got the farm or even how the farming couple are paying for their lifestyle in retirement. Rather, how did the couple cope with the transition to life after farming, emotionally, physically and spiritually? How are they spending their time? What is important to them now? What did they do well? What didn't go so well? What does the future hold?

After two years and 30 interviews the time seemed right to sit down and write this paper. I trust you will get something helpful out of it.

Farm locations





1. Entry to farm ownership

I decided the place to start with my group of retired farmers was to find out how they got onto their farms. As a result, I found out a bit about their parents, and their grandparents too, in some cases. I asked them to fill out a family tree, so I could understand who they were talking about and to see how many siblings they had. What happened to their aunts and uncles, their brothers and sisters was sometimes a part of the story that unfolded. Here are their stories.

The men

● **My parents owned a farm**, but dad died when I was 6 and mum carried on looking after the farm for 5 years with the help of neighbours. She then remarried, and my step-father got another farm in a ballot. He had health problems after being a prisoner of war for 4 years, so they retired when I was 24. I took over the two farms. I got married in the same year. We then managed to buy another two farms after that which meant a farm for me and each of my two half-brothers. We three boys farmed in partnership for 18 years and the cooperation amongst us was great. We never had any arguments. The intention was always to split the partnership up once we all got married and started having kids, which we did when I was 42. I believed once wives and children get involved family partnerships don't work. We were lucky. One of my step brothers' marriage split up and if we had still been in partnership it could have mucked up all three families.

When it was time for our son to farm, we were able to help him using the equity in our farm and to see him get settled was very rewarding. He bought his farm six years before we retired so we could help with stocking and rebuilding the woolshed while we were still farming.

● **My father worked in partnership** with his two brothers, but the partnership was dissolved when I was about 15. Then Dad died early (I was 24) and I was straight into it. I had intended to go to Lincoln, but events over-took me. The farm was a good one, around 10,000 acres with about 10,000 stock units and had very good water. It supported both my mother, an aunt and my sister and still left us a viable farm, albeit with a high debt load. We got hammered by death duties when Dad died too.

● **My parents weren't farmers.** I worked on a couple of farms for two years after school. One of the farmers I worked for bought me a hand piece and put me on a shearing course. He also told me to go to Lincoln which I did for a year. I then worked for two years as a shearer in the UK and then did another two years shearing back in NZ. We then bought 220 acres of flat land with our savings and some help from my parents and we borrowed the rest. My parents manufactured stock feed and they put up a grain silo on our farm. We started manufacturing stock feed in partnership with them. We were doing around 1000 tonne per annum at that time. We are now doing 17 to 18 thousand tonnes today. With the fat lamb operation and the stock feed business we were pretty nicely diversified with a wide range of stock feed including rabbit, poultry, pig, deer etc. Being a small agri-business, it has been relatively easy to adapt to the market as it has changed.

● **I did 5 years of high school** and then spent a year at Taratahi Agricultural Training College and a second year of correspondence. Then I went to the North Island working on dairy and sheep & beef farms. When I came back I tried to get a share milking job with my grandfather's estate but didn't get it. I was a bit young and inexperienced. So, I leased 100 acres beside my parents' farm and went into 50/50 share milking partnership with my parents. I later re-applied for the share milking job at grandparents' farm and got it. Reid Farmers gave me 100% bridging finance until the Rural Bank

I believed once wives and children get involved family partnerships don't work.

loan came through. I had three mortgages. We got married four years later and three or four years after that we were debt free. We tried to buy a farm (even tried Australia) but found it hard. Eventually we bought Grandfathers estate's farm. We didn't get any meaningful help from my parents other than a cottage on a small block of land that we eventually sold and paid off our third mortgage.

● **I grew up on a farm** with an older brother and two sisters. My brother bought the family farm and I bought the run block. At the time, it was running 1500 stock units and I built it up to 8,000 stock units at the peak. We raised a mortgage through our lawyer. We took it from pastoral lease to freehold.

● **I spent 3 years at high school** and sport was the most important part of that. We only went to town once every six months or so. We didn't have power until 1956, we had a kero fridge. When the three boys were ready to farm mum and dad split the family farm in half, one for my brother and one for me. A third farm was bought for my other brother. I started with around 1700 ha. It was all cultivatable and was clean by the time I got it. We added to this over time till we got up to 3340 ha in the end.

● **My father and uncle farmed** in partnership for about 30 years very successfully. I did 9 months in the UK on farms after college. I had 5 sisters and 2 brothers. The family farms were split into three and sold to my brother and I with a debt back. Our sisters were paid out as well. My father continued to help me until he died. He was the 'boy' for me and was very helpful. He worked his own hours. I was the 4th generation to farm. We were running 3000 to 3500 stock units.

● **The original farm** belonged to my grandparents, who split it 50/50 between my father and my uncle. Father then split his half between my brother and me. We had 4000 acres each. My parents had invested off-farm and they supported themselves in retirement on 200 acres.

I left the local secondary school at 15 and went home to work and I was 23 when I took over my half of the farm. It had a lot of tussock and I had to do a lot of fencing. I wanted to go to Australia rodeoing but wasn't allowed. The three of us (Dad, my brother and I) got on well and we shared machinery.

Reid Farmers gave me 100% bridging finance until the Rural Bank loan came through. I had three mortgages.

● **We bought the first farm** in 1981 with a deposit of \$47,000 which we had saved from weed-spraying and sheep dipping. We also had a couple of rental properties in Invercargill. There was no family money given to us to help us into farming. We were 29 when we got our first farm, which is probably 10 years younger than the average age of a young farmer inheriting their farm and this head start proved very beneficial. Within 10 years we had doubled the size of the farm and had economies of scale.

We bought another 2½ farms after that first one utilising interest-only debt. Then, every time our tax bill equalled our interest bill we went and bought more land. Our strategy required us to be very disciplined.

We had 910 ha by the end running 7000 stock units. Once we started seeing momentum building in the farm operation it gave us a great deal of motivation and enthusiasm and it made it easier to forego the lifestyle when we could see the sacrifices starting to pay off.

● **I was able to buy out my three sisters** to take over the family farm. My Dad made it relatively easy for me pegging the value of the farm early on before the value of the farm got too high. He had had such a hard job himself getting onto the farm as his transfer was left so late and the value of the farm had got away. I was the third generation on that land. Once I got onto the land I immediately ramped up production. Then I bought another farm nearby and was able to secure an improved irrigation supply for that farm. I was able to ramp up production there as well.

● **I was one of 8 children.** Three boys farmed the family farm in partnership while our mother was still alive. When she died one brother was paid out and the farm was split into two farms 1000 acres each. The five sisters were also paid out. We added another 200 acres to the original farm.

● **I was very good at woodwork** and was offered a building apprenticeship but didn't take it up. One day I came home from school and started working on the family farm. There was only one farm and two children (both sons) so we job-shared. We would have two weeks working at home and then two weeks working casually for other farmers. My parents were offered another station, but they didn't take it and it was the only major mistake they ever made.

Dad eventually bought another farm and so both sons had a farm. We ended up farming 1000 acres and around 3700 stock units.

We paid my parents monthly to fund their retirement and that was treated as a reduction in the loan.

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My parents were offered another station, but they didn't take it and it was the only major mistake they ever made.

● **Mum and Dad had five children**, 3 boys and 2 girls. Dad retired at 50 and handed over the running of the farm to me as the eldest son. He had backed his sons at a young age giving them one-third equal shares of the family farm. Our sisters were promised other family money. We lost our youngest brother at a very young age to a farm accident and after that I farmed in partnership with my other brother very successfully for 35 years. We split the partnership up recently to accommodate the next generation onto farms, but the split hasn't been great. It has caused a lot of stress. We probably left the split too late although my brother and I worked so well together. We had complementary skills.

Dad was very keen on trees and we started planting trees very early on.

We lost Mum in her early 70's. Dad stayed on in the family home by himself too long. Eventually got him into a retirement village in his 80s.

● **My elder brother and I** took over the farm including all the debt in 1974/75 and we farmed in partnership well for 5 years. We were mortgaged to the hilt. Pressure came on from my sister-in-law to split the partnership up. It wasn't good timing. We should have stayed in partnership for a lot longer. As it was they got into difficulty and elected to sell up a few years later. Not ideal.

My parents pegged the value of the farm while we were young and all five of us were sold equal shares (a total of three brothers and two sisters). We paid Mum and Dad monthly to reduce our debt to them. My brother and I didn't have to pay our three siblings out straight away and the capital gain helped make it possible to eventually pay them all out, including Mum and Dad.

Once our siblings got their money there was no resentment that two boys got a farm each. The extended family are all good friends still.

My block was 12,500 acres of high country tussock. I put in 700 acres of turnips and grass early on. We split the farm in two with half in my wife's name and that saved a bit of tax. Looking back, the farm should never have been in my own name.

Because I was growing the farm with tremendous development my flock was growing which meant, in theory, I was generating income but as I wasn't selling any stock it made it hard to find the cash to pay the tax! I was doing the books for the partnership, so I had a pretty good idea just how lean we were.

Our accountant told me once that you need to know if you are going broke before you're broke.

Early on opossum pelts were going for \$27 each while we were getting \$14 each for a fat lamb. We had to do everything we could to keep the farm afloat. I'd shoot 200 opossums and skin, stretch and cure them over a couple of days and then a few days later I'd go out and get a 100 more. We cut costs to nothing. Even making our own underwear. We were frugal and still are.

Dad stayed on in the family home by himself too long after mum died.

Our accountant told me once that you need to know if you are going broke before you're broke.

● **We were two boys and three sisters.** Both boys came home to farm straight from school at age 16 and we farmed together with Dad for a few years. Elder brother went to work on an uncle's farm and stayed there gradually buying in. I stayed on the home farm and bought it gradually over the years too. Mum and Dad stayed in the homestead until they died. I got on very well with my dad but he didn't have any sort of a retirement. He was paying bills right up until a couple of weeks before he died in his 80s. Mum desperately wanted to move to town where there was a bit more social life, but Dad wouldn't move. It was sad for Mum and for us, watching it all from a distance. We have seen this pulling in two different directions in the farming community cause breakups and divorce just when a couple are meant to be enjoying their retirement.

I didn't want to leave it as long as dad did. I wanted to be out of farming by my early 60s. And I wanted to give our three boys an option other than farming.

● **I was one of 7 children,** 4 sisters and 3 brothers. I started by leasing my parents farm with one of my brothers. In 1981 I bought a 500-ha farm with 10% or \$60,000 deposit. It was dry land without irrigation. We went through the 1985 deregulation period and later drought periods. We drew no income from the farm during those periods.

My wife and I both worked off-farm. I worked night shift at the meat works and drove the school bus. My wife nursed at Dunedin Hospital.

We started off around 3200 stock units but got it up to 5000 at least by the end.

● **My father helped three sons** get onto farms, yet he died at age 47. We three brothers farmed in partnership for a number of years very successfully but as soon as wives and children came along we split the partnership. The split was excellent. We were all happy.

● **I began teaching in Fiji** but came home to help Dad on the farm. Dad was basically just a grazier. He was a great Masonic Lodge man so if there was lodge work to do the farm came second. The farm suffered as a result. He died at 58 and I borrowed to pay out my three sisters. I had borrowings of \$39,000 on an overall value of \$50,000. I started with about 3000 stock units. I built it up to around 18,000 stock units in the end. I had 53 paddocks and miles of lanes.

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Observation

For the men interviewed nearly all went straight into farming from school, perhaps with one year at an agricultural college and maybe a year or two farming overseas. The emphasis in those days (the 60s and 70s) was to work hard on the family farm from an early age. Only 2 men didn't come from farms.

There was a general feeling amongst the men in the group of not wanting to make the same mistakes of the preceding generation, to do it differently, to do it better. This applied to educating their children, handing over the reins of the family farm earlier, treating siblings more fairly when the farm was going to one or more of the children and finally, moving onto another life after farming. Not leaving it too late to move and reflecting the needs of both husband and wife.

These stories of farm acquisition displayed great risk-taking in the debt that young farmers took on, to the massive amounts of development that they undertook, to the huge increase in production that they achieved and to the extreme frugality of their lifestyles early on.

They were often very poor, depending upon their neighbours for practical and social support. Some did it on their own. Some had significant family help. Some got farms with potential while other farms were already well-developed.

Inter-family partnerships have been hugely successful in the group of farming men we interviewed, working with brothers and/or fathers. We didn't hear of any family partnerships that weren't great, other than when it came time to split the partnerships up. Obviously, the risks increase as farmers marry and their children grow up and aspire to become farmers.

Full credit though to the farming wives who endured the full-on involvement of their in-laws while running their own farming partnerships with their husbands.

There were a mix of succession stories ranging from pegging the value of the farm early on and at that time treating all the siblings equally, to acknowledging the ability of daughters to farm in their own right and supporting them equally with their brothers. There was a hint of the older style of favouritism of the first-born male (primogeniture), especially in the preceding generation, although this approach did not get much support in our group. When it did seem like it was the boys getting help onto farms rather than the girls, our respondents looked to be giving all the sons similar options with, in one case, four sons getting a farm each.

They were often very poor, depending upon their neighbours for practical and social support.

The women

● **My Dad died from a farm accident** when I was 11. My brother ran the family farm till I was 17 when a severe drought struck, and the farm was sold. The family was okay about that.

● **Before I got married** I went nursing then worked in a bank. I loved figures.

● **I trained in hairdressing** and bought and ran my own salon. I married a farmer and went from Dunedin straight to the farm in Central Otago. Soon after we got engaged my father-in-law died. It was difficult for us and difficult for my mother-in-law who was undecided where she wanted to live. We were both so young (in our early twenties). I had no experience in farming. 'Time' was my biggest issue. I was used to running a business by the clock and time management is very different on a farm. Eventually I had to take my watch off! Luckily five other young farmers in the district had also bought young wives home to farm and only one of them was off a farm. We all had a lot in common and became good buddies. Forty years later we all still meet once a year although we have retired to different parts of the country.

● **I nursed for 2 years** then worked at a golf centre part time once I had the kids. I reared bull calves for years to pay for the kid's private schools.

● **I worked off-farm** doing data entry for a Dunedin firm. I was going to do a computer programming course. I had an engineering brain like my father and I was really good with numbers.

● **I was one of 4 daughters** bought up on a family farm.

Passing our family farm onto the next generation was a case study in what not to do. Father wanted to get a son-in-law onto the land. The first one who wanted it, father turned him down. The second one father offered it to turned him down and the third one took it on and then promptly sold the farm as soon as the parents had died.

● **My father was an engineer** near Glasgow in Scotland before moving to NZ and I was a librarian before I moved onto the farm. I did the farm accounts so always had a good idea of how the farm was going and I helped out with all the major events on the farm. I worked in the local bank too and the Doctor's surgery part-time. I felt a little bit like a square peg in a round hole sometimes.

● **Our family farm was taken over** by my brothers. It wasn't an option for us girls to go farming in those days and it wasn't a big farm.

Passing our family farm onto the next generation was a case study in what not to do. Father wanted to get a son-in-law onto the land. The first one who wanted it, father turned him down. The second one father offered it to turned him down and the third one took it on and then promptly sold the farm as soon as the parents had died.

● **I am one of 9 children.** My Dad worked on the railways. I've worked full time for three years as a nurse before we had our children.

● **I was one of three,** a girl with two brothers. My elder brother inherited the family farm, but he sold it pretty early on. Then I shared my parents' inheritance with 6 nieces and nephews.

It was a shocking story, really. I would have liked to have bought the farm off my brother when he sold but he didn't tell anyone he was doing it, so I never got the chance. It was a mess all round.

● **I was off a farm,** but I didn't receive any inheritance from my parents. But I have worked on our farm all my married life. I was a district and Plunket nurse for 20 years and now work as an industrial nurse, four days a week.

● **I was a trained nurse,** but we were too far out for me to work. I fitted in easily to country life, even though we had no money for such a long time.

● **I worked part-time** as a nurse at the local hospital and my mother-in-law and husband helped with day-care. Being a nurse was helpful with sick babies and farm accidents, especially when one of the boys came off the 4-wheeler and got run over (he was fine). I've kept working right through either in the local pharmacy or volunteering with St Johns.

● **My father was a farm adviser** for MAF in seed certification and my mother was a piano and violin teacher.

● **My father was a specialist draughtsman** of power stations and was in demand. My mother was a talkback radio host. After moving to the farm, I was the first woman to be elected to the Board of Otago Federated Farmers.

It was a shocking story, really. I would have liked to have bought the farm off my brother when he sold but he didn't tell anyone he was doing it, so I never got the chance. It was a mess all round.

Observation

There were some sad stories from our women respondents coming off farms, going back to how they were treated by their parents, getting very little consideration compared to their brothers. They learned from their experiences what not to do with their own children.

Nursing was the initial career of 7 of our 16 women farmers, or 45%. Were the young farmers attracted to the young nurses for some reason, or, did the nurses seek out the farmers? Either way, nursing seemed to be a logical fit. The practical, down-to-earth nature of nursing, dealing with life and death on a daily basis, sickness and recovery, caring but not easily shocked; it could be seen as an ideal prelude to farming.

The women in our group of farming couples all contributed hugely to the farming operation including working off-farm to bring in essential cash flow, to running the books of the business, to helping with all the major events on the farm, to taking the major role in bringing up the children. Hard working and frugal, like their husbands.



Was farming your first choice (men)?

● **I always wanted to be a farmer.** I grew up early and was allowed to do a lot around the farm from a young age. I loved building and technical drawing.

● **I always assumed I'd be a farmer.** I did see a number of young men who came home to run family farms who were not suited to farming at all. It was just assumed they would farm.

● **Always wanted to farm** and I had clear goals for owning my own farm from an early age.

● **Always the expectation** but I was mostly interested in money and investment.

● **We owned a share** of the farm from a young age, so we always knew that we were going to farm. No discussion. We were bred for it. It was in our DNA.

● **It was pretty old school.** It was expected of me. It worked out pretty good for me though.

● **Yes.** I did an Agricultural Science degree at Lincoln first.

Observation

Of the 20 male farmers in our survey none were forced into farming although one respondent indicated he would rather have been a mechanic at the time. One farmer went into teaching before returning to the farm, another tried to get a pilot's licence but found out he was colour blind. It is fair to say that several farmers didn't feel as though they had much of a choice.

As one said, 'it was expected of us, it was in our DNA'.

2. Farming life

What became clear to me in looking back was that I was being exposed to highly successful farmers in my survey. They were people who had struggled, of course, and at times in the past, in their early days, some may have been technically insolvent. But these people had survived a number of downturns in farming and prospered despite the difficulties.

I wanted to know as much as I could about the lives of my farmers before delving into their life after farming. I asked a number of questions about their lives as farmers: was farming more of a business, or a way-of-life? What appealed as a way-of-life? What was the secret to their success from a business perspective?

Success factors in farming

● **We had a different farming philosophy** to most. Half the time farming is great; a quarter of the time it is manageable and another quarter of the time it is a bugger. In the bad years, we cut our cloth to fit, although I never had to sell breeding stock. The secret for us was to store stock food and bank cash in good years. We had a silage pit that we expected to last us three normal years, but it ran out in one bad year. We fed out for 21 months in a row. We also had put aside cash reserves at the bank and we ran through them as well during that drought. We were strong on putting aside money and food for the bad years we knew would come. Working with the Reid Farmers stock agent was critical during drought years.

● **I considered new ideas** as they came along, I'd give them a go. I was prepared to change. I had a very good property. We had very good staff and we looked after them. They are friends still many years after leaving the farm. I was good with figures and I did all the finances. We cleared all our farm debt at the 1951 wool sale and that was the turning point for our farm. We never ran at a cash loss, year after year. I guess I was a conservative farmer. I might have cut back on fertilizer for a season. I never had a negative balance at Donald Reid (stock firm).

● **We integrated a stock feed business** with farming. They were a great complement to each other with the stock feed business being the cash cow. In the bad years for farming we would get cash from the stock-feed business and when the stock-feed business was tough we got cash from the farm.

● **I got turned down** for the original share milking job which was just as well as I was pretty immature. Instead I went off and learned heaps.

Longer term it was the strength in our relationship, both in terms of our marriage as a husband and wife and in our business partnership. We balanced each other out. We didn't do anything unless we both agreed. We had to convince each other of our point-of-view.

We had a group of neighbours all milking cows who helped each other and got on well with each other. It was hugely supportive. You were never in the paddock on your own. You never poured concrete on your own. We had three tractors between the five of us and we made that work. We shared all our machinery. We didn't nit-pick. In fact, our main concern was whether we owed money or time to one of the others in the group. All very informal although we met once a year to check how it was going. When we were working together the women would pitch in and cook for everyone.

We didn't see this happen anywhere else. We were lucky.

There were no stuff-ups or disasters. Even though we are retired we are still close to that amazing group of neighbours.

We had a group of neighbours all milking cows who helped each other... You were never in the paddock on your own.

We didn't see this happen anywhere else. We were lucky.

● **The focus wasn't on making millions;** it was about farming. It's just that inflation turned the value of farm land into millions.

● **We lived very frugally.** Once we started having children (5 boys) we only came into town once a month. We were asset rich and cash poor. If I wanted to buy something I would wait until I had the cash. Initially, with little cash after paying the mortgage I had to build everything myself. I built 14 kms of lane from one end of the farm to the other. Built all our own yards. I was doing 1000 to 1200 acres of tractor work a year. Worked six days a week, although it was not the hours I worked but what I achieved in that hour that was important. I built up to 23,000 stock units (Romney/Perendales). We planted a lot of trees for shelter. I had economies of scale. Inflation helped reduce the debt burden over time.

Driving up a farm road every mailbox looks the same, but every farm has a different debt loading and different success factors.

● **Being able to work alongside** my brother in partnership as we complemented each other.

● **Managing cash flow.** Looking after the stock. Local knowledge, not over-stocking given that we could have snow on the ground for up to a month at a time in the winter. And there were the droughts. We had a good-sized farm with around 10,000 stock units on 4000 acres.

● **We made sure that the farm ran at a profit** and that came down to the amount of debt we could carry. Important not to have too much debt. We farmed for 30 years and never made a cash-based loss. Obviously, we used a lot of debt, but we always insisted on making a profit and profit and fertilizer go hand in hand.

No gorse on the farm. Any gorse we saw was dug out. We have always stayed on top of gorse.

Happy to pay tax as this means I am making a profit. When we had a windfall, we would pay down debt rather than spend this on our lifestyle. If we didn't pay off debt, we would assign the cash to a better use on the farm. Our system took a lot of discipline. It requires a strong, supportive wife. It takes two.

"Who is running who here, I would challenge" We don't want to spend days and days in the yards. We want an operation that was as simple as possible.

I am a time and motion man. The farm was mechanised. We could drench, vaccinate, and ear tag 2000 hoggets in 2.5 hours.

We have a lane running the full length (6.5 km) of the farm which allows access to all the paddocks. All the gates swing, all the latches work. It is an effective operation.

We used a company to own the farm and this saved us some tax along the way. Farming is about applying your knowledge without struggling too much.

Driving up a farm road every mailbox looks the same, but every farm has a different debt loading and different success factors.

Our system took a lot of discipline. It requires a strong, supportive wife. It takes two.

I am a time and motion man. The farm was mechanised. We could drench, vaccinate, and ear tag 2000 hoggets in 2.5 hours.

● **A cousin thought I was light** on the application of super. But I thought that with the extra super, if it rained then there would be more grass than our stock could eat so rather than spending \$60,000 on extra super I'd rather buy \$60,000 worth of shares off-farm.

● **He was hard working,** conservative by nature, did his research. Very involved in the community, knew what others were doing and kept up with the play. He could see what worked. He would cut back the stock early in dry years.

● **Somehow my husband** could get better lambing percentages than anyone else. No-one could get within 20% of his figures.

● **Great partnership with my brother** who is a stockman whereas I am mechanically minded and handled all the bookwork. We planted pines a long time ago and that has created a lot of value. We are starting to harvest them now (the IRD gets a third of the revenue). We went from 10,000 stock units up to 40,000 stock units at the peak.

● **Very careful with cash flow.** I worked hard and didn't employ anyone else. I wasn't good at planning ahead or bookwork.

● **Working to the conditions,** not over-stocking. Managing through the droughts and the snow.

● **Every year I would try and convert 100 acres** of tussock and bring it into pasture. We kept a fair bit of tussock undeveloped as it held the water well. If we'd put it all into pasture it would have created problems with flood issues at some stage in the future.

I did some Lincoln College courses while I was farming and one of them my wife did with me. The Department of Agriculture at Invermay were great. They used to come up to the farm and there was a very good sharing of knowledge and learnings.

We were all leasehold originally but eventually managed to get it over to freehold.

● **Keeping the bank off our backs.** Making early decisions about how much stock to carry as it could turn very dry very quickly. We ran a very tight budgeting process right down to the last dollar. Very mean on drawings for the first 10 years especially. The big thing was to pay down debt and for the last 10 years we had virtually no debt. Farming became much easier. There was no pressure to fatten lambs on our dry land.

Several of our neighbours didn't pay off debt and we could see it made it tough for themselves as they got older.

Several of our neighbours didn't pay off debt and we could see it made it tough for themselves as they got older.

● **Working in the partnership** as a team was great especially if one got sick or needed a holiday. Getting rid of debt as quickly as possible. I did all my own contracting initially.

● **Making improvements** and feeding the stock well. Lifting the wool weight by 3 kgs per head. Lifting the body-weight. Putting on 80 tonnes of fertilizer a year. I had a little black book in which I wrote everything down. I took it everywhere. It was my bible.

Observation

'Driving up a farm road, every mailbox looks the same, but every farm ...' This comment captures the essence of what I learned here. Each farm business is unique.

There were other themes coming out of the answers to this query - start young while farmers have plenty of raw energy. Don't leave it too late in life. Use debt early on to expand land holdings to get efficiencies from economies of scale. Develop the land to improve productivity and ease of use. Live frugally. Feed stock well. Put money and feed aside in the good years to help in the drought years. Later on, invest off-farm. Pay off debt in the good years. Make a profit and pay tax (paying tax is a sign that you are making a profit).

Partnerships of parents and/or siblings in business together played a major role in the success stories we heard. Where that wasn't possible it was an informal partnership of neighbours that made a big difference.

Not putting lifestyle or running expenses onto core debt. Balancing the cash-flow year-by-year. This was a common success-factor amongst our group of farmers.

Above all, it was the partnership of husband and wife that determined success.

Lifestyle or business?

I was surprised by the comments here. The majority were clear. Farming was primarily a business.

● **Farming for us was definitely a business.** I had an amazing ability to manage figures in my head. The partnership had 15,000 stock units and although I always had a budget it was only ever in my head. I never wrote anything down but always had a figure I was working to. I was a good organiser of my brothers too in the partnership.

● **A business. It had to run as a business** and be efficient. We had to make money to pay off debt and survive. I was a bit of a perfectionist; things had to be done just right.

● **Definitely a business.** I only got satisfaction from business success. The way-of-life only works if we can pay the bills. Funnily enough, our son, who is on the farm and running the business, is harder-nosed than I am when it comes to the business side of farming.

● **It was a way-of-life primarily,** but we were still determined to make a go of it financially. One rule we had was that we always had to agree on any major decision. My wife did the farm books, so she knew what was going on from a business perspective.

Husband and wife, we were 50/50 partners.

● **A business,** we bought a second farm and worked it for 9 years. The money we made when we sold it we put aside for our retirement and to help our daughter buy a home in Auckland. It was a great way to even up the wealth that went to our son who took over the farm.

● **A business.** We tried to ignore what the Joneses were doing. Many farmers would build a new house when the times were good and then everyone was doing it. We tried to follow our own fortunes.

● **Way of life for me.** Being my own boss, travelling overseas as I had a strong desire to see the world.

● **Business,** but the lifestyle was great too.

● **Business.** Making money was fun. We enjoyed making it rather than spending it. However, now we can spend it because we have made it ourselves.

One rule we had was that we always had to agree on any major decision.

Husband and wife, we were 50/50 partners.

● **Definitely a business.** The job entails making something of value that we can put on the back of a truck and sell at a profit.

● **Way-of-life.** Loved stock work (but not the book work). Did all my crutching and dagging by myself.

● **A way of life,** but really it was both.

● **While farming is a business,** it is also a lifestyle. It is different.

Observation

When pressured to make a choice between farming as primarily a business, or farming as primarily lifestyle, 70% chose farming as a business. In reality it was both a business and a lifestyle for most. In the words of one of the farmers:

‘Farming started as a way-of-life but pretty quickly became a business. It had to, or we wouldn’t have survived’.

Business profitability

The question we put here was, **‘was your farm profitable year-on-year?’**

● **We always watched our cash flow.** We only had one year with negative cash flow, 1986/87. We didn’t put any fertilizer on that year and we sent all our ewe lambs off to the works. We simply stopped spending. Money is never the driving force, but we were careful with money. We just had to stay cash-flow positive year by year, otherwise the following year we would have had to start from behind and I didn’t want that. It was always about being a good farmer, feeding our stock well, improving the herd and getting good production.

We only had one year with negative cash flow.

● **We didn’t spend money** until we’d earned it. The farm was drought-prone before irrigation came in, but it still supported two families and my retired parents.

We didn’t spend money until we’d earned it.

● **We always put a bit of money away** in the good years to cover ourselves in the poor years.

● **On our dairy farm,** we averaged 15% return before tax even when interest rates were 17%. This was consistent except for the two bad drought years of 1988 and 1992 when there was no profit at all. We didn’t let our animals go hungry. We spent \$90,000 sending all our stock south for grazing. When the pressure was on all we wanted to do was stay farming and work through it.

At another time we bought a second farm with 130% debt (including the cost of the extra stock we needed).

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● **We used a lot of debt** but insisted on making a profit and paid debt down when we had a good year. It took a lot of discipline.

● **We didn’t have any debt** on the main farm, so profitability wasn’t a problem. We always had reserves to cover us in the poor years.

● **We always paid tax,** even in 1986 and 1987. We always made a profit, but we always ploughed it back into the business. When our tax rate was 66% we went on a massive development splurge to reduce our tax bill. We couldn’t take any capital out of the business; it was crippling.

We converted snow grass and tussock into pasture, built roads and fences and we built massive scale. It was always about trying to do things more efficiently.

● **Always cash flow positive** year by year. Used very little seasonal finance.

● **Farming within our means** and working to the conditions. Keeping debt down.

● **There was only one year** in 35 years when we had to put the seasonal overdraft onto the mortgage.

● **It was very tough until 1950** and then we didn't look back after those high wool prices. We never borrowed to run the farm.

Observation

When it came to cashflow, our farmers had a history of careful money management. This was obviously a consistent success factor in our group of farmers.

Stockman, mechanically-minded or both?

I was interested in the skills required to be a successful farmer. **What was more common, stockman or mechanically-minded?** (I had seen one of my cousins lose a farm due to a pre-occupation with machinery.)

● **I was good at both.** I bought stock for the partnership, I loved animals, I loved fencing and tractor work and building. I built three woolsheds. I also took an active interest in water schemes.

● **Mechanical type** but I also enjoyed stock. I was a jack of all trades, very practical. I put in long hours, worked hard.

● **Stockman.** I used others for their mechanical skills. I used my stock skills to become expert in Holstein Friesian cows and I am a classifier for the breed.

● **Stockman.** I bought in contractors for all the heavy work. My brother was very practical and mechanically minded. Perhaps we should have gone into partnership.

● **Stockman,** first and foremost, but I also did all my own fencing at half the cost of a contractor.

● **Stockman.** I made sure that the stock were well fed and I had an attention to detail when it came to the stock. I did enjoy the other jobs of farming too.

● **Stockman,** but was mechanically minded as well. I was a good welder. Made my own horse float. Repaired farm equipment and was good on the tractor.

● **Stockman.** Used contractors for the major stuff around the farm but did some of the work myself.

● **Stockman** but mechanically minded too, as you have to be.

● **Mechanically minded.** My brother was the stockman. Did all our own contracting. Didn't like waiting around for the contractors to turn up.

● **Stockman.** I was very keen on horses. I rode horses all my life and loved animals.

● **I was mechanically minded.**

● **Both.** I needed both. I needed the mechanical part to get all the inputs right for growing stock food and pasture and the fencing, yards, sheds and machinery maintenance which then follows on to feeding stock properly for them to make their full potential.

Observation

Very few of our farmers could afford to specialise as either one or the other. On the larger farms where brothers were farming in partnership, some degree of specialisation occurred. Only one of our farmers described himself as exclusively mechanically-minded. 60% of our farmers described themselves as primarily stockmen, 20% as primarily mechanically minded and 20% as both.

What appealed as a way of life?

Men:

● **I was always a nut about cows.** I loved my work. It was a good environment for bringing up children, close to town.

● **Working outside,** machinery, seeing development happen, making my own decisions, producing something of value to put on the back of a truck and sell.

Our lifestyle wasn't great. I didn't take enough time off. No summer holidays. We had to be home all summer to get the hay dry. It has taken quite a toll on me over the years.

● **Being my own boss.** Seeing hard work paying off. Getting the reward from previous development. I was able to see lots of the kids going to school sports and going on school camps. Heaps of community activities focused around the district hall.

● **Outdoors,** freedom, being my own boss, flexible, healthy.

● **I loved animals,** especially horses. I did all my farm work off the back of a horse.

● **Give me 4 or 5 dogs** under control and a decent horse, riding up the side of the bush, hearing the bell birds singing and hearing the rushing of the water in the creek. I could do all the mustering of all the blocks by myself. Outside involvements kept me sane. I was a director of a rural business. Very active on the High-Country Committee.

Our lifestyle wasn't great. I didn't take enough time off. No summer holidays. We had to be home all summer to get the hay dry. It has taken quite a toll on me over the years.

Observation

A common thread for our men was having the flexibility of being one's own boss, spending time between work, family, community or lifestyle. Independent. Working outside. And in many cases, there was a love of animals and nature.

What appealed as a way of life?

Women:

- **I did enjoy the way of life.** I became a part of the community. We were all there for one another. I had a big garden, started a coffee shop, a play centre, a pottery group and was very involved with the school.
- **I did a lot with Rural Women** and was secretary at one stage.
- **Great for children** being brought up on a farm. Ponies to ride. There was always something exciting to do for the adventurous child. Children and parents working together. Kids grow up early with a healthy outlook on life. Deal realistically with the life and death of animals on a big scale. Parents can often help with sporting and community events.
- **I was happy moving to the farm** at Lawrence. I saw quite a lot of my husband during the winter days. Lots of the neighbours were young with kids the same age doing similar things and it was quite social for those first 10 to 15 years on the farm.

Observation

I didn't cover this area with as many of our farming women as I would have liked but I think it is fair to say that both parents felt that a farm is a great place to bring up kids.

On more than one occasion women mentioned how attached they became to their home and garden and didn't really want to shift when it came time to leave the farm.

The significance of being part of a community came up in other sections as well. Here it was the social aspect that was mentioned as well as the support that rural women gave to each other during those tough times when debt was high, there was no money and kids out-numbered adults in the family!



3. Mental health

I have no professional expertise in this area other than a vital interest in what makes people tick. And I was not asking questions about mental health in our survey. Nevertheless, I am all too aware of the importance of mental health issues, of depression in men, and in farming men in particular.

Doug Avery in his book, *The Resilient Farmer**, deals with this issue from personal experience. On his website www.resilientfarmer.co.nz he says,

'Too often the social pillar is ignored. Yet, in New Zealand, we are twice as likely to die from our own hand as in a motor accident. Men are three times more likely to die (from their own hand) than women, and rural men are twice as likely again. Below the tragedy of suicide is a huge pyramid of depression. This is something we all have to work together to address.'

*Avery, Doug (2017). *The Resilient Farmer, Weathering the challenges of life and the land.* Penguin Random House New Zealand.

We stumbled upon two cases of what could possibly be called depression during our study. Given that we were not asking those sorts of questions I suspect that our two cases would under-represent the issue.

Doug says, "a broken mind can't diagnose a broken mind". Further on in his book he explains how he asks farming women in his talks, 'Why are men so much more likely to die from their own hand?' The answer is always the same, 'Because men don't talk.' Often, women don't even know that their husbands are depressed.

Doug's aim is to help farmers develop resilience, both as a farming business and personally.

Resilience is the capacity to recover quickly from difficulties, including from emotional and spiritual worries. In another sense, resilience is about not getting into the big disasters that can knock us over. It is about recognising the little tell-tale signs along the way and doing something about them before they escalate.

I like to remind myself that there is nothing wrong in over-communicating. What is the worst that can happen? Maybe someone might think that I talk too much, but that is hardly the end of the world.

In my own life, I try not to make assumptions about other people, about what they are thinking, about what they mean when they talk to me, about their motives. When I do make an assumption, I am invariably wrong. I will never really know what it is going on with another person unless I ask them. There is no such thing as a stupid question.

Doug has a Resilience Pipeline which he describes on page 267 of his book, *The Resilient Farmer*. I have included it and added some of my own comments.

Resilience is the capacity to recover quickly from difficulties, including from emotional and spiritual worries.

There is no such thing as a stupid question.

* Page 78 in the above book.

| Doug's Resilience Pipeline | My Comments |
|---|---|
| 1. Connect. | Talk , especially to your wife, about what makes you tick. Do it every day. |
| 2. Give | ... of your time and attention , especially to your partner. People who are depressed invariably don't give to others in any meaningful way. It could be a tell-tail sign. Giving to others is therapeutic , helping to build resilience in its own right. It can also be over-done. One of our retired farmers has made giving to others a rod for his own back. |
| 3. Take notice | ... of what is going on in the world around you. You are a part of it and it might help you feel connected. The big picture might lift you up as you realise everyone is in the same boat. There is always someone worse off than you are. |
| 4. Deal with problems as they occur. | If you are angry with someone, deal with the issue. Maybe it is trivial so sleep on it. Maybe you need to talk to the person directly. I find I am usually making a mountain out of a mole-hill and time heals. But everyone is different here. See what works best for you, although I doubt ignoring it completely is the answer. |
| 5. Keep learning. | Learning is at the heart of everything. Getting to the bottom of stuff. Sorting things out. Getting a better understanding of how things work, of how people work and of how you work. |
| 6. Be active. | Move. Keep moving, every day. As we get older, biking and swimming are two pursuits that don't require too much pounding on the body. Together with stretching (yoga and Pilates), a varied diet, good friends and plenty of sleep, it is the basis of good health. |
| And above all, Doug says ... | Get Help. Do it NOW. Take a small step. Slow down, take small wins. Celebrate your wins along the way. |

With the transition off the farm to a second life it appears that women are just as likely to be affected by the disruption as men, as we see in a number of sections next.

4. Off-farm investment

We asked some of our retired farmers whether they had undertaken off-farm investment while they were farmers and in what area they chose to invest.

● **In 1985 when Roger Douglas** changed everything for farmers I started trading gold futures. I put \$100,000 into it and worked it up to nearly \$400,000 before the 87 crash. I managed to get out of it with my shirt and \$200,000. That was a bit of distraction, but I have always enjoyed doing my own research and buying shares in companies I believe in.

● **We tried to do some off-farm investment.** Thought about commercial property but didn't know enough about it. Bought a couple of sections in Outram and built on one of them. We now have bank term deposits. We sold all the shares my parents had as we reckon the broker made more than Dad. We bought 200 acres on the Taieri which is eventually for our second daughter. It cost us \$260,000 and is now worth around \$5m after 15+ years. Can't do better than that.

● **We initially bought two rentals** in Invercargill and this taught us a thing or two about how money works. The secret was to buy quality houses which enabled us to keep maintenance down.

We bought a house in Wanaka during one of the good farming years and we rent this out for \$22,000 pa. We bought 50 acres near Mosgiel which doubled in the first year and then did nothing for the following 9 years.

First impression is that I don't really like farm equity partnerships. It comes back to debt. Same theory around leasing land. If there is too much debt it is hard to make it work. And if the farm manager isn't profit orientated then there is a potential problem. If lifestyle is either No 1 or No 2 priority for the farm manager, then there is a potential problem. Anyone coming onto a farm has to have demonstrated a track record of being able to make money. If they are working for a farm equity partnership and they haven't been able to make money already how are they going to do it for anyone else. They won't.

● **About one fifth of our family wealth** has been created off farm. We've had some commercial property in the past but now we have about 20% of our wealth in property syndicates. They all have 50% borrowings within them. They provide some cashflow. The balance (80%) is in shares. I was really interested in shares. I got caught by the 87 crash but it wasn't fatal.

If I knew what I know now, I would have borrowed more against the farm. I never had my capital working as hard as I could.

Not necessarily borrow more when younger, but after kids have left home I could have used the capital a bit more aggressively to invest off farm. I think I should have been into commercial property, perhaps.

It boils down to this, if you make a 3% return on your money when you're farming, off-farm you should be able to make 10% per annum.

I never had my capital working as hard as I could.

It boils down to this, if you make a 3% return on your money when you're farming, off-farm you should be able to make 10% per annum.

● **Whole of life** insurance policies.

● **We won some money** and started a diversified investment portfolio with a local investment adviser which we added to once we had sold the farm. This funds our lifestyle now in retirement and we seem to be maintaining the original value of our capital. This is totally hands off. We are free to do our own thing, day-by-day, without worry.

● **Early on we bought a house** in Blenheim and we sold that for a pretty good capital gain. We had a diversified investment portfolio from an inheritance. Then when we sold the farm we had a financial plan done by a wealth management firm. They produced a diversified investment portfolio that they manage day-to-day and this pays us a monthly retirement income. We don't have to worry.

Observation

It is fair to say that farm land has been a good investment over the past 40 years, if it has been developed and well maintained. There have been hiccups along the way. I can remember some farmers selling up and after paying off their debt they didn't have much at all, sometimes nothing. One of my great, great grandfathers walked off a farm he owned in the Wairarapa after successive crop failures and he lost another one in a game of cards. Those were the days.

One way of looking at it, a farm is not a passive investment; it is a business and it has to be managed, hands-on, day-after-day. The farmer is an owner rather than an investor. The bank is the investor. If you do it badly, the bank takes it; if you do it well and fortune smiles on you, you get rich. In that sense, a farm is the ultimate business, although relatively high risk.

What about off-farm investment. The secret is to find out what works for you, what you are good at. For instance, I never suggested that I take over my father's share investments and manage them for him as he got older. It was his hobby. He was good at it. He can still take part in a conversation about his shares at age 100.

Four of the seven farmers that had off-farm investment had property of one sort or another. There is a natural ease amongst New Zealanders with owning property. It is part of the DIY culture, I suspect, along with the need to deal with something concrete

that can be driven past and walked over. Again, I see property ownership as a business rather than an investment. It takes skill and experience to both purchase and run a property and again, the bank is often the investor.

The trouble I find with a lot of off-farm investment is the lack of diversification. I worry about risks whereas most of my clients are looking for returns. In my experience, if you worry about the risks, the returns take care of themselves. I like to identify all the major risks my clients are facing. Then it is a matter of working out what risks we are prepared to live with, what risks we want to avoid and what risks we can diversify away.

People worry about the risk of someone stealing their money. It seems to happen every few years somewhere in New Zealand. In most cases there is greed involved, not only by the swindler but also by the investor. Swindlers use the greed of investors to lure them in against their better judgement.

If it appears too good to be true, it probably is. Again, the focus should always be on the risks, not the returns. Many people have it back-to-front.

Farmers have huge risks inherent in their farm businesses. My suggestion is to list the risks you have as a farmer and find an off-farm investment that diversifies some of those risks. Don't worry about the returns so much. What you want is something that will hold up if farming takes a big dive downwards. If it happens in the decade when you want to stop farming you will have some wealth tucked away unaffected and hopefully out of reach of the crisis that has just hit. Some investment sectors go up in value when other sectors go down in value, by design.

We asked some farm advisers what they thought retired farmers invested in off-farm. Their responses were -

- Some do it well. Forestry can be good.

- Property and shares

- Equity partnerships in syndicated farms are becoming more prevalent.

- Find something you enjoy doing off-farm or else give it to an adviser to diversify. Spread the risk around.

- What Cockies know is land and when they sell up they look for the security that land provides. No-one can steal it. They might buy a life-style block, or invest in a farm equity partnership, or farm syndicate.

If it appears too good to be true, it probably is. Again, the focus should always be on the risks, not the returns. Many people have it back-to-front.

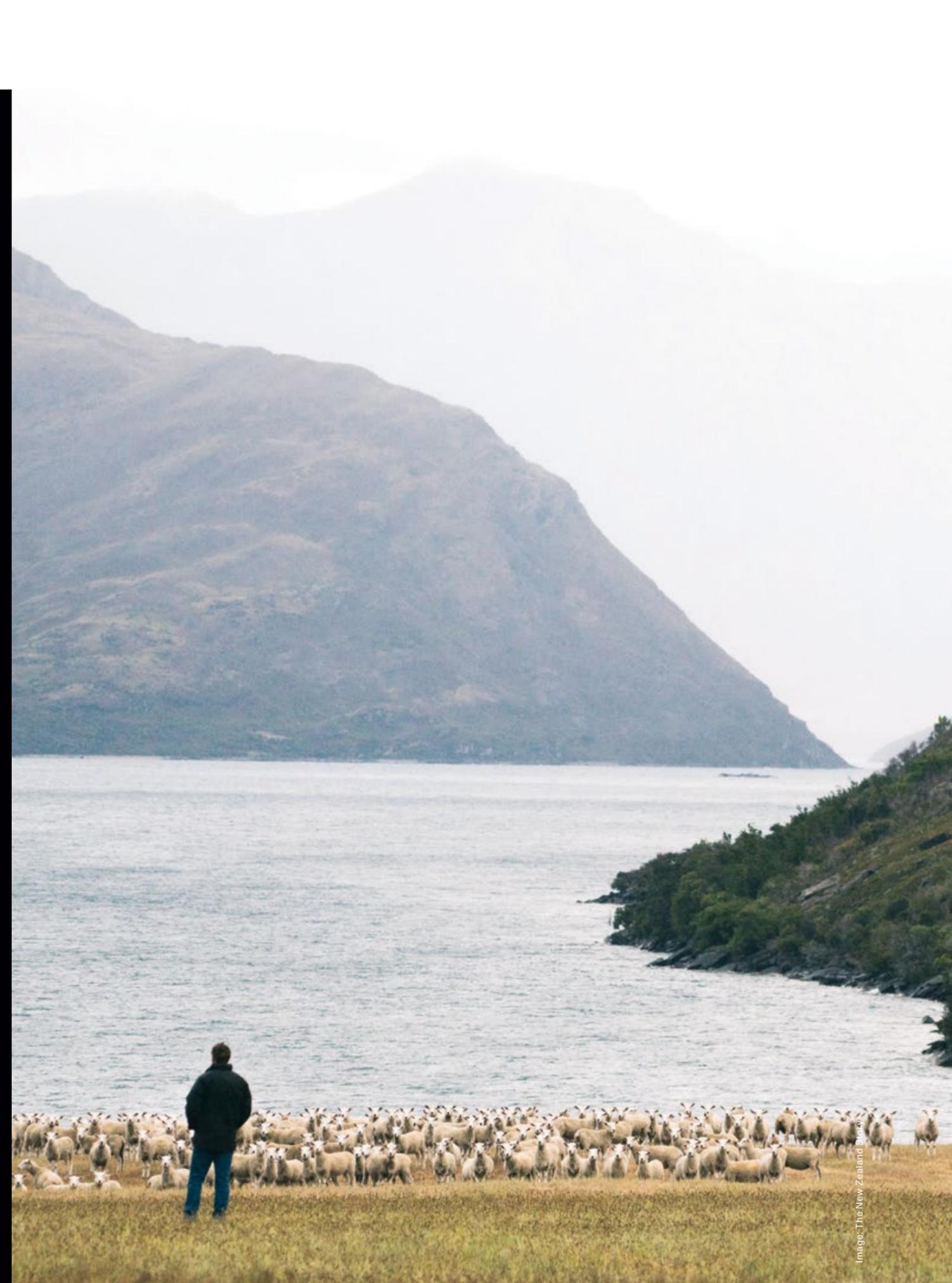


Image: The New Zealand Sheep

5. Moving off the farm

Here we were interested in what prompted the move off the farm? Was it planned or was it forced upon our farmers? What went well? How were the children treated?

What prompted the move off the farm?

● **I was aiming for 50 years** of farming and I did 49. Happy with that. We got an offer we couldn't refuse and took it.

● **I had 45 years farming** and I was coming up to the age to retire when my Father died. We had known for 15 years that we didn't have any children who wanted to farm and when we got a good offer we took it. Just in time too as a few years later I had major heart surgery! When we sold the farm, it had been in my family for 82 years. In those days people stayed on their land. Our local GP asked us both if we were happy to leave and we both said "yes".

● **I had 40 years on the farm.** My wife saw a section close to a golf course and we bought it to build a new house on. By the time our house was built our son was ready to move onto the farm and run the stock food business.

● **We had decided that once land** got to \$15,000/acre in our area we would have enough to retire on. We started thinking about it and down-sized a bit at age 56 and we retired fully at age 60. I thought we would be on the farm for ever, but I wasn't enjoying it so much once we got up to 600 cows. It was turning into a human resources job and I found it hard managing staff. We had 41 years of farming and decided that I wasn't going to get any better at it, so maybe it was time to quit. We had to be realistic about what we were able to achieve as the body got older.

● **I'd had two hip replacements** and our son was ready and willing to get on with it.

● **I was 55.** Shoulders and back were wearing out and I didn't really like employing people. I wanted to do some tramping and travel, so we leased the farm and moved to Dunedin.

● **As soon as the kids were born** we set up a family trust and planned our exit then. We wanted to help them as we had been helped.

● **None of the kids wanted** to take over the farm. I asked them all. We were spending more and more time at the crib at Karitane. We found 50 acres there and built a house and sold the farm. We run cattle, so we keep our hand in. Hieracium was taking over at the farm and our tenure review had just fallen over.

We had 41 years of farming and decided that I wasn't going to get any better at it, so maybe it was time to quit.

● **We haven't retired yet**, but we always thought that the easiest option would be to sell the farm and we have been approached to sell. Now that we are facing the reality we are unsure. One of us is really enjoying an off-farm job nearby and the other doesn't know what he'd do if he wasn't farming. He doesn't have any hobbies outside of farming. So, we don't have a plan yet. We could try with a manager on the farm and keep it for a while which would still give him an interest. [Update: We now have a five-year plan to exit and we have our enthusiasm for farming back. We know what we are going to do.]

● **I developed a very bad back** and my health was deteriorating. My body told me that I couldn't carry on and it was affecting me mentally as well. My brother had just died (he was too young) and this was a bit of a shock. We decided to sell and even my father, who was still alive, was supportive of us selling. I was 59.

● **I was 67 and it was time** to let someone else have a go. I sold most of the farm 9 years ago. I kept 45 acres to run as a hobby. I have some ewes, some swamp and pines and I lease some of it out.

● **Our children (2 girls) didn't want to farm.** We had a wonderful old neighbour who left the farm at 84 and died a year later. We wanted to get out while the going was good, like John Key. I could have bought more land and houses in Wanaka, but I didn't want that. I was a breaker of ground and I enjoyed developing the land. The new people have kept doing what I was doing, and the farm has possibly doubled in value since we sold it.

● **I didn't want to be farming** in my 60s. We had seen our parents miss out on their retirement as they never left the farm and it was dreadfully sad for my mum.

● **I injured my back** and had surgery at age 50. We leased the farm and went to the UK for three years working on farms. When we came back my wife didn't want to go back to the farm as it was isolated with 5 kms to the nearest neighbour. We bought another piece of land and farmed that. It was closer to town, so this was a good transition.

● **I was slowing down**, and I knew I had to get ready for a different life after retirement. I thought about it for five years.

● **I was 58 when I sold the farm** after 38 years of farming. My wife was getting so involved in women's affairs and she wanted to be closer to town. It was always in the back of my mind that Dad died at 59.

Observation

We had farmers with up to 50 years of farming in our cohort!

Wear and tear on our farmers' bodies started to exert a toll in their 50s and 60s. They have completed the development they wanted to do, and the older farmer is not taking the same risks they once took, nor getting the same enjoyment they got early on.

It was great to see a couple take up the challenge after our visit to develop an exit plan and this has given them a new lease on life.

Some of our farming couples didn't want to repeat the mistakes of their parents. They wanted to make sure they were young enough to have a good crack at life after farming.

Some of our respondents were still involved in the transition process when we interviewed them, but this was just a timing issue. They have options and just needed time for things to work through.

Don't leave it too late!

As well, farmers are not always sure what they are going to do with themselves after farming. They still have energy and a lot to contribute.

Key objectives for retirement

● **We bought our retirement section** well before we retired so we had a stake in the town where we wanted to retire for many years before we actually retired.

We wanted to go fishing and read books, but we haven't done either as we've been too busy.

● **Where to live?** We wanted to get away from Central Otago winters. Family and friends were in Dunedin and that was the major drawcard. I had been on a number of Boards based in Dunedin. I was interested in business and Dunedin was the heart of the local business world. We love where we now live in Dunedin.

● **1) Transfer my knowledge and skills** to my son and daughter-in-law taking over the farm and stock feed business. 2) Take advantage of any travel opportunity. 3) Work with my son. He consults me still and we get on well and this is the secret. If I died tomorrow, he would do great. We were surprised that our son was interested, and he was obviously capable. It made us feel pretty good to be passing the farm and the business on to the next generation.

● **None of our children were interested** in farming. We were quite lucky in that respect. Others who may have inherited their farm may feel a responsibility to pass it on?

● **I knew what I wanted** as far as getting our son onto the farm and I had to be careful of the legal costs. It's not rocket science, but they charge like it is.

● **We bought our retirement home** and adjacent land well before we were ready to retire. Given the rate of land inflation that was a sensible thing to do at the time. We bought a half-share of a commercial building in Dunedin to help with retirement income.

● **What to do with the farm** as we had no children? It was important to us that it stayed in the family as we were the 4th generation. My brother said that it would be nice to keep it but that nothing lasts forever. We decided to lease it out.

● **No worries about the future.** We are financially secure, independent and have good health. The farm is still in the family and that is important to us. Keeping the farm in the family was in our blood. It was family land. We thought about selling it to our nephews to keep it in the family. If we had sold and had another \$10m in the bank it wouldn't have made any difference to our lifestyle. We were confident about our daughter and son-in-law and happily left them to it when we moved. We go back when we feel like it.

We wanted to go fishing and read books, but we haven't done either as we've been too busy.

● **We always intended** to keep some ties to the farm to fund our retirement. We talked to a lot of people before we retired to hear about their experiences before deciding what to do.

Our golf course-based research didn't yield a lot of success stories.

The farmers who had been helped onto a farm by their family tended to want to pass their farm onto the next generation. The parents would get a house and a bit of cash, but money would be pretty tight. They wouldn't have the disposable income they would have had had they sold the farm.

One farmer gave two sons a farm each but left himself a bit short. He went to one son to get some money to buy a new car and that son had had a bad year, so it wasn't on. He went to the other son who had also had a bad year and he couldn't help his dad either. The parents had given their sons two free farms and they couldn't afford to update their car.

We found that having the farm owned by a company allowed us to sell shares to the next generation while keeping what we wanted, and this pays us a dividend. We expect a dividend of 3% per annum on the value of the land, after all costs and tax.

● **Deciding where to live** is a major step. We both wanted to be on the coast and reasonably close to family and the airport.

● **Our main issue** would be keeping occupied. We would need meaningful projects. Filling our time constructively. The big thing for us is keeping the family intact and happy.

● **When we sold,** we passed up the chance to sell to a corporate for more and instead chose a delightful Southland couple.

They were happy for me to come back to the farm to visit and go shooting which helped wean me off farming. It was great opening a farm gate that I had hung 20 years before. It was still swinging perfectly. Do a job once and do it right.

We helped the married couple, who had worked for us on the farm for many years, paying their children's boarding fees at college. They had given us great service over the years.

My wife asked me before we shifted into town what I was going to do all day. Once we shifted it wasn't too different to before. I had 10 acres to look after and plenty of hobbies and interests and we didn't get in each other's way. We travelled together which was great.

Selling the farm was also selling our home and it took a few years for our new place to feel like home.

Our golf course-based research didn't yield a lot of success stories.

Our main issue would be keeping occupied. We would need meaningful projects. Filling our time constructively. The big thing for us is keeping the family intact and happy.

They were happy for me to come back to the farm to visit and go shooting which helped wean me off farming.

● **I retired at 60** and moved next door. It's now someone else's turn. I have offered to help, and I've been back several times, but I have tried not to look back. After selling the farm I wanted to be able to help anyone in the community without having to charge them. I have been crazily busy.

I don't think you should tell anyone you are 'retired' – it is just a change in direction.

● **Keeping the family happy** was always number one.

● **I worried about what I was going to do.** I thought about it for five years. I bought a couple of old antique tractors to do up. I had five of them at one stage. I wanted to keep out of my wife's way. I felt I needed a plan on how I was going to fill in my time, physically and mentally.

Some farmers talked a lot about fishing but that didn't seem like much of a plan to me.

As well as the tractors, I was busy helping neighbours baling hay, tailing lambs etc. I took over our flower garden and turned it into a fantastic display (Editor: fantastic it was too, hugely impressive).

● **My hope was that we would** do more together after we sold the farm, but it hasn't happened, he is as busy as ever. I am very grateful to have the grandchildren living with us otherwise I would be very lonely. I don't miss the farm. You can take the boy out of the farm, but you can't take the farm out of the boy.

I don't think you should tell anyone you are 'retired' – it is just a change in direction.

Keeping the family happy was always number one.

Observation

Keeping the family happy and together was a key objective of our respondents.

Where one or more of the children carried on farming our retired farmers mostly continued to help on the farm as needed. Some farmers retained control of the finances. A number are still farming but now more as a hobby, on a smaller bit of land. There is still the fun of trying to find a decent cattle beast at the cattle sales for a reasonable price.

Several of our couples had made that decision early and had bought bare land or a house in the town they wanted to retire to. Not always to that exact house, but it gave them a property that would at least keep up with the inflation in that area.

Some couples in our group had not been able to agree on where they were going to live once they left the farm. This requires a lot of compromise by one or the other party. Where the relationship is solid these things can be worked through.

We saw several instances in the previous generation where the husband had refused to leave the farm while his wife pined for a more social life in town. Anecdotally we are aware that this can lead to relationship breakdown in the farming community. Townies don't necessarily have to move when they retire whereas farmers usually do.

Have a plan for life after farming and share it with your husband or wife. Work out compromises if you need to. Don't leave it too late! Begin the process at least five years before you think is the right time.

Transition to life after farming is much smoother if the farming couple can agree ahead of time on where they are going to live when they leave the farm.

Getting the next generation onto the land

● **We had two children** but neither wanted to farm. Still, it was our daughter who was most upset when we sold. Perhaps she wished her children to have some association with the farm? Selling a farm is also selling a family home. Not having a child to take over the family farm was easy to take as I had seen sons forced to return to the family farm when their hearts weren't in it.

● **We have two children**, a daughter who is a lawyer in Auckland and a son who always wanted to be a farmer, since he was 5 years old. He did a gap year in the UK and a 4-year Ag Science degree at Lincoln, then he went back to Scotland and Canada working on farms. By the time he came back I was ready to start retiring. We passed the farm over to a pair of good hands. It was very important to us that we pass the farm on to one of our children.

● **None of our 3 children** looked like they wanted to farm. Our son did a Bachelor of Applied Science and the two girls went into teaching, one with a Masters degree. Our son came to farming gradually and has been a great fit, as has his wife. We are very lucky.

Getting one child onto the farm has been very rewarding. Each of the three children started off equal in terms of the equity they would inherit but now, of course, with the way farm land has gone up, our farming son is well ahead. That was the point, I guess. We wanted the one taking on farming to get the capital gain, if there was to be any. He took the risk.

● **We had four girls** and none of them wanted to farm. We knew for some time we would be selling the farm. It was well signposted.

● **The objective was to set our son up** on the farm and peg the capital values pretty early on to ring-fence the capital gains and not make fairness to his sister a bigger problem. I wanted to protect our wealth for both our children and we've been able to do this, even though the capital gain on the farm has out-stripped other forms of investment since then. As far as the planning went, we worked out that our son would have to pay interest amounting to 20% of his expected income in his first year of farming on his own and blow me down but in the following year his farm income shot up 65% to \$300,000. He used the extra cash to reinvest in tracks, dams and fencing, improving the farm a lot.

● **We took the land we farmed** and divided it up into four viable farms for four boys. Each one had 5000 stock units. Initially they worked their land and all the cash flow came back to me while they gained experience. Only then did we survey up the separate farms and they took over their individual blocks. They ran a machinery syndicate and helped each other a lot.

I am still working for either one of them every day, pretty much, at 70. A key factor getting them onto the land was, and still is, good communication.

● **Someone described me as a diplomat.** There are 5 boys and another 5 daughters-in-law and that is 10 people I need to keep in the loop. I have always believed in talking it through with everyone who is affected. And I don't take my daughters-in-law for granted. When I am working for them I always take my lunch and I pay for any stock I take. The daughters-in-law all worked in town before they had children. They all (sons and daughters-in-law) have different interests and skills and bring something useful and interesting to the extended family.

Each of the farming boys pays me a monthly payment to fund our retirement. The fifth boy works as a seed specialist and animal nutritionist and we have made sure we treated him fairly from an inheritance perspective.

● **We had two daughters** with one really keen on farming. She married a farmer and they wanted to take over the farm. With our second daughter, it wasn't her passion. We didn't want to split the farm again, so we bought land elsewhere to leave to our second daughter to make it fair to her in the long run. In the meantime, some of the land destined for her pays us rent to live off in retirement. There has been good communication with the child not moving onto the family farm and we have helped her in many ways. She owns one quarter of the home farm and her sister pays her out bit-by-bit in the good years.

Luckily for us, the next generation are good workers, not big spenders, and are responsible with money.

● **We have a son and a daughter**, and we are treating them evenly, getting them both onto their own land early on. They both farm in their own right and our daughter, especially, is an excellent farmer. I act as a consultant to them both still. If the children want, they can buy shares in the home farm company to add to their holding.

Rather than handing out farms to our children we have opted to help them in other ways, with fuel, for instance, which is tax deductible.

We don't have formal meetings, but we do have lots of ad hoc ones. We are talking all the time as we are working together every day.

There is no pressure on the kids to buy into the farm and if it doesn't happen then very happy to sell the farm if that is what is best in the long term.

● **We had three children.** I talked to them all. My suggestion to them was 50% of the family inheritance would go to the one that successfully took over the farm with 25% each for the other two and none of them wanted to take it on. If one of them had wanted to farm I would have had to stay on longer to guide the next generation farmer.

Someone described me as a diplomat.

Luckily for us, the next generation are good workers, not big spenders, and are responsible with money.

● **We lined all the children** up and said, if someone doesn't show any interest we are going to sell. No-one has put up their hand. Selling would be easier as we wouldn't want to load one of the kids up with too much debt. We can't make it an equal inheritance if we keep the farm in the family.

● **Our son became a geologist** and didn't want to farm. Our daughter did an Agricultural Science degree and would have loved to have farmed. We didn't encourage it as it was back-breaking work on our land. Lots of heavy rock work and we didn't think she could have coped. If she had farmed it would have been on another farm. However, we didn't think we could afford it in the end. My body couldn't take farm work anymore.

● **We had three boys, no girls.** I got my eldest boy onto a farm, but he didn't work out. He is making more money now as a farm labourer. The others weren't cut out for farming either.

● **We had two very capable girls** that both would have made very good farmers, but they didn't want to farm. They worked hard in their holidays on the farm and I paid them like I would have paid any farm worker. They saved, and it paid for a lot of their tertiary training.

● **Two of the three boys wanted to farm.** The eldest farmed with us for a while commuting out from town but his wife didn't want to farm so they have settled in town. The youngest wanted to farm but we couldn't see it working out fairly for everyone. We kept an open conversation going all along and he took it pretty well when we told him we were going to sell.

● **We had two girls** and one boy. Only he wanted to farm but didn't really have the ability or work ethic.

● **I talked with my Dad** who was elderly but still alive and we agreed that selling was going to be the best thing to do. My son wasn't good with stock and you must be good with stock to run a good farm.

Observation

Although there were some sad succession stories in the previous generation, amongst this group of retired farmers there was a lot of clear-headed thought and action taking place on the farm succession front.

Our farmers were communicating well and seemed to be considering all their children as potential successors, including the fact that women can raise a family and have a successful career in farming. This is a huge shift in thinking that I suspect has taken place over one generation.

60% of our farming respondents have sold the farm, (or in one case, leased). The other 40% have undertaken a family succession exercise, putting between one and four children on to farms.

The respondent with 4 children on farms report that they are all going well (they started with 5,000 stock units each). The farming boys help each other and share equipment. They text each other and share instant videos to get advice and keep connected. They share ideas on breeding and are always watching out for trends in farming practice and keeping each other up-to-date.

The eight farm succession cases in our study produced 12 children on to farms. Of these 12 farmers, two are women (17%).

What is most important to you in your new lives?

● **Health is number one**, we are getting old with aches and pains. We worry a bit about each other's health. Family comes next. We have become very close to our daughter and grandson. They are our rock. Our grandson has a room at our home with some of his things he leaves there. It is like a second home for him. We see a lot of him. Third, comes financial security.

We both have different interests outside of farming and independent of each other. This is important.

● **1) health**, 2) family, 3) financial security

● **Family – this is everything to us**. Health is our wealth (he has had a hip replacement). Keeping mentally and physically alert. Hugely important to me to have a family and partner to share my life with.

● **To keep busy**. I have a conflict between structure to my days and having the freedom to do whatever I want. I love not having the responsibility of the farm. Variety of things to do is an issue. We both do voluntary work and we both love travelling. I do some farming type work for a local charity. We help look after an elderly mother and aunt.

● **We built a new home**. You have got to have interests before you come off the farm and we have lots of great interests: golf, grandchildren and their sports, horses, race horses, travel, gardening including vegetables and glass houses. I ride every day and I like the people involved in horse racing. I look after 70 acres for a neighbour.

● **Not spoiling the kids** with great big handouts. Having the farm in a company owned by a combination of a family trust, ourselves and our two kids. This gives us the flexibility of being able to sell some shares over time to encourage our kids. We want a 3% net return after all costs and tax from the farming business.

● **Good health and relationships**, with brother, staff and advisers. Dad told me that it's a bit lonely on the farm by yourself, so you'll have to get on with people.

● **To have some common interests** and some interests of our own.

● **You have got to work at it**. We had interests together as well as separate interests.

We both have different interests outside of farming and independent of each other. This is important.

Dad told me that it's a bit lonely on the farm by yourself, so you'll have to get on with people.

● **It took me at least a year** to adjust to being off the farm, especially on a great spring day when I'd love to be out farming. I must have something to do. I am the greenkeeper at the local golf club and everyone says that the greens are in great shape (and they are).

● **As a woman with my own career** in the city before I went farming, it took me no time at all to adjust to life after farming.

We don't have to worry about money as all our investment decisions are made for us by our financial adviser. No ties, we can be flexible. Holidays and things we want to do, we don't have to plan ahead so much. We are doing more stuff together now. We can live day-to-day.

Good health is most important. I read all the latest health news and I keep up with the latest research on food and health. I find it very interesting and am often trying different things out.

We have compromised on where we live. I would rather be in the city where there are heaps of things going on, but my husband has his life here in a small rural town not too far away from Dunedin. If I was on my own, I'd move to Dunedin in a shot.

● **Health**. We eat a lot less meat, a balanced diet. Having enough money to live and a decent car. Doing stuff for other people.

● **I am very happy** as I am, busy and in-demand, helping others and being involved in community affairs.

● **Beautiful home**, warm and dry. I don't want to travel. I enjoy our grandchildren, but they do miss the farm.

● **I reckon it has taken me** about five years to settle into my new life after farming. My thing is that retirement needs practice so why not practice it before shifting off the farm? Build a new circle of friends where we are going to retire, join some clubs and societies, get some locals around to dinner. That sort of thing.

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Observation

Our couples had their priorities pretty right when they said that health was number one, family and relationships number two and financial security number three.

Many report being busier than they were before they retired. For most they appeared to have not slowed down too much.

Many retired farmers were taking active measures to keep in good health and this comes up in one of the sections below.

A reasonably common theme, not always expressed but obviously practised more than it is preached, was the desire not to spoil children with massive financial handouts. We mention this theme again in our section below on Values.

It has been said that retirement is not a holiday. Three hundred and sixty-five days of golf a year, or endless fishing, is not going to provide enough motivation to get out of bed on a cold day. We need something more fulfilling to do, something that creates purpose in life.

Martin Hawes in his article, *Think yourself into a youthful retirement*, talks about two friends, both aged 97, who were still working. One of them said, 'If you exercise your mind and body all your life you will live a full life and you won't go seedy'. Martin also found some studies which, on balance, seemed to suggest that continuing to work (past 65) is 'good for just about everything: social life, mental acuity, fitness, relationships and longevity.'

Martin writes that 'retirement is a developmental stage which comes at a time of life **when we are no longer terribly good at change.**' A 55-year-old might cope with the changes involved easier than a 65-year-old. While retirement at 55 is unrealistic for most of us late starters, it might be a good time for a career change. Or, for cutting back to four days a week to give time for the development and practice of other pursuits and activities. In this way, it might be possible to delay the abrupt abandonment of one's current career at 65. It also might be a great way to re-invent oneself and launch into a new career that can carry one into one's 70s, 80's and 90's.

I like the idea of practising retirement before the event. It gives one the opportunity to try things out as perhaps I won't like golf or bowls!

I began my current career at age 50. It built on my previous 20 years of work, but it was quite a new direction. I had a lot to learn and felt some way behind my contemporaries who had been at it for 10 years already. At age 67 I am now tweaking my career by becoming more involved in writing. My father wrote a book in his 80's and I aim to beat him by writing one in my 70s.

Everyone is different and several of my clients can't wait to leave the repetition and worry of their old careers behind them. 'The thought of returning to my old career makes my stomach churn', was a comment I had from a newly retired client recently. But, it was a different story when it was proposed that he become an assistant in his wife's business. That seemed like an interesting change of direction and he could see himself happy to be receiving instructions rather than giving them. It might work as a welcome change from his old career.

Some careers lend themselves to easing out of gradually. Farming is one of them. We see farmers selling down their big farms to progressively smaller holdings in a number of stages.

I always thought that fathers were ripe for knocking over, in the nicest possible way, of course.

* Hawes, Martin. *Think yourself into a youthful retirement*. Sunday Business, Sunday Star Times, Sept 10, 2017

Phases of winding down

My colleague, Jared Campbell, gave me this model and there are different versions around, but it helps create a language around the process of getting older. It is a bit tongue-in-cheek but very good.

| Age Bands | Label | |
|-----------|---------------|---|
| 60 to 75 | Go-Go Years | A new career, cutting back, living the dream, options and choices. |
| 75 to 85 | Go-Slow Years | Consolidation and reflection, you are not going to get it all done. Harvesting the fruits of previous effort. |
| 85 + | No-Go Years | Wise rather than washed up*, acceptance, sharing memories, taking on a mentoring role. |

Looking at the respondents in our survey –

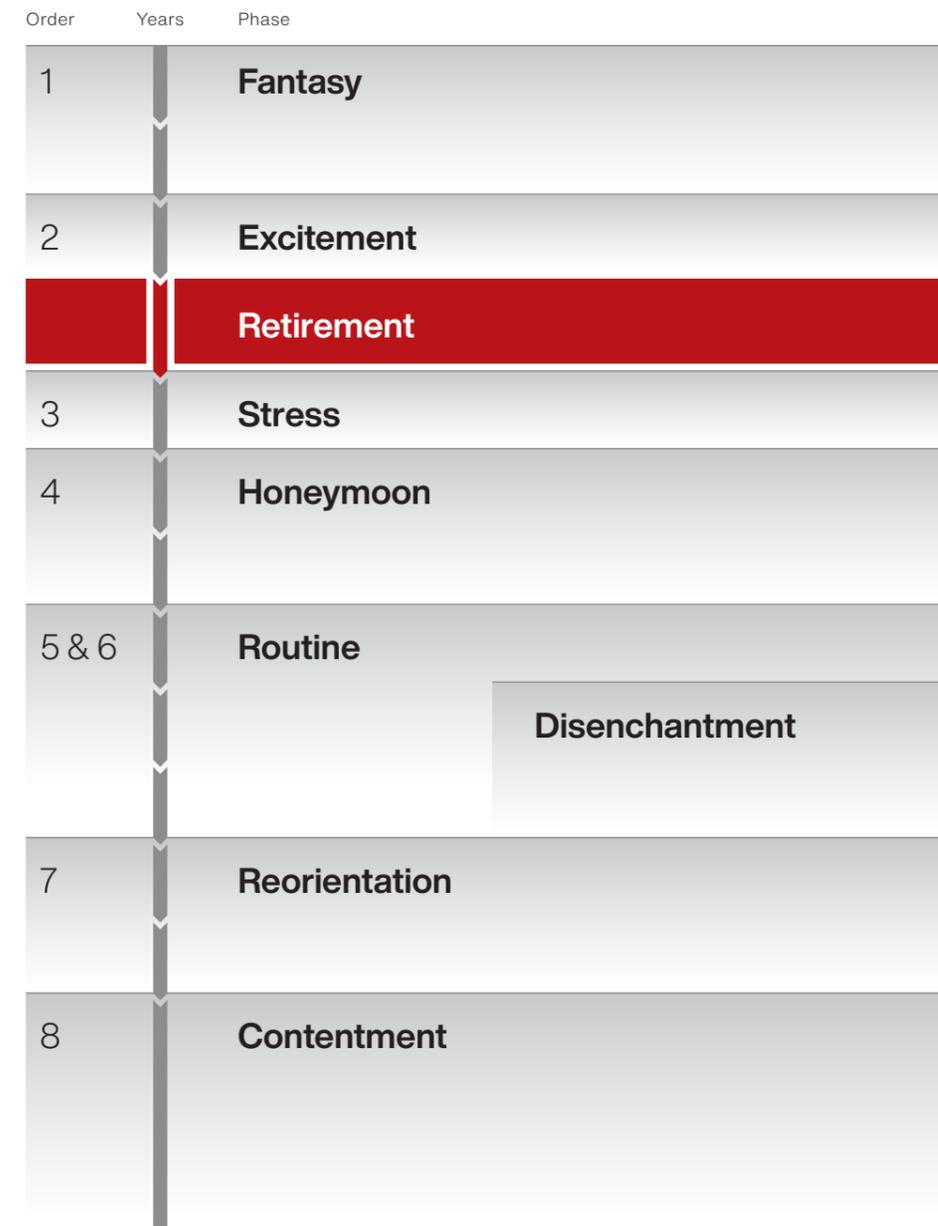
- 29 of the 36 respondents were in the Go-Go Years (80%)
- 5 were in the Go-Slow Years (14%)
- 2 were in their No-Go Years (6%)

In future studies I would like to increase the number of respondents in the two older groups as I think they may have had more time to reflect on the changes they have undertaken.

* Baker, Joan (2008). *Your Last Fencepost, Succession and Retirement Planning for New Zealand Farmers*. Page 69. Shoal Bay.

Phases in Retirement

Barry LaValley, a Canadian retirement lifestyle expert, identifies as many as eight distinct phases in a typical retirement:



6. Activities in retirement

Our retired farmers kept very busy once they left full-time farming. I was interested in what they did and whether it was enough for them, after a career running a tough business with a multi-million-dollar asset. Here the question was 'What gets you out of bed in the morning?'

The men

● **I was on 15 committees at one stage.** Very involved in golf. We created a small business teaching golf rules. Turf culture. Probus club. Organised trips with the 4-wheel drive club. Volunteering for charities. Landscaping an acre of land. Travel club. Anything that will foster meeting new people. We've had four big world trips while we were farming. We didn't want to leave it too late as it gets harder as we get older.

● **Probus, Rover Club and bowls.** Member of the Conservation Board. I now do all the washing at home, hang it out, fold it and put it away, from start to finish. Plus, the garden, but I don't cook. We create our own space at home. We've found it pretty easy.

● **I wanted to play lots of golf** and work up my model electric train, but there has been no time for that. I am full-time helping my son with his farming operation. But we play cards (bridge and 500), gardening and landscaping. DIY with a new home.

● **I have gone halves in a 10m boat** which we use for fishing. I am away quite a bit on it. Plus, I write articles for the quarterly New Zealand Holstein Friesian Journal. I'm a classifier for Holstein Friesian cows. We are basically happy chappies.

● **We both have the travel bug.** I have kept investing in the shares of New Zealand listed companies. I like to know what is going on in the company I am investing in. No one is better at managing my money than me. I have stuck with shares rather than property for off-farm investment.

● **Dog trials,** rodeo, rugby.

● **Camping,** exploring, being physically active

● **Golf,** jet-boating and travel.

● **I have a plane** in a hangar at Taieri aerodrome and I enjoy flying. I travel a lot.

● **I coped better** than my wife in moving to town with interests in Rotary, playing saxophone and bagpipes in the band, reading, wood work, Sudoku, and travel.

● **Travel**, reading is marginal, workshop, trying to simplify my life.

● **We travel somewhere** together every year. We've both had cancer, but we are both in remission. I have a hobby farm with 45 ewes that lamb every year. We have a small, warm dry house in a beach town that meets our needs. We go to the café for coffee every day, read the paper, it's a very cruisy lifestyle. I do a fair bit of tramping, I help at the local museum, have a lunch-time cards group, I do an exercise class and Pilates.

I do a fair bit of exercise. I don't enjoy any of the exercise, but I know it is good for me.

● **Trout fishing**, golf, clay bird shooting, hunting, travel, grandchildren, looking after the 10-acre block. I am active on my original golf club Committee.

● **I still work as much** as I want to for other farmers and I have no regrets selling the farm. My Dad would have agreed with our decision. I am a lot more relaxed.

● **Lions**, golf, fishing, travel, odd jobs (local farm work), rugby, greenkeeper, charity work.

● **Doing up antique tractors**, flower garden, helping on farms.

● **Played competitive golf** 3x a week (I've had 8 holes-in-one), played Pennants golf for 8 years, travel, Rotary.

I do a fair bit of exercise. I don't enjoy any of the exercise, but I know it is good for me.

Observation

Travel is the number one activity for our group of retired men. Golf comes a close second. Everyone seemed to have lots to do in their Go-Go years including giving to the community.

Was it enough, to be busy, after being a full-time farmer? Nearly all the men I spoke to were making a good go of it, whether they were in the transition phase, or whether they had been retired for some years. They appeared to have a lot of variety in the things they were doing and keeping busy did not seem to be a problem. There was no report of a lack of motivation or purpose in their lives although I suspect I could have delved a bit deeper with my questions if I was to interview our respondents again.

One comment I could make is that the men were mostly into doing physical stuff. After the physical life of farming that seems like a good way of keeping active. I have talked previously about developing the social side of life but there is another aspect that has perhaps been over-looked, what could be called the intellectual side of life. Intellectual activities aren't dependent upon a strong physique. Writing, as a retirement activity, is chosen by some retirees as a way of keeping their mind engaged and working hard. Writing a family history, or a history of the land you have worked would be one place to start. But it could take any direction that was of interest to the writer. Only one of our respondents mentioned writing as a retirement activity and he wrote articles for the Freisan Holstein NZ Journal. It seemed like a wonderfully rewarding thing to be doing, and it doesn't matter if your legs or back are buggered, you can still write.

Use of technology? Nearly all of our respondents used email to arrange their appointments, but I am not sure how much further their use of technology went. I did not ask. It seems to me that the use of technology including some of the latest apps are hugely useful in developing social ties and relationships and that retirement might be the ideal time to develop those skills. Video conversations on WhatsApp with my 100-year-old father are much better than trying to shout down the phone. At least we can both lip-read to help the conversation flow along!

The women

● **Volunteer accounting book work** for charities. I joined the gym, take part in Rural Women NZ, family and grandchildren. I love having visitors to stay in our house from all over the world. Lots of cleaning to do. We have a big garden which I do without any help. We see other farmers with a few problems. They spend a lot of time looking backwards. We are both very busy and involved.

● **Golf** and international travel.

● **I bought a holiday house** at Taieri Mouth where I go when my husband goes fishing. Sometimes I get a bit bored. Both the business and kids are gone. I garden. We are travelling so much, I enjoy travel, but I get a bit unsettled coming home.

● **Camping, exploring**, being physically active. The local Church. Reading, swimming, St John's Ambulance, KiwiHarvest, street collecting. I am a marriage and funeral celebrant.

● **Golf and nursing** at Dunedin hospital. I still do all the paperwork for the family farm.

● **Walking the dog**, photography, scrapbooking, planning trips and going on them, reading. I don't really like groups although I loved community activities while I was in the country like the golf committee, play centre committee and everything that revolved around the kids. Now I prefer my independence. I probably don't fit into town life as well as my husband.

● **Photography, gym**, on the Board of the local Community House. I still work in town 3 or 4 days a month as I'm needed.

● **No regrets selling the farm**. I thought my husband wouldn't cope after selling the farm, but he is doing well. He is more relaxed. I carried on working as before in the local town as a business manager, three days a week, and volunteering as a first responder with St Johns.

● **Keeping healthy and fit** (read lots on-line about health and fitness, www.dietdoctor.com). Family and friends in Dunedin. Cultural activities in Dunedin, art and jewellery. House and garden, knitting, rugby. Charity work.

● **I taught primary school** off and on, doing relief as needed. I now do lots of embroidery and volunteer work.

● **Travel**, Inner Wheel (a women's organisation linked to Rotary).

Observation

The women in our group were also very busy, particularly with community and charity work. Most were in their Go-Go phase and making the most of it. As with the men, travel was mentioned most often.

There were wistful comments made by three of our women, as well as an anecdotal comment by another, who weren't as fulfilled with life after farming as they could have been. We had one man who was struggling with a transition situation but no men in our survey voiced concerns about their retirement lifestyle. We had a relatively small sample of 36 farming men and women and it would be very interesting to see if this rate of response carried on to a bigger sample.

Perhaps women found it more disruptive leaving their home and their lives in their country communities than men? Perhaps there is less support for farming women once they shift into town? This is a topic worthy of further investigation in the future.

7. Family values/ family legacy

Several retired farmers mentioned the idea of a legacy, so I started asking about leaving a family legacy, other than a farm or money. Here the question was 'What life lessons do you want to pass on?'

The question I asked was, 'What legacy do you want to leave your children, other than money?'

● **Respect for their mother.** I see our children bringing up their children as we brought them up and that is very rewarding. We want them to be happy and healthy.

● **It is how you steer your kids.** Some people create their own problems. Our children were taught to respect one another. If a decision was to be made that affected the kids then we always discussed it, we talked things through. We taught the kids boundaries and showing respect. We were keen for both kids to go to university which they did.

● **We wanted all our kids** (5 boys) to be educated and they all went to Lincoln, then overseas to get some work experience and travel.

● **How to avoid the trap of giving** the kids too much. Give a man a fish and feed him for a day, give a man a fishing rod and ... The farm is a great training ground for young kids. No free rides when it comes to getting the farm. Those farming skills learned early on benefit them as they get older.

● **We wanted our children** to be happy and there was no pressure on them to farm.

● **Honesty and trustworthiness,** contributing to public affairs.

● **As grandparents** we think it is important that the younger generation show respect and learn kindness; that they trust us and that we all care for each other.

Observation

Farm life can make for a wonderful family life and it can be a great training ground for children, teaching them the values required for a happy and productive life. Respect for others were referred to by a number of our retired farmers.

How to avoid the trap of giving kids too much wealth, too early on without them having to strive for it? There was a theme amongst some of our farming clients, that children need to work to build their own wealth to appreciate it properly. There is the belief that un-earned wealth can be a burden to young people and do more harm than good, if endowed too early in life. This is reasonably common amongst our clients in the non-farming sector as well.



8. What hasn't gone well?

Can we avoid some of the pitfalls involved in moving off the farm? Hopefully, we can learn from other people's mistakes. Many of the suggestions we got from our respondents are quite poignant and may well help others in preparing for the shift off the farm.

● **I didn't want to leave the farm.** It took me at least a year to get over it.

● **I found the shift off the farm** hardest as I had left my 'special' home that we had built on the farm.

First, one must have the funds to do what we want to do, but secondly, we must have something to do?

● **I didn't want to leave the farm.** I loved the garden and probably would have stayed there forever if I could have. I now have a part-time job in town and that gives me some focus. Everyone thought it would be my husband that would have trouble leaving the farm, but he knew it was going into good hands.

● **We are not earning money** anymore so living off rental and investment earnings is problematic. It is hard to change our mindset after all those years on the farm. We are watching the pennies too much. There are two voices in our heads, 'spend' and 'save'.

We went from being very active to not so active.

I feel a bit irrelevant sometimes. Having too much time on my hands can be an issue.

Having my husband around all the time is a work-in-progress. He does a lot of work around the house and garden. He doesn't cook but does a lot of cleaning.

● **We both missed the farm** but knew it was happening, so we just got on with it. We kept busy.

● **Never slept very well...** and unfortunately this hasn't really improved since we sold the farm.

● **My husband has enjoyed** the move to town much more than I have. I am naturally shy and don't really like joining groups. It is not my scene.

● **I expected more time** to do things together as a couple, but it hasn't happened.

● **Getting the next generation** on to their farms has meant splitting up the partnership. The partnership split hasn't gone well. We farmed together so successfully for so many years, but it wasn't going to work for the next generation. We had to split it up and we'd had no experience in doing that.

We didn't get the help we really needed and it's still not right. We probably didn't have enough formal meetings with the lawyer and accountant.

I feel a bit irrelevant sometimes. Having too much time on my hands can be an issue.

We were two brothers who tried to sort it out as best we could, but it has taken a toll on me. Outwardly people can tell I am not the same person. I've become inwardly focused. I'm not good at forward planning.

● **We had one nostalgic child**, she was affected by the loss of the family home and the memories of her grandparents.

● **I can't get out of the frugal mode.** But, I do like having a nice car.

● **I miss the farm a bit.** Keeping up with everything I am involved in is hard. Too much on my plate, but I'm giving it all my best shot. Trying to keep up with my interest in wool classing. Retirement is more expensive than I thought it would be.

Some people's attitude towards me has changed. People think we are rich and that rankles. I always thought that we're all the same.

● **My wife had taken the children** to sport as I was too busy on the farm. A couple of our children don't seem so happy today and we now have family issues. I guess I spent too much time working and we both spent too much time undertaking public affairs and it may have cost our family.

We didn't get the help we really needed and it's still not right. We probably didn't have enough formal meetings with the lawyer and accountant.

Observation

Several women in our group found the shift off-the-farm the hardest. This was a surprise. Even where the women were quite social in their country towns, it wasn't the same for them upon moving to a larger town. There was, for some, a feeling of isolation amongst the hustle and bustle of the bigger town. It was as if they didn't know how to start again.

Maybe as a group we have become more conscious of the difficulty men face in moving off the farm and are attending to those issues better and forgetting that everyone needs support at times like these. Maybe some women are getting left behind in the thinking and planning for their retirement lives. There may be the assumption that women cope better with these things?

Farming women have invested large amounts of energy and creativity into their farm-based homes and gardens and the loss of these was mentioned on several occasions.

Several women mentioned that although their men were proving very helpful around the house, they didn't cook. It seems to me there is an opportunity here for men to learn to cook. Maybe there is even a business opportunity for someone to take up teaching retired farming men to cook? Imagine the risk of a recently retired male farmer losing his wife unexpectedly and not being able to feed himself for the next 20 to 30 years?

9. Advice for other farmers

We asked our retired farmers for advice to pass onto others contemplating a move off the farm. This was a particularly productive question to ask and it produced some real insights.

● **My wife always worked** on the farm with me, so we already got on really well. It wasn't like I retired and all of a sudden was home full time.

I'm always looking at the positive and never the negative. I look forwards, not backwards. I am relentlessly positive about life. It helps me build resilience.

Around Wanaka retired farmers who are older seem to be more reserved.

My advice is don't leave it too late to retire. The older you are the harder it is to adapt.

Keep busy and enjoy meeting new people. That's what we love about Wanaka. Its full of interesting people. We've expanded our base of friends who have led amazing lives and we have a lot in common with them.

If you want to be an introvert or wall flower, you'll have a miserable life. I love meeting new people. People need to be prepared to get off their butt and mix freely.

I had a very good friend who wanted to retire to Wanaka. I recommended they rent for a few months to see if they like the town. I was worried they wouldn't like town life. I introduced him to bowls and it became his thing, he never looked back. Have your farming memories but don't yearn to go back.

● **Make sure you really want** to leave the farm. We heard of someone going back and re-purchasing their original farm after retiring. My uncle moved to Dunedin and he didn't have any friends there. He found it very hard.

Develop individual interests.

● **Build up off-farm investments** to give a bit of diversity. Be prepared to consult others on business matters but remember, farm consultants are there to advise, not to farm.

● **Be positive.** Look, every morning the sun comes up. What is there to worry about, really?

We bought and sold quite a lot of land over the years and built up equity as a result.

● **Keep wills** and family trusts up-to-date. Use technology as it comes available to get more out of each animal (and more out of life).

I'm always looking at the positive and never the negative. I look forwards, not backwards. I am relentlessly positive about life. It helps me build resilience.

My advice is don't leave it too late to retire. The older you are the harder it is to adapt.

● **Feel very lucky to be in Dunedin** with its access to its art and culture and friendly, supportive neighbours who add a lot to our lives. We have a lot of non-farming friends here. There's more to do here than in Wanaka. Get involved in making new friends and be prepared to go more than half-way. Be open to new ideas.

We have valued the advice we've had about our finances and the cash-flow planning from investments has been very helpful. It has reduced the stress around money.

Have something that you want to do. Service clubs are great. Finding something worthwhile to do is key.

● **We see some people** who have had a family farm passed down to them feeling as though they shouldn't be living life to the full as their parents never had the opportunity to do so. They carry their legacy too tightly.

● **You must be ready to leave the farm** and want to do it. Throw yourselves into other things. Do social things. Create a great social milieu. Find somewhere to live that has a vibrant community. Build a small, warm and dry house that takes full advantage of the sun.

Go out for a coffee, even if you have a coffee machine at home, for the social part of it. Get into lots of things, even if you don't like them at first. (Fake it until you make it.)

Get off the farm while you are still active. Don't leave it too late. Develop interests! Exercise every day! Don't retire and then sit in front of the TV all day eating fatty chops. When you are working hard you have to eat more and meat meals are good while working on the farm. We have cut down our food intake considerably and eat less meat. I have a very good salad garden and that has become a big part of our diet. (We've both had cancer and we have changed our lifestyle as a result).

● **Have some shared interests.** Pulling in different directions all the time wouldn't work. Enjoy each other's company (this has to work before you retire).

● **The rules we set** then don't apply now. It was all about developing land then.

● **When my parents bought** the second farm for my brother, we thought we would never have to buy any more land, but we should have kept buying farms every 8 or 9 years or so.

Roger Douglas pulled the pin on farming and turned farming on its head.

Go out for a coffee, even if you have a coffee machine at home, for the social part of it. Get into lots of things, even if you don't like them at first. (Fake it until you make it.)

Observation

By its very nature retirement requires more socialising than farming. The advice is, don't leave it too late to start cultivating new friends outside farming. Join clubs and societies. Invite people around for drinks and/or meals. Show an interest in other people's lives. Ask questions about what other people think and practise the skill of listening.

Some people find it easier to make friends than others, but it has to be done. It is all very well being a loner, on the farm, but it might not work in retirement. You have been growing grass for 40 years, farming the weather, now the job is to grow friends. It is quite a big change.

The older you get, the more important the social side of life becomes. Older age can be very lonely if you are not interested in chatting with people and finding out about their lives.

What about stress? Without a bit of stress in one's life one wouldn't get out of bed in the morning. There is nothing wrong with a bit of stress. If your retirement activity involves some stress, that is probably quite a good thing. Not too much; not too little; just enough. Without a bit of stress life can lose its meaning.

To help develop the social side, someone suggested that having a friend in every age group by decade was a great way of keeping fresh and an open mind as we get older. That means having a friend under 10, a teenager, someone in their 20's, 30's and so on. And if you are 60, it means having a friend in their 90's too. It feels like quite a stretch target to me.

Our respondents clearly thought that leaving the farm involved a lot more than just the physical change of shifting houses. It heralds a change in lifestyle requiring new skills, especially social ones, and it involves finding something meaningful to do.

10. So you think you are ready to retire?

There is a helpful new work-book that has just been published in New Zealand called *'So You Think You Are Ready To Retire?'*. Written by Canadian Barry LaValley, a retirement lifestyle expert, and Cambridge Partners Limited, a New Zealand financial planning firm*.

* Barry LaValley and Cambridge Partners Limited (2017). *So You Think You Are Ready To Retire?* New Zealand Edition. The Retirement Lifestyle Center & Cambridge Partners Ltd.

The book has exercises people can work through to help them gain an insight into their preparedness for retirement.

As *The National Business Review* reported* -

Many retirees suffer from stress after retirement, especially over health, relationships and financial security.

Retirees are pretty clear what they are retiring from but not that clear on what they are retiring to, the book argues.

Retirement is not a 30-year long weekend, it is not a perpetual holiday, it is not a destination.

Retirement is just life.

Barry suggests we need to bring into retirement some of the positives from work, that the rewarding aspects of work are worth retaining.

A prolonged life of leisure in retirement will not be as satisfying as we imagined.

On retirement, some of us get a shock as to what it is really like. We still get sick, our kids never seem to leave home, the house needs constant maintenance.

And it doesn't seem to be about having more money either. We learn to adjust to whatever we have. Most important is our health and mobility. Second is relationships, especially family. And third, we need a sense of achievement, right up till the day we die.

Barry suggests we need to bring into retirement some of the positives from work, that the rewarding aspects of work are worth retaining.

* Quoted from *The National Business Review*, page 9. By Calida Smylie. October 20, 2017.

11. Money values

As financial advisers we lead others to believe that having enough money is the top priority in retirement. After talking to our retired farmers, we concluded that there are more important issues to them than money.

Health is the most important issue for our retired farmers. Second, came relationships, including family. Having a sense of achievement, came third. Money was fourth.

With that in mind, we still thought that knowing something about our retired farmers and their values around money would help us understand them better.

We use an investor money personality survey with our clients at work. It is an attempt to classify people into one of nine groups according to their money values.

We know that from one person to the next people are likely to be very different, but within a larger group it is not surprising to find that people can fall into broadly defined types*.

* Prince, R.A. & Van Bortel, B. (2003). The Millionaire's Advisor: High-Touch, High-Profit Relationship Strategies of Advisors to the Wealthy.

The survey is not entirely scientific but has some validity and interest, so I asked the farming couples we interviewed to take the survey. The survey poses a total of 36 statements in groups of 4 about money that must be ranked in order of importance to the respondent. The results place respondents into 9 money personality types:

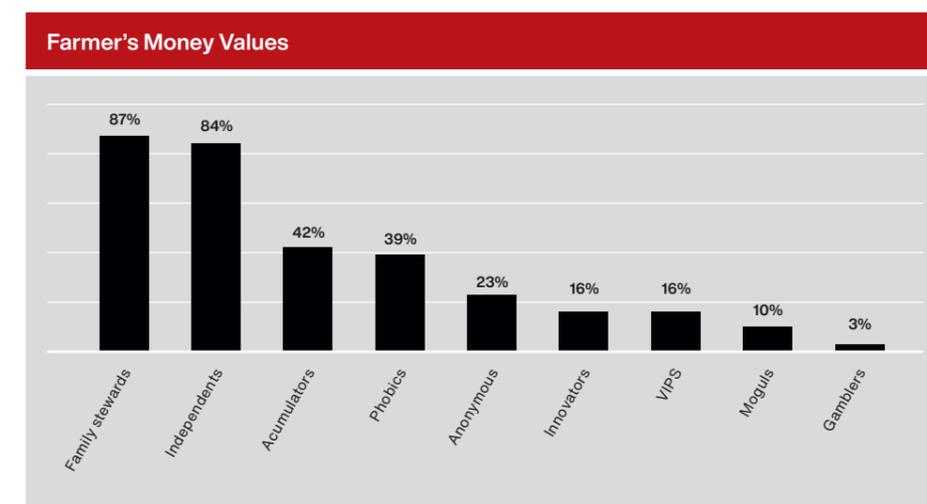
Money Personalities

- Family Stewards
- Independents
- Accumulators
- Phobics
- Anonymous
- Innovators
- VIPs
- Moguls
- Gamblers

The survey was designed by researchers Prince and File* who said in their publication,

“Money means different things to different people, and despite combinations and sharing of traits, affluent people are often not similar and do not think or act alike”.

We had a total of 31 farmers (17 men and 14 women) take the survey. We counted their top three money values and plotted them below.



Of the 31 respondents, 87% had the *Family Steward* trait as one of their top three money values. Almost as prevalent was the *Independent* trait amongst our farming couples.

This was not surprising given that farmers are well known for their independence, as well as for their family values.

What is somewhat surprising and somewhat different to the general population as a whole, is the incidence of *Phobics* in our group of farmers.

* Prince, R.A., & File, K.M. (1999). High-Net-Worth Psychology: Finding, Winning and Keeping Affluent Investors. HNW Press. As noted in Peterson, Laetitia. (2015). Legal Tender. The Private Office

The dominant traits of each personality type are:*

| | | | |
|------------------------|---|--|---|
| Family Stewards | This is the most prevalent group in the general population as well as our farming group. They are driven by the need to advance and protect their families more than attending to their own personal needs. They are conservative in both their personal and business lives. "Everything I do is for the love of my family. (Although I won't necessarily tell them that)." | VIPs | Money is a means to recognition and respect. This group will take the advice of someone they admire. "I enjoy the rewards and recognition that hard work brings." Reputation is important, as is prestige. |
| Independents | Seek the personal freedom and security that money provides. Money is a means to an end. I don't have to rely on anyone else or go anywhere with my hand out. "I can do what I want, when I want, and I don't have to ask for anything." Financial freedom. | Moguls | Control is of prime concern. "I don't like being told what to do and I like being in control." Decisive and rarely look back. This group craves power and influence and they see their wealth in this light. |
| Accumulators | They fear an uncertain future and this group has a high level of concern for their financial well-being. They enjoy expanding their wealth for its own sake. They want better than normal returns. They tend to live below their means and spend frugally and this helps maintain their need for increasing levels of wealth. "We don't talk about money much. We just need to know it is there." | Gamblers | Enjoy making money for the excitement it brings. They are highly confident in their ability to manage their own financial affairs. They believe that their skills and capabilities give them an advantage over others. They tend to be knowledgeable about business and investment and are well-informed. Very tolerant of risk. "There is risk everywhere in life. Bring it on." |
| Phobics | Phobics are somewhat confused and frustrated by the responsibility of wealth. They dislike managing finances and avoid technical discussion on the subject. <i>Phobics</i> don't like, understand or want to learn about investing in general, while they might be quite happy to run a farming business, which in itself is a major investment, <i>Phobics</i> like to delegate financial matters to a trusted adviser. | Do you still want to be a gambling/VIP/mogul? Not too many of our farming respondents were. We saw nine of our 31 farmer respondents list one of those three traits in their top three money personalities. We only had one respondent with a stake in the Gambler category out of the 31 farmer respondents. He was a very successful farmer, built his wealth pretty much on his own and was very well diversified both on-farm, in an agri-business sense and off-farm. Funnily enough, his highest trait was as a Family Steward. Gambler was his next highest money trait. These two traits are conflicting in some respects. | |
| Anonymous | Confidentiality is their prime concern. Their need for privacy and confidentiality is sometimes irrational but the fear is deep-seated that someone will gain control over them and their affairs. It can also typify a humble person who likes to fly beneath the radar and not stand out. Humble. "I am worried someone is going to think I am big-headed if anyone notices how much money I have." | | |
| Innovators | Need to be leading-edge all the time. Interested in sophisticated solutions. Early adopters. Can handle complexity. Technically savvy and clever. They believe that their analytical approach will sustain and protect them from external threats. They rely on their analytical capabilities every time. | | |

* Prince, R.A., & File, K.M. (1999). High-Net-Worth Psychology: Finding, Winning and Keeping Affluent Investors. HNW Press. As noted in Peterson, Laetitia. (2015). Legal Tender. The Private Office

Observation

This exercise confirmed what we probably already knew, that farmers are strongly motivated by protecting their families and enjoying their independence. Self-reliant family people. Conservative, reliable, hardworking, determined.



12. An independent voice

- Farm advisers on life after farming

We interviewed ten farm advisers along with the retired farmers to give us their perspective on farmers coping with the transition to life after farming. The idea here was:

- Perhaps farm advisers could be more objective than the farmers themselves of their own situations
- Over their careers farm advisers have had the benefit of working with many farming couples as they transition off the farm
- One of the farm advisers was also a retired farmer so he could see the issue from both sides

Our farm advisers consisted of four accountants, three lawyers, two farm consultants and one real estate agent. All had extensive rural practices.

What do successful farmers have in common?

This was the first question we asked of our farm advisers -

● **They understand how to make money** year by year. They are canny buggers and they love what they do. However, some do just get it wrong a lot of the time. If they don't eventually make a profit on an on-going basis they go out of business.

'Success' comes before 'succession'. Focus on success and succession will take care of itself.

● If we divide farmers up into three groups:

- **Group 1:** This is the top group of farmers who are all top business people. They are all under control.
- **Group 2:** This is the middle group of farmers, the next group, who need to become more business-like. Their farm profits are not as consistent as they could be. They probably need a business secretarial service.

The key for all business people is to learn what they are good at and what they are not good at. What they are not good at should be delegated. Often the missing bit is the financial and data management bit. Integrating technology to combine farm data from all sources is an answer for this group.

Benchmarking is fine, but it doesn't tell you what each piece of dirt can produce. Two pieces of software together, Farmax and FarmIQ, do this and are used by an increasing number of farmers intent on bettering themselves. Add Skype for Business in here too to keep in touch with outside advisers.

If a farmer can't seek help, then it is very hard for them or their advisers to make any progress.

- **Group 3:** This is more of a lifestyle existence and there may not be any pressure or need to change anything.

Producing consistent profits is the key to success in all areas of farming life. A profitable farm provides choices for the owners.

● You can't generalise. Every farmer is different, and every farm is different.

Generally, farmers grow their wealth by buying more farm land, leveraging off their capital base and replicating their management skills.

● **Young farmers have a lot of pressure on them.** They have kids to support at school, high levels of debt and need to help fund parent's lifestyle. Once these milestones are behind them is the time to get thinking about exit/succession/transition.

'Success' comes before 'succession'. Focus on success and succession will take care of itself.

If a farmer can't seek help, then it is very hard for them or their advisers to make any progress.

Producing consistent profits is the key to success in all areas of farming life. A profitable farm provides choices for the owners.

Generally, farmers grow their wealth by buying more farm land, leveraging off their capital base and replicating their management skills.

- **Treat farming as a business** and work hard.
-

- **Most farmers understand that to pass the family farm** on they firstly need to have been successful farmers. Around 90% will be focusing on succession.

There has been a big change in the place of governance and Advisory Boards on the family farm in the past five years. Farm Boards are business focussed, more aware of risk, they get experts involved and are more commercially focused. Boards tend to ask 'why' and see the value of questioning as a valuable strategy. Keep asking, "Why are you doing it this way?"

Pre-nuptial agreements should be cast in a positive light. They can be very useful for children inheriting a family farm and they often turn out to be beneficial for the in-laws. They provide some certainty.

Claw-back provisions are important too. The worst thing is for a young farmer, who sells the family farm after inheriting it, to walk away with all that accumulated capital at the expense of parents and siblings.

- **Good farmers manage their farms like a business.** Others are comfortable doing what they've always done. Possibly the farmers who have inherited their farms aren't as enthusiastic in adopting new technologies. 'Dad did it this way, I'll do it the same way, not always the best way'.

There has never been a perfect way to structure farm ownership. Recently more are opting for the farm to be owned by a company with the majority of shares held by the family trust and the individual farmers holding one share each.

- **Treat their farm as a business** and do plenty of forward planning. Educate your children well and prepare them for the big, wide world.
-

- **The big job is to create consistent profits** on the farm. Then consider carefully the use of those profits before ploughing them back into the farm.

Claw-back provisions are important too. The worst thing is for a young farmer, who sells the family farm after inheriting it, to walk away with all that accumulated capital at the expense of parents and siblings.

What do you see farmers doing to prepare for their lives after farming?

Farm advisers thought -

- **Not enough. Many don't think about it.** When the farm is bought that's when the farmers should be thinking about exit and succession, right at the very beginning. Starting with; Is this farm big enough? If not, buy more land. Then, make the farm as productive as possible. Repay debt. Pass onto next generation when they are ready. Fund retirement lifestyle with the debt the next generation raises to buy the farm or from the sale of a second farm, or off-farm investments, or a combination of all three.
-

- **The good farmers are looking ahead medium to long term.** They communicate well with their partners and children, managing the expectations of all family members. They look to make sure that succeeding children prove themselves before getting control of the family farm. Some kids are not up to it, or have a miss-matched skill-set.
-

- **Farmers who have expanded,** bought more land and taken advantage of the capital gain are in a strong position. They have options.
-

- **Farmers don't often make much of an effort** to think through or plan their own retirement. It just happens. They could easily write down a plan including what they want to achieve, what sort of retirement they want to have and how they will fund it, where they are going to live etc. Then share this with their family and/or advisers. Some financial advisers specialise in this sort of thing.

Typically, it is not always financial gain that drives farmers. It can be a deep attachment to the land that they have grown up on and worked on for many years, sometimes generations.

Who is most concerned about life after farming, him or her?

Farm advisers thought -

● **Sometimes couples do not have a shared vision** of what they want to do after farming. Perhaps the wife has delayed aspects of her life to help on the farm and she wants to move on. Her husband hangs on to his farming lifestyle. A shared vision. It all comes down to relationship talk. If there is something important to decide it has to be talked through. Some are good at that. Some aren't. Some people end up having more problems than others and it often has its seed in not talking about it.

If you think you have a problem, ask for help.

● **She is. She sees the damage** to the next generation more than he does. She is more involved in family issues. If they can't explain it to the kids, then they won't want to talk about it themselves.

● **Women sometimes feel as though** they have sacrificed a lot over a long period of time and retirement 'is their turn'. While that is true for a number they also want to see their kids doing well.

● **Women now have equal or more influence** in what happens strategically, especially with succession or the sale of the farm, and how the children are to be treated. The old days of the man making all the decisions without their wife getting involved just doesn't happen now.

● **The woman is more interested** in the transition to their next life as she has probably been ready to retire for some time. Farming women tend to have a wider view of the world and indeed, travel is often important to them.

Farming men get a huge amount of enjoyment from farming work. **Many farmers have done tractor work on Christmas Day.** A big concern for wives is what their man is going to do upon retirement and this is not just a farmer's problem. Farmers need to recognise options early on and not hang out for pipe dreams. They have plenty of options and they just need to decide what, when and how.

Farmers are scared of their daughters-in-law when passing farms onto their youngish children. Ownership structures help mitigate some of the risk but not all. Pre-nuptial agreements are a tough conversation but are hugely useful and protect both parties. They are a prudent exercise.

● **Mum usually finds it easier** to make the shift off the farm than Dad as they have usually developed more outside interests and have more emotional support.

If you think you have a problem, ask for help.

Observation

Our advisers thought that the women were more concerned with life after farming than the men.

Succession strategies, problems and risks

Our farm advisers thought -

● **Farmers worry about the ability** of their children to farm successfully. And they worry about their relationship with their parents-in-law.

Farms are getting bigger. There will be fewer and fewer farms as time goes on. We need new enduring land ownership models without the excessive debt that has plagued new farmers for ever.

● **Problem: trying to treat all children equally.** When it comes to farm succession, I believe aiming for fairness amongst siblings is more realistic. It can't be equal, if there is more than one child. For instance, a child getting a family farm is not doing it the same as their parents did it. They will be better off than their parents. Equality for all siblings almost never happens in real life no matter how hard parents try.

High land values create challenges for farm succession. Retiring farmers want to help the next generation without interfering too much.

There are relationship risks: Good relationships are important. Good communication is key. Business does not do business; people do business. People skills are very helpful, along with all the other skills.

Only about 20% of farmers exiting farming go through a successful succession process in my experience. Number one issue is to make sure that Mum and Dad are well catered for. It is more than a social contract. That has to be rock solid. Written in stone.

Sometimes farmers sell themselves short by giving away their inheritance to the non-succeeding siblings too early.

The good farmers are good business people. They understand what the numbers will let them do. In our case, as farmers ourselves, there are 5 generations of accumulated family wealth combined together to allow our son to succeed on the family farm.

Farms are getting bigger. They must. The squeeze is getting tighter. Economies of scale matter. The real value of food has declined by 70% over the past 100 years. People used to spend between 30% and 40% of their total income on food back then. Now it is around 8 to 10%.

Some sell the farm because they don't have any successors, or their farm isn't big enough to support two families. They will then buy a lifestyle block and play a lot of golf, do some community work. If the property is big enough and there is a succession option, then farmers will lend a hand on the farm and are really useful to the next generation.

They become 'the boy'. Things can go like this very well for some time.

● **Keeping the family in harmony** is usually the No 1 goal. The succession plan relies on the farm to release funds for a new house for the parents, for their travel plans, to replace their car every few years and day-to-day living expenses. The farm has to be leveraged up as much as possible (interest expense can be up to 20% of total farm income). It has all got a lot harder as farm values have gone up so much and farms can't

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They become 'the boy'. Things can go like this very well for some time.

support a lot of debt. Banks are much more careful today than they have been in the past. Arguably it's easier to transition from a dairy farm as it produces more cash than a sheep and beef farm.

Selling the farm is becoming more prevalent. Not as many kids see a future in farming for them. There are more opportunities for kids these days although agriculture is making better use of technology. Parents are more likely to be looking after themselves and protecting their own lifestyle.

Farms have got bigger. Medium sized dairy farm is now worth around \$8-\$10m with 500 cows.

Very important to get the timing right. Some farmers get sick of it and sell the farm and move to Wanaka. Emotionally they often regret leaving their old lives. They get bored, read the paper, drink coffee, then decide to get a job working for someone else.

The lesson for farmers is – make sure you know what you are retiring to. Cultivate some interests outside of farming. It is so important.

● **“No surprises” is the right policy** when it comes to the payments out to Mum and Dad. Agree everything up front, say, \$2000 per month forever. It doesn't work well when Dad says, 'we're off to the World Cup next year and we'll need \$40,000.' The young farmer needs to be able to plan and budget.

When there are lots of children involved in a farm succession case, it is important that the whole family meets to discuss the options. Every member of the family should be asked to state their wants and ideas. It is important that eventually everyone agrees with the proposed outcome and each family member's values are aligned. It may be that some family members are willing and keen to accept less if it means that the farm stays in the family or if it helps the majority.

Case Study 1: I was one of two consultants used on a big farm where the couple were wanting to retire. They had four sons and 2 daughters. Both advisers recommended that the farm be sold as their children couldn't be provided for equally, which was what they wanted, as well as look after the parents. The family was a strong, determined, hardworking family and they managed to make it work. Three of the boys got onto farms. The parents retired happily to Mosgiel. They had a bit of luck and took a few risks, but they managed to make it work because the whole family was aligned with what they wanted.

Case Study 2: The father died at 50 and the family had a great farm. One son took over the farm, but he was lazy. It then became a struggle to refinance and in the end the farm had to be sold.

● **Daughters-in-law and sons-in-laws are often the source of resentment** in farm succession stories. Good communication would suggest bringing them into the planning meetings as early as possible and encouraging them to have their say. They will sometimes object at the very last moment if not heard early on.

The lesson for farmers is – make sure you know what you are retiring to. Cultivate some interests outside of farming. It is so important.

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The cost of getting children onto the family farm can be prohibitive without family help to get in. The days of share milking or going shearing and working their way onto a farm is now very, very hard.

Depending upon the number of children, it is very hard to treat children equally. Fairness is a better and more realistic goal to have. If parents want to treat their children equally then very often that means selling the farm.

How farming parents treat their children when it comes time to exit farming often comes down to how they were treated in their own families as they were growing up. Sometimes they strive to solve the problems they experienced with their parents.

● **Good communication is the key to the whole process**, including the need to involve the children's spouses. For instance, use both the man and the woman's email address if you can get them. Communicating with only one member of the team can cause communication breakdowns, stress and disharmony.

Almost all of our clients are trying to keep their farm within the family. It is the default position. It is ingrained into their thinking. They think it is the best thing financially for the next generation. There is also some pressure given their standing within the local community. Generations of a family contributing to a local community reinforces the shared values of all the other families trying to keep their land within their family. It sends a powerful message of support to the community putting another family member onto the land.

It is a subliminal message that says, "we haven't wasted the efforts of the previous generations."

When it comes to succession farmers tend to think very narrowly.

● **From a lawyer's perspective:**

Succession is about getting an advance on your inheritance and I'm not sure I agree with this.

● **I see a fear of change and uncertainty.**

The main issue as an adviser is to fully understand the personalities and relationships involved in the family. It all comes down to this point.

If someone is feeling left out this has to be discovered early in the proceedings. Otherwise it can create mayhem later down the track.

There must be potential for alternative models of farm ownership that can involve one or more children, the retiring parents and others. The model should also allow for outside professional farm managers and experts to take a part in the ownership. No party should be able to walk away with their share unless they were contributing in some way. Those that build the wealth would get rewarded with extra shares as they meet their KPIs (key performance indicators).

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The main issue as an adviser is to fully understand the personalities and relationships involved in the family. It all comes down to this point.

Most of our clients leave their discussions about transition and succession too late. And often their only thought is to leave the farm to their eldest son in their will.

Our clients tell us that the most important things we can do as their lawyers are **1) to listen**, and **2) complete the assignment with no loose ends**.

● **Possibly the farmers who have inherited their farms** aren't as enthusiastic in adopting new technologies. 'Dad did it this way, I'll do it the same way', not always the best way.

Some farmers don't get control of the farm until they are in their 50s which is way too late. Even then there is the dark cloud of Dad hanging around influencing decisions. It is a balancing act, between Dad letting go of the cheque book versus letting the next generation make their own mistakes, which is how people learn.

When there is not the pressure on the younger generation to go farming this relieves children of a huge weight and this has to be good.

Ten years ago, 90% of farms I dealt with would transition to the next generation. Now it is maybe 60%. Attitudes have changed. Passing the farm onto the eldest son is gone. Farmers historically weren't good at communication. Kids are more vocal now and parents seem more open for kids to do other things.

With more than one child, identifying the right child with the capabilities and attitudes to farm successfully is a biggie. Communication is the key.

● **There are challenges for the older farmers** in letting go to the next generation when they are 40+ and getting exasperated with the process dragging out.

Open and honest conversations need to be had in the family with everyone given a hearing. Patience is essential in getting some family members to give their opinion. Sometimes getting a third-party facilitator for family meetings is helpful.

The non-negotiable is for the exiting farmers to have financial security for the balance of their lives.

There are a portion of farms passing onto the next generation where the succeeding child is not considered to be up to the job in some way. It is a very hard conversation for a parent to have with their child if they suspect they are not up to it. Sometimes the succession goes ahead anyway.

Ten years ago, 90% of farms I dealt with would transition to the next generation. Now it is maybe 60%.

Observation

Keeping the family in harmony through good communication is the key for our rural advisers.

How much money do retired farming couples need to maintain their lifestyle?

Our farm advisers thought -

● **\$100,000 per annum is just enough today** to maintain a reasonable lifestyle for a couple, after tax and inflation-adjusted for 35 years +. This would be made up from New Zealand Superannuation with the rest coming from the farm by way of dividends, loan repayments or interest.

[Editor: NZ Super is about \$30,000 per annum for a couple on the "S" (or 17.5%) tax rate and is effectively inflation-adjusted every year from 1 April.]

● **Everyone is different.** Some single guys only need \$15,000 to \$18,000 per annum and they can get this from New Zealand Superannuation. They are very happy with this. Others need \$150,000 per annum. This is why planning is so important. There is no one-rule-fits-all.

Observation

Some farmers have left themselves short after passing the family farm onto the next generation. They may have treated their children too generously. They may have spent too much early on. They may have left their money in bank term deposits and not allowed for inflation. Some years later they find out they are a lot worse off than they thought.

Most people don't appreciate that retirement at 60 might still involve another 40 years of living. The main risk everyone faces over long-time frames is inflation and it can have a dreadful impact. Very few retirement plans account properly for inflation.

There is no red flag or someone shouting, 'Beware the silent thief of inflation'. Inflation is slow and insidious. We know of farmers retiring rich at age 60 only to be relatively poor at 75, with lots they still want to do. They left their money in term deposits at the bank.

Farmers and their advisers

Our farm advisors thought -

● **Farmers are better clients** than some commercial clients. There is more loyalty in the relationship.

● **The accountant is the most trusted adviser.** They have more regular contact with the farmer. The real success is having all three advisers (accountant, lawyer and banker) working closely together as soon as an issue or subject is raised.

As soon as there is an indication of change then the lawyer, accountant and banker should be talking. Sometimes it's a 20-year timeframe, other times its 5yrs.

Some retired farmers comments -

● **Accountant, lawyer and banker.** Stock agent

● **Good for farmers to have a trusted adviser** as it helps farmers make good, fast decisions. It helps prevent avoidance risk. Taking no action can be costly.

● **The primary source of advice** on farming issues is the next-door neighbour. For the bigger strategic issues, it is the accountant.

Good for farmers to have a trusted adviser as it helps farmers make good, fast decisions. It helps prevent avoidance risk. Taking no action can be costly.

Farmers moving off the farm

Our farm advisors thought -

● **Farmers today are more likely to have other interests** which makes it easier to retire. Thirty years ago, it was more likely that the farmer only knew farming.

In the worst case, the farmer of yester-year would retire to Mosgiel, Wanaka or Dunedin with no other interests and get lonely, unhappy and depressed and then die too early.

To prepare for retirement, farmers need to get involved and be proactive. It is easier if you are good at things before you move to town. For example, if you are a good bowler before you move to town it helps when you go bowling as everyone wants you on their team! Develop other interests like: golf, bowls, gardening (flowers, fruit trees, nut trees, vegetables), make compost, fishing, tying trout flies, boating, horses, concerts, art gallery openings, learn to cook, jewellery studios, reading, writing, specialty subjects that require research, travel, doing up old cars or tractors, baking cakes, technology, anything! Everything!

A retiring couple sometimes fear a loss of purpose. The older generation sometimes has only ever known farming and don't have a lot of interests outside farming. They have had total emersion in the farm at the expense of all else.

It is important for farmers to spend time away from the farm and avoid the total emersion lifestyle, if possible.

Younger generations seem open to a better work/life balance and it is possible they will find it easier to move on from farming to their next life when they retire.

● **Farmers feel diminished somewhat** on moving off the farm. It is a problem. It is hard to re-invent oneself. A lifetime of farming is not kind to one's body.

● **They might have a nice home** with a great view but what is their purpose in life?

They are often not strong on their finances. Inflation creeps up and sometimes their income hasn't kept up.

Deciding where to live after a life of farming is a major issue. Very lucky if both agree otherwise there can be major compromises.

Farmers have been in a hard industry. They have considerable skills, a good deal of common sense and a fair sense of what's right and what's wrong.

In the worst case, the farmer of yester-year would retire to Mosgiel, Wanaka or Dunedin with no other interests and get lonely, unhappy and depressed and then die too early.

It is important for farmers to spend time away from the farm and avoid the total emersion lifestyle, if possible.

● **There are the normal economic things** and big weather events to deal with. How to deal with their family is a big one. There is the pressure to treat all children equally and often this is not possible and still pass a viable farm onto a child.

Often big picture items like farm succession and retirement are not addressed until it is too late. Then it blows up. Problem for everyone and it goes to buggery.

There is a sea-change in farming today. The social contract with the environmentalists is strained. Only 14% of the country is involved in farming. There are sustainability issues. Young farmers will have to deal with it. Maybe technology will have some answers. But a number of older farmers have lost heart and have given up.

● **Prices for their goods,** perception of farmers as spoiling the environment, Health & Safety.

Farmers see the glass as half empty. They worry about what's not going right.

● **Farmers are improving all the time.** Financial literacy is improving. They all have smart phones, are using the internet and technology to their advantage. Field days are helpful and give them exposure to other good farmers. Everyone is watching good farmers. Farmers are very competitive.

Observation

Develop a work-life balance with interests outside farming. A life-time of farming can be hard on the body so don't rely on just physical interests. Diversify your interests to reduce the risk that you end up with nothing to do because your body isn't working right.



13. Sea change in farming today

We asked both our retired farmers and our farm advisors whether they thought farming was going through a sea-change today?

● **Yes, there is.** You must be a lot smarter these days. A lot of things are changing for the better. Subsidies were the worst thing for farmers as we were producing something that the market didn't want. We now have 50% less animals but are doing the same weight through the works as we used to. They used to process lambs at 10kg now it is at 20kg.

We must keep up with technology. Our son is involved in a lambing trial and his lambing is up 6% in one year as a result.

We must spend money on research and development.

We must target what the market wants. We can't just keep on doing what our parents and grandparents did.

● **Most of the sizeable properties** like ours have been taken over by corporates. Our farm is now used as a runoff for a large dairy operation.

Red tape, farming is so tied up in bureaucracy. I'd have difficulty conforming to the rules.

● **There is a lot of perceived bullshit** in Health & Safety today. It is not realistic to remove all the risks. Health & Safety is turning a business to run on fear. Farmers are often not able to cope with things that are not strictly farming related.

Poor information is at the heart of the town-country divide. The information is all one-way when it comes to the intensive livestock industry.

● **Paperwork has killed it for us.** I am leaving farming now before I turn into a grumpy old man.

● **Farming is getting a lot harder.** Compliance. Farms not making enough money for the capital involved. Farmers are living off capital gain. Wool is a disaster.

● **Nowadays a lot harder to get started** as there is so much money involved. Occupational Health and Safety seems to create a lot of headaches.

● **Change has always been a factor in farming** through all the generations of farmers, but in some ways, it hasn't changed that much in that the next generation isn't doing anything too different to what we did. Technology has changed things a bit, but it has also changed our lives too in retirement.

● **Health and Safety compliance, which is not going to go away.** Clean waterways and public access to the countryside.

We must target what the market wants. We can't just keep on doing what our parents and grandparents did.

Poor information is at the heart of the town-country divide. The information is all one-way when it comes to the intensive livestock industry.

● **Dairying is more profitable than sheep and beef**, but it has taken over and it brings big conservation issues with it. We expect more extreme weather in the future because of climate change.

● **Corporates taking over using farms** around our area for grazing cows. We have a focus more on cattle now rather than sheep. We are planting paddocks of Lucerne to graze rather than cut and we have mixed Lucerne in with the other grasses in our paddocks. Lucerne has been great on our dry lands.

● **Women seem to work off the farm** more now. Technology. Genetics.

● **Great to see women doing great things on the public side** of the industry these days. Farming has become so scientific with genetics and computing.

● **I think Health and Safety will go through a cycle** and come back to common sense at some stage.

Observation

The world keeps changing. Today, it is keeping up with technology, research and development, health and safety paperwork, environmental issues, profitability, town and country communication. Farmers have always had to cope with change.

15. Farmer responses to taking the survey

● **Your visit got us talking.** It was very timely. We had our head in the sand a bit and might have drifted on. Instead we developed a plan to take us through the next four or five years to retirement.

● **We found it helpful going through the interview process** and talking it through.

● **That was quite fun.**

● **That got us thinking.** It was quite enjoyable.

Observation

The farming couples we interviewed took part with gusto and there seemed to be genuine enjoyment in going through the topics we discussed. Several couples were obviously discussing some matters for the first time and they were learning from each other as they went along.

Our farmers seemed pleased to have been asked to participate. How much of that was out of politeness and how much was out of an opportunity to tell their story I don't know. We were always made to feel welcome.

16. Conclusion

I have picked out the farmer comments I like by bolding and indenting them in the main body of this paper. They resonate with me and I am sure readers will have their own favourite picks too. But the real benefit in this study for me is the stimulation I get to keep asking questions, dig a little bit deeper, and tackle other issues of relevance to life after farming.

Overall, my summary of the study so far – for farmers:

- **Good health is the number ONE priority of our retirees, whether they are farmers, or not. Many of our retirees are pro-active about their health:**

- They read up around the topic, doing research into diet, sleep and exercise
- They moderate their lifestyle and habits as a result of their reading
- They don't leave good health to chance; they work at it
- Update reading glasses and hearing aids and always keep them up-to-date. If you can't see or hear properly you may become isolated just at the time in life when you need to communicate even more

- **Developing their social side, relationships, including family, is the number TWO priority for our retirees. They suggest you:**

- Widen your circle of friends. Include younger as well as people older than yourself. Keep learning new things every day
- Develop interests and hobbies that require you to mix and make new friends
- Make an effort to engage with people. You have to work at it, especially if it doesn't come naturally
- Don't put pressure on your children to farm. Educate them to the highest level they can take. Encourage them to consider a wide range of pursuits in life
- Men, to replicate the buzz that comes with running a big farming business, become famous for something other than farming, to take you over into your next life, after farming

- **Strengthening their primary relationship. Suggestions here:**

- Re-ignite your relationship with your spouse. Have some shared interests as well as some *individual* interests of your own so you are not totally dependent upon each other
- Start talking about where you want to live after farming. One of you might need to compromise, but if you talk it through, there is likely to be a middle ground where most of your needs can be met

- **Get help. Nobody is an island:**

- Take extra care of each other before and during the big transition off the farm. Remember that it may be more difficult for the woman than the man and there may be less support for the woman in the new environment you move to
- Look for the early warning signs of depression:
www.mentalhealth.org.nz/get-help/a-z/resource/13/depression
- Read Doug Avery's book, *The Resilient Farmer*, Penguin Random House, 2017. Share it with your mates
- Start planning for retirement early on, at least five years before you intend to move. Get help from your accountant and your financial adviser

- **Develop other interests and skills outside farming before you retire. Develop your physical, emotional and intellectual side ready for life after farming. Finding something meaningful to do was priority number THREE for our retirees:**

- Learn to cook
- Write
- Keep up with technology, including social networking applications
- Find a project that doesn't require physical strength to achieve

- **Conserve your financial resources. Having sufficient financial resources to enjoy your chosen lifestyle is the number FOUR priority for our retirees.**

- Make sure your wishes for farm succession are realistic. Don't give away your money to your family selling yourself short on your financial needs. During 30 years in retirement you will face financial pressures including unexpected failures and disappointments. There will be family emergencies. Conserve your wealth; don't dissipate it. You can't get it back
- Don't lumber your children with un-earned wealth early on. It can sap their energy and independence
- Over a long retirement inflation is your main worry. Get help from your financial adviser, especially if off-farm investment is not your thing

- **The business of farming. Here our respondents were clear on the need to treat farming as a business:**

- Profit is not a dirty word. Aim for 3% profit before tax every year based on the market value of your farm, not what you paid for it
- Build up land early on to get economies of scale
- Improve and develop your land as you go
- Communicate with your family and advisers. Make sure every family member is heard
- Establish an advisory board and hold regular board meetings
- Move up the value chain closer to your end customer
- Consider your exit strategy from day one and monitor it
- Every farm is unique. Exploit your natural advantages
- Be more than a one-man band. Farming requires specialist skills. Develop a team approach to farming
- Develop resilience. If things aren't right or you don't know where you are going, get help.
- Men, talk to your wives and listen to them
- Challenge all modes of thinking. What if there is a better way?

• **The transition to life after farming.**

- Start planning your life after farming a good five years before you get there. Share your plan with your spouse. Work out where you are going to live. Work out compromises, if you need to
- Strengthen your primary relationship. Words are important. Praise your spouse for all the little things they are brilliant at
- Farmers have a lot to contribute beyond farming. Feel the value and proceed with confidence
- Diversify your interests to reduce the risk of becoming obsolete
- Re-invent yourself for 30 years of life after farming. Give yourself something challenging to do. Future-proof your life
- Work actively on your all-round health
- Develop your social side. Make new friends outside of farming. This becomes more important as we get older
- Don't leave it too late to hand over the reins of the farm to the next generation, or sell.
- Don't give too much money away or spend too much early on. Get a financial adviser to check how much you can spend early on given the worst case investment scenario
- Get help if you feel you are getting stuck
- Keep asking great questions. Great questions are more useful than great answers

• **Don't leave it too late -**

- To change. Change gets harder as we get older
- To talk to your family
- To work on your exit strategy
- To talk to your spouse
- To hand over the farm to someone else
- To talk to your family
- To ask great questions and practice the art of listening, in response
- To find a new career, something to be famous for
- To work on your health, change your diet, find new ways to exercise, improve your sleep patterns
- To make new friends
- To develop new interests
- To talk to your family
- To re-kindle your primary relationship
- To invest off-farm
- To buy your retirement home (small is good; go for quality, not quantity)
- To join clubs, to see the world

Don't put off anything till retirement. If you are keen to try something, do it at 40, or 50. New skills are harder to learn at 60 or 70 and that way you'll already be good at it when the time comes to retire.



Keep in touch

I am keen to hear from more farming couples who would like to contribute their stories to my project as it is on-going. It will never be finished in a sense. Please get in touch with me as I would love to meet you and listen to your story.

You may know of someone who you think would like to be involved in my on-going research or who would benefit from talking with someone like me about their transition experiences. If you suggest to them they should get in touch, they probably won't. I am happy to phone them and put them on the spot. No-one has refused so far. Everyone has been happy to have someone listening and making notes while listening to their experiences and stories. Farmers do not realise how unique their experiences and how special their stories are in this country's history. They help describe our country, how it got to where it is today, and point to its future.

I would also love to hear from professional advisers in this field too as I am interested in collaborating with other contributors in related areas that are beyond my areas of expertise. Please also do get in touch if you would like to collaborate with me.

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We are a team providing financial guidance to people preparing for their future. A life after full-time work? The sale of a business or farm? We look to give people the confidence that their future is secure.

We look out for all aspects of our client's financial affairs, especially complex issues. We work closely with you and your other professional advisers to create plans that reflect each couple's unique situation. We are passionate about finding out what is special about you and your needs.

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Our philosophy here is to manage investment risks using world-class, state-of-the-art diversification. It is a scientific or quantitative approach developed over many years in the United States, referred to as asset class investing or factor investing. Nobel Prizes in economics have been given to the developers of this approach.

Our clients tell us that they appreciate our independence as we do not have financial ties to any financial institution such as a bank or fund manager.

We are based in Dunedin and Christchurch and have clients from Auckland to Bluff. Actually, we don't have any clients in Bluff, but we would like to.

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