



THE WAY TO RETIRE

Especially on the farm, planning for a happy retirement really does a make a difference

BY JEANINE MOYER

IDEAS TO GET STARTED

Instead of thinking of retirement as a whole picture, try breaking it down by asking yourself, or your spouse, “What would you do on a day off?”

“It’s important to think about how you want to spend your time,” says financial advisor David Harris. “That may mean continuing to work on the farm or for someone else, it could include travel or more time at the cottage.”

Danielle Wildfong advises farmers to approach this part of retirement planning like a discovery process, starting with asking yourself questions, discussing your needs with your farm partners or children, talking to your spouse, and exploring options to keep your days fulfilled and meaningful.

“Change is unknown and uncertain,” she explains. “People can have a hard time defining or knowing when they are ready to retire and what they want to do. It takes time, open communication and, in some cases, engaging a third party to help.”

Wildfong says in many cases, bringing in an advisor or coach can help establish a retirement planning process, facilitate tough discussions and introduce accountability. She also notes that everyone has a different approach to planning and it’s important to respect that.

Says Wildfong: “Some people are natural planners, while others aren’t. And some people may have plans, but they don’t communicate them or write them down.”

Here’s an unpopular question. When are you going to retire from the farm? This is often a taboo topic because it’s hard to know when you’ll be ready, and just as hard, if not harder, to know what it means to retire.

To a farmer, retirement could read like a death sentence. Or does it mean continuing to work 60-hour weeks during the growing season and travelling south for the winter.

If you’re thinking about retirement, or if maybe someone else is suggesting you should, where do you start?

It’s likely not as easy as it was a generation ago, and it’s certainly more complicated.

“The first question I ask farmers is: ‘What are you retiring to?’” says David Harris, certified financial planner with Green Private Wealth and Harbourfront Wealth Management. “You never really retire from the farm, so the focus needs to be on understanding, how you want to spend your time, and in some cases, who you want to spend your time with.”

Harris, based in Woodstock, Ont., has a strong track record of helping farmers through the financial side of the retirement process. Yet while financial security is an important part of the planning process, he notes that building a plan also requires lifestyle considerations.

In his experience, Harris says he rarely sees farmers fully retire because most don’t want to leave the farming life. What they often want is more flexibility to do things like step back from the day-to-day work, maybe to travel.

How do you know you’re ready to retire? Danielle Wildfong, of DMW Consulting, a

family business advisor in Saskatoon, says knowing whether you are ready to retire is harder for entrepreneurs and farmers than any other profession.

“If you’re feeling pushed out rather than ready to make the decision on your own, that’s a clear sign there’s a lack of communication and trust within the enterprise,” says Wildfong.

One of the best self-indicators that the answer may be “Yes, I guess I am ready” is when you find yourself wanting to step back from controlling the biggest decisions on the farm. “You may never be prepared to fully step away from the farm, but a defining retirement decision can start by taking a hands-off approach,” Wildfong says.

A farmer herself, Wildfong says what’s most difficult for farmers is that they often don’t know how to identify themselves without their connection to the land or their family farm.

“The ability to separate one’s feelings from their worth or farming legacy is a challenge,” says Wildfong. “That’s when I remind farmers that you can retire from a lot of things, but you never retire from your purpose.”

Still, you do have to ask yourself how you want to fill your days, and what will be fulfilling for you.

Harris says some farmers want to continue to be useful to their family and farm, but in a different way, like using their farming and life experiences in an advisory role to help their children be successful. “And some farmers just want to retire to a tractor cab and spend their time helping in the fields,” he says.

Wildfong reminds her clients that if they are driven to work, as most farmers are, that doesn’t mean it has to be the same type of

work or the same number of hours. She encourages farmers to consider applying their identified purpose or interests to other opportunities outside the farm, like helping a neighbouring farmer with seasonal work or volunteering their financial literacy skills to a community group.

“Personal growth never retires either,” notes Wildfong, who also recommends farmers hone their skills, learn something new or take up a new hobby to expand their purpose and identities.

Of course, there’s another cluster of questions too. How much money do you

CONTINUED ON PAGE 26

need to retire? Understanding how you want to spend your time and your new lifestyle requirements is essential to determining what you'll need to live on. And that involves financial planning.

Advisor David Harris recommends farmers begin planning at least 10 years ahead of retirement, starting by separating some farm profits into personal accounts, like RRSPs, Tax Free Savings Accounts and investments. He says allocating retirement funds early and at a lower tax rate allows farmers to build their own non-farm assets so they don't have to rely on the farm for 100 per cent of their retirement income.

Retirement planning also requires the right team of advisors, including an accountant to help manage tax liabilities and a certified financial planner to help determine how much you'll need to manage income streams and to leverage tools like insurance.

Advisors say that navigating tax sheltering tools like life insurance can be confusing, and that's where professionals can really help. Understanding sources of net income in the retirement stage, like Old Age Security and Canada Pension Plan, can also be baffling, especially if retirees continue to draw income from the farm or take a new job.

Harris also reminds farmers that manag-

ing risks with proper health, disability and critical illness insurance is another important consideration, even in retirement.

Plus, once you know how much income you'll need, it's essential to take the next step, asking how much of that income will have to come from the farm.

Revenue from the farm could come in the form of a farm sale, asset sale or transition agreement. Setting up a revenue stream in the form of farm management fees is another common option. Other non-monetary sources can include the use of a registered farm vehicle, fuel or living accommodations.

Also be aware that building a financial retirement plan is only the first step toward financial security. Regularly reviewing and adjusting the plan is also key to a happy and successful retirement.

"There's no easy answer to the question, 'When will the farm work ever be done?'" says Wildfong. The farm is the farmer's legacy. It's taken a lifetime of work and commitment to build it up.

Finding a new identity as a retiree isn't easy either. A happy retirement looks different to everyone and so does the process to get there, says Wildfong. "It takes time, patience and communication." **CG**

Retirement for couples

When couples are asked what they want to do in retirement, they often give the answers they know the other person wants to hear.

The problem is, avoiding conflict in the early stages of retirement planning only leads to more later. "We all need healthy conflict," advisor Danielle Wildfong says.

Start by recognizing that it can be hard for couples to find clarity as they think about the next stage of life. In some cases, couples may not want the same thing or they may be unwilling to compromise.

The reality is, "grey divorce" has been a growing trend for decades.

So find a way to take the pressure off retirement conversations.

Broach the subject when you are working together, or doing an activity. Ask your spouse what ideas they've got. Where would they want to live, what type of hobbies they would take up, or where would they like to vacation.

Says Wildfong: "It'll never be easier than today."

BABY STEPS FOR RETIREMENT PLANNING

Some of us are born with a pencil in our hands. We're natural planners. In fact, Danielle Wildfong, a family business advisor with DMW Consulting, reports she works with farm owners as young as 40 who want to start talking about succession and retirement.

For others, the reality is different. For many of them, the idea of retirement, let alone agreeing to put an actual plan in writing, is downright daunting.

Wildfong's advice is to approach the topic of retirement in steps, and start by asking questions.

Here are her top seven steps for kick-starting a retirement plan.

1. GET CLARITY. Do you know what you want out of retirement? This can include finding clarity about what you want

personally and professionally. If you know what you want, are you comfortable sharing that with others yet? Remember, it's okay to want what you want.

2. BE TRANSPARENT. Have you discussed what you want out of retirement with your spouse or farm business partner? If you have, how did they respond? Have they reciprocated that they want the same things for the farm and your future together?

3. FIND ALIGNMENT. Are you on the same page as your spouse or farm partner? If you're not, look for a mediator or coach to help you understand where you aren't aligned on your shared vision for your future selves. Ask yourselves what you're willing to compromise for each other to remain a team, or not.

4. DETERMINE INVOLVEMENT. Which farm decisions do you want to be involved in, have control of and for how long? If you want to remain involved in the farm business, determine how key decisions

will be made, how your farm team will communicate, and how that will change in the future after new management, ownerships, additional partners or successors become more involved.

5. TAKE TIME TO REFLECT. Review your individual and shared goals and discuss them annually with your family and farm managers. Consider planning a New Year's Eve meeting or family retreat and commit to an annual year-end review.

6. DEFINE A LEGACY. Is it important to you to leave a farm legacy, and what does that look like to you? If so, define and understand the importance of your farm's legacy to yourself, spouse, farm partner or family.

7. BOOK YOUR RETIREMENT DATE. Just like farm transition, retirement is not an event, but a process. Lay out small steps for each phase of your retirement, give them a deadline, set a date. And share it with your partner.