

Have cake; eat cake; bequeath cake

All across America, middle-aged citizens are struggling to come to grips with the American Retirement Crisis. Thanks to the Great Recession, low interest rates, the end of fixed-benefit plans, and increasing longevity, the dream of carefree golden years has evaporated for many. This discovery blindsided apparently successful Boomer middle class citizens who were operating on outdated assumptions.

Retirement planning occurs on the farm as well as in urban homes, but as many families discover at Thanksgiving or summer cookouts, there is a significant difference in how farmers see the problem compared to most others.

The pages of our magazines are stuffed with information to help transition to retirement. For the most part, I think our profession has grappled with this challenge fairly well. But the unique nature of farming (like other small businesses) creates some regrettable misunderstandings.

Our fellow citizens are frantically working to find a path to ending work and then not outliving their accumulated wealth. There are dozens of financial calculators on the Internet to input earnings, savings, pensions, Social Security, etc. and find out how much you will have to live on for how long. Too often the answer is not enough for long enough. I have friends who remark mordantly, "I'm OK unless I live past 83."

We have the same basic problem here in the farm, with one added challenge: our accumulated capital is off-limits. Since those assets are often essentially land, and if we have even a possible successor, we preemptively rule out selling land to fund retirement.

While this does preserve the farm, and diminish income exhaustion shocks, we can forget it is an astonishingly audacious goal.

Meanwhile, our brother-in-law is fixated on his "withdrawal rate" which includes earning from his assets, and a small slice of the capital. Like millions in his cohort, the numbers don't match his dreams. A return of just 5%, for example, is proving too optimistic. His home is not a reliable windfall, either. This crushing realization brings despair and anger. It seems unfair, even when explained by bad financial decisions.

If we farmers do achieve our goal, then we will be viewed (arguably rightly) as extremely fortunate, regardless of our work, decisions or sacrifices. Others replicated similar virtuous actions with less reward. Our presumption of just deserts is obvious only to us. It is easy to overlook.

Farmers have adopted a different metric for fairness. Our outrage over estate taxes, for example, largely centers on our intuitive conviction a farm, by virtue of its place in culture and history – not to mention our hearts – is not just another asset, and deserves special consideration. In a fair world, we reason, this sanctified wealth should endure. After all, everybody loves "N-th generation" farms.

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This different view of fairness can confound farm family relations. After a few discussions with non-farmers my age, I now expect scant understanding for our dreams from people who feel years of hard work should have earned them more than “barely-enough” sunset years. To them, it can seem we feel entitled to have our cake, eat our cake, and then bequeath the cake.

Especially after the explosion in land prices, our profession should avoid being the face of opposition to estate taxes. Even a little media light will expose this demand as breathtakingly elitist. In the same way, we should be working harder to respect the tattered dreams of family members who have been savaged by volatile investments and a parasitic financial sector. This may require going much farther than we feel is equitable to accommodate other heirs, for example. Avoid competitive moaning in favor of an effort to empathize. My experience suggests we should brace for eye-opening, heartbreaking stories.

Our inability to appreciate the enormous differences in retirement prospects can seriously impair our ability to reach common ground with family members. At the very least, farmers should keep in mind that **the number of Americans with any cake at all is shrinking.**