

‘When you retire, you die’



Andrew de Jong at his family's farm near Chesterville— he plans on taking over the dairy operation from his parents.

RACHEL FABER/CORNWALL STANDARD-FREEHOLDER

TRANSITION from A1

“I worked half as hard as my dad, and Andrew will work half as hard as me,” he said.

Jean-Philippe Gelinas, a manager of business development at Farm Credit Canada, said it's very rare for children to be able to afford to pay their parents the real value of a farm, as opposed to when their parents bought out farms 30 or 40 years ago. Parents often end up taking a financial hit from passing it down.

“It's just hard for a 25-year-old to have the cash to put down,” said Gelinas. “Farms, as we all know, they're getting bigger and bigger in terms of asset value.”

Succession planning doesn't always involve one party buying out another in full, there are a variety of arrangements and each family will go about it in a unique way. Sometimes, it's up to the child taking over to supply his parents with a reasonable salary in retirement. In other arrangements, the family's farm corporation will be split into two, with the parents owning the dairy portion, and the son or daughter buying the hog operation, for example. There's also the option of a shareholder arrangement, which allows many family members to own portions of the corporation.

The process can take hundreds of hours poring over legal and financial documents, which is what can lead some families to procrastinate. The vast majority of farmers are men, about three quarters, so often times the conversation revolves around fathers and sons.

“The thing is, you still want to be able to have Christmas dinner when it's all over,” said Steven.

Andrew de Jong is a mild-mannered and well-spoken 27-year-old married farmer with a baby on the way who hopes to one day run his family's dairy operation in Chesterville alongside his brother, William.

“My father-in-law has a saying, ‘when you retire, you die,’ and that's typical for a lot of farmers, they'll always be involved in some way or another and they enjoy that,” said de Jong, knowing that his father, Harold, will still be helping him for a while yet.

Like the Byvelds, their transition will be a gradual one over the next five to 10 years.

“Some fathers don't want to talk about it, they're hanging onto it and they're stubborn. It's the lifestyle they've worked their whole life to build, and that's not easy to give up ... it can be a touchy subject,” said de Jong, who feels fortunate that his father is willing to relinquish some of that control.

Farm communication coach Elaine Froese agreed the two biggest problems are procrastination and conflict avoidance — families are simply scared to bring it up because it's a daunting task.

“Succession implies that someone is leaving, or that someone is being kicked off the throne,” said



Holsteins are pictured at the de Jong family's farm.

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Froese, who is an advocate for the term transition, rather than succession.

Equality is a big issue, too. In the case of the de Jong family, Andrew knows his parents struggle with how to make things equal for son James, who does not work on the farm. Do they buy him a house? An education?

“Parents have a very hard time agreeing on what they owe their children. How much is enough?” is often the question asked, said Froese.

“That's always the challenge. A lot of times it's unaffordable to be fair and to give to all your children equally,” said de Jong.

It's a factor that farm families are facing more than they did decades ago — as the population has shifted from rural to urban in Canada, it's no longer a safe assumption that children raised on the farm want to take it over as adults. It's part of the reason why the number of farms in Canada continues to decline — down 10.3 per cent from 2006-11.

Some farmers, like Brian Vandenberg, have been forced to look outside of the family for a successor.

Vandenberg bought his dairy farm in Winchester 35 years ago when he was just 21 years old — where he and his wife raised four children, none of whom were interested in taking over. Just last year, a young man who was doing contract work for him expressed interest in gradually purchasing the corporation.



The Byvelds family's farm sign.

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“My first question to my accountant was, ‘Can I adopt him as a son? For business purposes,’” laughed Vandenberg, because the rules for non-family transfers are much different than they are for generational farmers.

If the transfer involves a non-family member, then that person needs to pay full market value for the business, where a son may benefit from a discounted rate.

“The two of us sat down and we had a couple meetings. He expressed his desire for where he wanted to be in five years,” said

Vandenberg.

The two worked out a plan where he could continue working on the farm, and his successor could gain equity at the same time, while avoiding the massive interest payments that come along with a big purchase. In five years, Vandenberg's successor will own 25 per cent of the operation, and will then continue buying shares with his profits.

“I have to ask myself, if I was his age, what would I want? That's helped a great deal with me letting go,” said Vandenberg, who will be

ready to retire in a few years.

On a hopeful note, there are still farmers that are willing to stick it out through changing economic times — the number of farms in Canada only fell 5.9 per cent between 2011 and 2016 — the lowest rate of decline in 20 years.

“I thought about doing other things. Not every day is easy here,” said de Jong, who knows that he's picked a tough job. “I enjoy the new challenge every day brings ... the opportunity to be my own boss, and continue the family legacy.” twitter.com/RachFaber