

Partnership—A Way to Keep Young People on the Farm

By Jay W. Irwin
Associate County Agent

The winter weather changes our pattern of activities from outdoor to indoor. This should include time for business management. One important area is partnerships.

Father—how would you like a larger, more efficient business with higher income, relief from the worries of hiring help; a gradual retirement on your farm with the farm staying in your family? If the answer to these questions is "Yes," you might

X-ray Schedule

Five community x-ray screening programs are listed on the schedule of the Tuberculosis and Health Society of Lancaster County for the early part of January, 1971. Included for service are the Welsh Mountain area and the Southeast area of Lancaster City.

The complete schedule is as follows: Wednesday January 6—1 to 3 p.m. in the Welsh Mountain Multi-Purpose Center, New Holland RD2 (diabetes tests also); 6 to 9 p.m. on the same date, Penney's Store, Park City (diabetes tests also). Thursday, January 7—8 a.m., Lancaster County Prison, 1 to 3 p.m., Lancaster Post office (diabetes tests also); 3:30 to 5 p.m., both x-ray screening and diabetes tests at the Community Building, Franklin Terrace; and from 6 to 7:30 p.m., both tests at the Susquehanna Court Community Building.

The unit will be stationed in Penn Square, Lancaster, on Friday, January 8, from 9 to 11:30 a.m., 12:30 to 4:30 p.m. and from 5:30 to 9 p.m.

On Monday, January 25, the x-ray unit will be stationed at Milledale State College from 8:30 a.m. to 12 noon. From 3 to 4:30 p.m. on the same day it will visit Flexsteel Industries to offer chest x-ray service and free diabetes test.

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consider asking one or more sons to stay on the farm with you. Many fathers have reached these goals by going into partnership with their sons.

Should You Have a Partnership?

Before you seek help from any outside person, you must first determine: Do you get along? No agreement or arrangement will work if the parties are not able to work together in a spirit of harmony and cooperation.

This does not mean you never have any differences of opinion, because everyone does. But you must be able to work together as a team to iron out these differences.

Is your farm large enough to support two families or can it be made large enough? You must determine whether or not the income is there to support two families. If it isn't, you'll have to increase the income or forget about trying to support two families off the farm.

If you've answered these two questions "Yes," then you are ready to explore a partnership. The first step is to work out some of the details necessary to start your farm business.

Management

In most cases, both partners will have equal control over management.

The father will realize that the son will make some mistakes at first, but this is the best way to learn and will make him realize the value of having an experienced man like his father for guidance. And many times the son's "new ideas" will prove to be correct and mean more profits for the partnership.

Many families split up the management responsibilities by putting one partner in charge

of one area such as crops and the other in charge of the cattle.

Ownership of Property

In the average case, father and mother continue to own the real estate and they rent it to the partnership at a fair price, the same as though they were renting to a stranger. The rent is their return on their investment and is in addition to the wages the father receives from the partnership for his labor.

In this manner, if the partnership splits up, there are few legal difficulties because the father still owns the real estate. The lease should state who pays for taxes, repairs and insurance.

As for personal property, the son usually buys from his father at the start of the partnership one-half of the cattle and machinery and either gives his father cash if he can or gives his father some cash and a note with interest for the balance. In this way the son has purchased a part of the business and is an actual owner in it. The son should make regular payments on this note.

Wages

Each partner, except in unusual cases, will be reimbursed equally for his labor where each is working full time. The father's increased skill and experience will be offset by the youthful energy and work of the son.

Bank Account

There must be a separate bank account for the partnership from which all accounts should be paid. An attempt should be made to have open accounts with all farm suppliers and to make all payments to them by check.

Each partner will receive a regular wage from the partnership and have his own personal

checking account just as though he were working in town. At the end of the year, any surplus in profits can be distributed equally to the partners.

Records

Where two persons run a business together, accurate records are a necessity. Many times one of the wives is an excellent bookkeeper and it helps strengthen her interest in the partnership.

Taxes

A partnership will have little effect on federal income taxes. The partnership will fill out a Form F the same as now and then transfer each partner's share of the profit to partner's Form 1065. The individual partners will then record their individual incomes on their 1040 forms.

Legal

You're about to design a "Blue

print for the Future" that will influence your life for years to come. It's important that all aspects concerning "Options to Buy, Protection for Wives, Length of Partnership, Arbitration and Legal Situations" be put by your lawyer in writing because:

(1) If it is in writing, there can be little question of a misunderstanding between the parties.

(2) You'll not forget the details even after many years if it is written down.

(3) In the event of an estate to be settled, other heirs will have the written agreement of the partnership.

We need to encourage our young people to stay on our farms. This is one way to give them responsibility and an investment in their future.

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