

“Some day son, this will all be yours”

Jimmy Dean is 38 years old, the youngest of the Dean family. He has been farming with his parents, Bob and Billie Jean Dean, since he graduated from college at age 21. His two older siblings, Franklin Dean (43) and Mary Beth (Dean) Green (46), have both established their careers off of the farm. Franklin operated the local grocery store, and Mary Beth and her husband both work in a manufacturing plant in a neighboring state. Financially, Franklin has done modestly well with his store. While not financially stressed, Mary Beth has not managed to accumulate significant net worth. On the other hand, Jimmy Dean has a very comfortable financial status.

Bob and Billie Jean feel strongly that the family's farm operation should be kept in their family. They were very excited that Jimmy showed an interest in farming after school, and have been generous in helping him get on his feet. For the first several years, he rented one quarter of his parents' ground at below market rental rates. Jimmy was also able to use his parents' hog finishing building and equipment without compensation.

When equipment started to wear out, Jimmy replaced it, and now most of the machinery and equipment is in Jimmy's name. At the same time, Bob and Billie Jean started phasing out their direct involvement in the operation. Four years ago, they sold three quarters of crop ground, the bulk of the farm, to Jimmy at 85% of appraised value on a 20 year land contract at a 5.5% rate of interest.

Over the years, Franklin and Mary Beth have neither requested nor received much assistance. Their knowledge of Jimmy's business situation has been obtained primarily through offhand conversations and observation. They know that their parents have tried to help out Jimmy as much as they could, and generally haven't had any problems with that. While they knew that Jimmy bought the farm from their folks, they didn't know how reasonably until just recently.

Bob and Billie Jean, at age 69, now have a fairly comfortable retirement. They still live on the home farmstead. With social security income, interest on \$40,000 in CD's and the land contract payment, they have plenty of cash to live on. At a recent family gathering, the family discussed Bob and Billie Jean's will. It called for an equal division of the Dean's estate between Mary Beth, Franklin and Jimmy. Speaking for Franklin and herself, Mary Beth brought up the fact that Bob and Billie Jean had treated Jimmy very generously already. While it would be difficult to estimate the value of what Jimmy had received, she contended that in essence, a significant part of the estate had already been transferred to Jimmy.

Bob and Billie Jean were surprised that their two off-farm children felt this way. Bob asserted that it was their money and they didn't **have** to leave it to **anybody** if they didn't want to. Jimmy felt that Franklin and Mary Beth were jealous of his success, and wanted a bigger piece of the pie to make up for their own lack of financial success. Franklin was surprised by the family's strong reaction to their assertion, and Mary Beth is furious that Bob, Billie Jean and Jimmy won't see their point of view.

Please discuss the following questions. It is not necessary to reach a group consensus.

Do you think Bob and Billy Jean are treating their children equitably?
Why or why not?

What should Franklin and Mary Beth know about the business relationship between Jimmy and his parents?

Could the Dean family have better dealt with this issue? How?