



Cash for the non-farming sons, control for the farming sons, and no rental agreements.

How one Prairie farm family replaced a complicated land-splitting plan with \$1,000,000 tax-free to each non-farming son, and saved **over \$1,200,000** doing it.

\$2,101,245

BEST COST WITHOUT INSURANCE

Investing corporate cash for a decade; a buyout with borrowed money costs over \$4,800,000

\$871,482

COST WITH UNITY'S PLAN

Corporate life insurance with premium financing on Mom, age 74

\$1,229,000+

ESTIMATED SAVINGS

And no landlord-tenant relationship between siblings, ever

THE SITUATION AT A GLANCE

The family	Walter & Helena Nowicki (names changed), 76 and 74, incorporated Prairie farm, four adult children
The goal	Two sons run the farm; two sons don't farm. Treat all four fairly without carving up the land
The original plan	25% of the farmland to each child, with the non-farming sons renting their land to their brothers
The solution	A corporately owned policy insuring Helena, delivering \$1,000,000 tax-free to each non-farming son at death

WHY IT WORKED

Everyone gets what they most want: the non-farming sons get cash, the farming sons get the whole farm.

The land passes intact to the farming sons under the intergenerational farm rollover. The non-farming sons receive tax-free cash all at once, with no rent negotiations, no shared decisions, and no tax bill.

The situation, the options, and the numbers

CASE STUDY FP-04

THE SITUATION

Walter and Helena's two farming sons have taken over the farm; their two non-farming sons built lives away from it. The parents wanted all four children treated fairly, but the farm is the estate, and splitting it four ways would hand half the land to children who will never farm it.

THE ORIGINAL PLAN

Give 25% of the land to each child, with the non-farming sons renting theirs to their brothers. It sounds fair, but it creates a permanent landlord-tenant relationship between siblings: rent disputes, annual tax on the rent, a lost farm rollover, and a large capital gains bill if the non-farming sons ever sell.

WHY INSURANCE FITS

A policy on Helena delivers \$2,000,000 exactly when the estate settles. The Capital Dividend Account credit carries it out of the corporation tax-free, the non-farming sons get their inheritance in cash all at once, and the farming sons inherit the land intact under the farm rollover.

FOUR WAYS TO FUND \$1,000,000 PER NON-FARMING SON

SELECTED			
OPTION 1 Buyout with borrowed money \$4,821,121 - Farming sons mortgage the farm to buy out their brothers - Eleven years of repayment from after-tax farm income	OPTION 2 Invest corporate cash \$2,101,245 ~\$191,000 invested annually for a decade - Shortfall for the non-farming sons if death comes early	OPTION 3 Life insurance \$1,490,540 \$2,500,000 policy, premiums from farm cash flow - Full protection from day one	OPTION 4 Insurance + financing \$871,482 - Premiums recovered through bank lending \$4,000,000+ policy grows the estate for everyone

WHAT UNITY DID

1. FACT-FINDING

Met the family and mapped the risks hiding in the land-rental plan

2. ACTUARIAL MODELING

Our in-house actuary costed all four options: rates, tax, life expectancy

3. PLAN DESIGN

Structured the policy and financing to maximize the Capital Dividend Account

4. UNDERWRITING

Secured coverage on a 74-year-old through to policy issue

5. LENDER COORDINATION

Arranged the bank financing that recovers premiums; reviews annually