

Four Sons and a Farm

How parents planned
for their children's future



Bonnefield

FARMLAND *for* FARMING

The Start

For Jim and Lois Smith*, farming is in their blood. As husband and wife, they inherited a love for working the land, a talent for growing crops and an 800-acre farm that included the old farmstead. They also inherited a very heavy debt load. In fact, the debt was so large that the couple struggled to stay afloat.

Still in their 40s, Jim and Lois, who have four children, had some major decisions to make to secure their future, as well as their children's.

Their immediate concern was to do something about their home, which was in need of significant repairs. Then, they had to figure out how to expand their land base to support their farming aspirations as well as those of four sons who were all keen to farm.

To Buy or Lease Farmland?

Jim's father was what you would call "old school". He was proud of his land and held onto it no matter the costs. Having grown up with that mindset, Jim and Lois were conflicted. To stay in farming, they would have to grow their land base, but for their peace of mind and their children's futures, they also had to reduce their debt.

The first thing they did was sell a few hundred acres of their land. They used the cash to build a new home, catch their breath and think about how they would acquire more land. Although this sale freed up cash, it also had the effect of reducing their land base, thereby reducing the efficiency of their farm business. It was during this time that they were introduced to Bonnefield and land lease financing solutions for Canadian farm operators.

Within several months, Bonnefield had bought 500 of their acres and leased them back to them using Bonnefield's long term, revolving lease structure. Importantly for the Smiths, they still retained ownership of a meaningful portion of their land, which included their home farm. Bonnefield and its team then assisted with the acquisition of 2,500 additional acres nearby that Bonnefield leased to Jim and Lois on a long-term basis.

The benefits for Jim and Lois were great.

For the first time in at least two generations, the family had a healthy balance sheet.

*not their real names

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The benefits to Jim and Lois were many:



Cash Flow

For the first time in at least two generations, the family had a healthy balance sheet. They paid down their debt and had cash to cover input costs and to buy some new machinery.



Ability to Expand

With Bonnefield's revolving lease structure, Jim and Lois could look to the future with the knowledge that they would have long term, secure access to land which they view on an "as-if-owned" basis. 2,500 acres gave them the scale they needed to grow their own operations, as well as support their sons' farming ambitions. Future growth could also be supported with additional investment from Bonnefield.



Early Succession Planning

While still young, the Smiths are in a good position when it comes to succession planning. By having scale without debt, they have secured their future in farming as well as the future of their children.



Peace of Mind

Although an emotional journey, it was a relatively painless one. Today, the Smiths enjoy a freedom they didn't previously think was possible.

Just a few months after meeting Bonnefield, the Smith family had more than tripled their farming area, reduced their debt, bought new machinery and were secure in their ability to continue the family farming tradition.

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