



## ***Retiring to Ranching***

Rick Machen<sup>1</sup> and Ron Gill<sup>2</sup>  
Texas A&M  
AgriLife Extension Service



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According to Webster's dictionary:

re-tire v. 1. To withdraw from action or danger. 2. To move back. 3. To withdraw from one's occupation: conclude one's working or professional career. 4. To go to bed.

The focus of this discussion centers on definitions two and three. Yet based on our personal experiences, wise counsel for those considering *Retiring to Ranching* might be to focus on the fourth definition before proceeding (*humor intended*).

The dictionary also defines a rancher as "one who owns or works on a ranch". Owning rural real estate and working in the outdoors is one thing. Being a responsible steward of the resources entrusted to you is another. Our challenge for this discussion is to outline a few noteworthy points for those blessed with the opportunity to *retire to ranching*.

We've arranged the discussion in an order that seems logical, beginning with items that universally must not be overlooked and concluding with suggestions specific to the development and management of a beef cattle operation.

### **1. Communication is essential.**

*Why ranching?* Retirement for many means slowing down and having 'free' or leisure time to pursue items on the proverbial 'bucket list' (recreation, hobbies, new life skills, travel, quality time with family, etc.). In contrast, there is always something to be done on a ranch – stock to tend, water to check, fence to mend/build. Retirees need to enter ranching with eyes wide open and have a plan to balance ranch responsibilities with retirement dreams. Ranching can have many degrees of involvement – make sure you have the physical health, energy and time to manage your ranch.

*With your spouse.* Married couples retiring to ranching have likely mastered the art of communication. But as they retire and become ranchers, it is critically important they share the same or parallel goals for not only the ranch but also life off the ranch as well. Fishing and shopping may not conflict. Taking a ten-day cruise and heifer calving season are conflicting 'opportunities for involvement'.

*With family (children, grandchildren).* Sound management of natural resources is a long-term, ongoing effort that requires a passion. Understand the aspirations/intentions of the children and grandchildren. Are you building on or beginning a family ranching heritage? Do subsequent generations share the same vision and desires?

<sup>1</sup>Professor and Livestock Specialist, <sup>2</sup>Associate Department Head, Professor and Livestock Specialist, Texas A&M Agrilife Extension Service, Texas A&M University System.

## 2. Clearly Establish and Outline Goals.

Goals should be specific, measurable, attainable and related. Goals are a vision of where you want to be. Some ranching and natural resource management goals may take more than one generation to achieve, so it's important families share ranch goals and are on the same page.

Land ownership – Why continue to own or consider purchasing/leasing a ranch? How much land/livestock do I need and/or can I realistically care for? Land/lease cost, supplemental feed/hay and labor are perennial residents on the top five cattle ranch annual expense list. Of the three, management has complete control over labor – you either hire help or not (acknowledging any limited physical ability of older ranchers may mandate hiring help). Size of the operation is certainly influenced by the need/ability to hire additional labor.

Natural resources – Is stewardship important? Do you want to leave the resources in as good or better shape than when they were entrusted to you? Natural resources are not immune to the effects of man and beast – maintenance and improvement of these resources requires effort.

Livestock – Do you have a preferred species (cattle, goats, sheep, wildlife) in mind? Are you willing to consider livestock best suited to your environment? Are you minimizing property tax burden, raising animals and/or producing food?

## 3. Financial Considerations

According to the Texas Standardized Performance Analysis database, the average annual cost to maintain a cow is well above \$500. The average cost for quality young replacement females is well above \$1000 per head. Bulls from reputable breeders/sources are \$2500 and up. Stocker cattle prices currently start at \$1.50/lb. So getting into or staying in the beef business requires significant capital.

Combine the cattle values mentioned above with current land values and it quickly becomes apparent financial management is a vital consideration as people retire to ranching. Financial stability for those retiring to ranching is based on stable retirement revenue covering living expenses. *With very few exceptions, do not expect cattle (or any livestock) to generate enough income to make land payments and/or cover cost of living expenses.*

Clearly define "profitable" and "tolerable". Hopefully, those retiring to ranching have retirement income that will cover living expenses. Profitable is income exceeding expense. Tolerable may be maintaining 1-D-1 Open Space valuation (minimizing property tax liability) with livestock (or wildlife) as the agriculture enterprise, with livestock (wildlife) generating revenue to cover all or most of the production costs. Due to land value appreciation and reduced debt on cattle loans (if cattle purchase was financed), net worth accumulates with time.

Whatever approach is taken it is critically important to establish a budget and adhere to that budget. Any variation from the original projections will create the need for communication with family. Variations may seem small and not worthy of reevaluation of goals and objectives but small shifts in operational goals and tactics can lead to long-term changes in cash flow and draw on retirement funds.

Money is a personal matter. However, an annual review with a financial professional (accountant, financial advisor, loan officer, etc.) to monitor the status of available capital (cash/personal savings), operating capital (self-financed or borrowed) and other ranch debt is time and effort well invested.

**Note:** Lending cooperatives affiliated with the Farm Credit System are an excellent source of financing for rural Texans and agriculture ventures. In addition to available credit, most have a staff of lending professionals that are personally involved in and thereby understand agriculture.

#### 4. Helpful Resources

As previously mentioned, those retiring to ranching are either returning to a previous lifestyle or entering a new lifestyle and pursuing a dream. In either case, a trustworthy, knowledgeable source of information will be a valuable asset.

Successful neighbors – Rural folks involved in agriculture are generally characterized as friendly and willing to help. The best source for help is a successful neighbor. If approached in a neighborly, cooperative spirit with eyes and ears open, most long-timers are more than willing to help. Good neighbors foster good neighbors.

Successful is a subjective term. If the neighbors have managed their ranch for two decades or more (through at least one drought) and the appearance of their ranch and livestock appeal to you, they qualify as 'successful' here. Those with a ranching heritage can be particularly insightful, as well as entertaining.

Texas A&M AgriLife Extension Service – Your local county extension agent is a professional educator and your window to a vast array of information and resources. With access to over 200 Extension specialists and a worldwide network of professionals, if they don't know the answer, they can find someone who does.

<http://agrillife.tamu.edu/locations-window/>

Natural Resource Conservation Service (NRCS) – A part of the US Department of Agriculture, this federally funded service works with landowners through conservation planning and assistance designed to benefit the soil, water, air, plants and animals that result in productive lands and healthy ecosystems. With service centers in most Texas counties, natural resource management information is not far away.

<http://offices.sc.egov.usda.gov/locator/app>

Local veterinarian – Find a local veterinarian with interest and expertise in your species (cattle, small ruminants, horses, pets) and involve them in the development of a preventative herd health plan. There is no substitute for their expertise.

Consultants – As more people retire to ranching and agriculture becomes more technical, professional consultants have become more available and are an excellent choice for one-on-one personal attention. Be prepared to compensate them for their services. Review their credentials and ask for references to ensure they have the knowledge and skills to get you where you want to go.

**Do not rely on information from the internet or what someone tells you as the "truth" until you substantiate the credibility and expertise of the source.**

Agriculture Organizations – Never has it been more important for those involved in natural resource ownership and management to be a part of and participate in

organizations that represent their beliefs and lifestyle and the state and national levels. Those with anti-agriculture and anti-private property ownership agendas are well organized, well-funded and intimately involved in environmental and animal welfare policy-making processes. Through organizations such as the National Cattleman's Beef Association, Texas and Southwestern Cattle Raisers Association, Farm Bureau and others, ranchers can collectively have a voice and make a difference.

For those retiring to ranching, the benefits go beyond representation in the political and media arenas. Membership in these organizations also offers education opportunities (conventions, monthly publications, newsletters, etc.), availability of insurance and purchasing discounts.

## **5. Required for Ranching**

Those retiring to ranching often fall victim to hardware disease. This condition typically manifests itself in recognizable colors – yellow, green, blue, red and white. To the unsuspecting eye it looks like a bulldozer, backhoe, tractor with loader, skid steer, UTV, welder, stock trailer and 4 wheeler all tucked neatly inside a new barn that is located conveniently adjacent to a set of pipe corrals.

If retirement income can acquire and support these all is well. But be reminded of these words of wisdom from Mr. Frank Litterst, cattleman and longtime Animal Science teacher at Texas A&M: "Never buy what you can rent/lease. Never rent/lease what you can borrow." (Remember this must be a two way street. If you borrow equipment offer to lend equipment as payment.) With that in mind, following is short list of things required for ranching.

Perimeter fence – Good fences make for good neighbors. The bare minimum for most cattle operations is five strands of barbed wire; bottom wire not more than 10 inches above and the top wire at least four feet from the ground. Net or woven wire offers the opportunity to better manage feral hogs and predators (ex. free-ranging dogs). Intensive wildlife management may warrant much taller fences.

Internal or partition fencing – Unfortunately, those retiring to their birthplace may find the fences worn out or in disrepair. Use existing fences when possible. If replacement fencing is warranted, seek the assistance of NRCS personnel or others with grazing management and livestock handling experience before building fence.

Work with your neighbors if at all possible to cost share rebuilding old perimeter fences. The useful life of a fence is about 15 to 20 years although some can last much longer if maintained properly over that time frame. It does not matter which side of the post the wire is on both properties own the fence. Even if the neighbors will not participate in replacing old perimeter fences go ahead and replace them if at all possible. Remember good fences make for good neighbors.

**Note:** For security reasons, always lock gates on the perimeter. Disable the push button on electric gate control boxes.

Barn/Storage – Many 'old' barns add an aesthetic element to the ranch and continue to serve the purpose of protecting equipment and supplies from the elements and providing secure storage. Metal buildings are a low cost replacement option. Retired cargo containers are also a popular choice. Available in lengths from 20 to 53 feet, they are a portable and secure storage option.

**Note:** Law enforcement professionals encourage rural residents to keep all valuables (tools, saddles, welders, generators, chain saws, etc.) under lock and key. Likewise, do not leave the ignition key in equipment or vehicles.

Handling facility – Again, use existing facilities as much as possible. If repairs or replacement is warranted, consider portable panels/pens before digging holes, cementing posts and welding pipe. Seldom are working pens built exactly right the first time. Portable panels allow reconfiguration or even relocation. And should the family choose to retire from ranching, the portable equipment is a liquid asset.

**Note:** For security reasons, do not locate pens near a public road. Cattle rustlers remain on the prowl and look for easy/quick access to cattle.

Restraining chute – A ‘squeeze’ chute is almost a must, unless a trailer is readily available and cattle will be hauled to a facility that has a chute (ex. neighbor, veterinarian). Manual chutes are equally functional but appreciably less expensive than hydraulic. If physical strength/ability is a limitation for operating a manual chute, recruit family, friends or hire help to operate the chute.

Scales – Knowing the correct weight (versus guessing) is critically important in the beef business. The dosage of most health products (anthelmintics, antibiotics, etc.) is determined by animal weight. Nutrient requirements are determined by body weight. Weaned calves and market cows and bulls are sold by the pound. Smaller operations may not be able to justify owning a scale, but it is important to know what your cattle weigh.

Livestock Trailer – Frequency of use determines justification for ownership. Selling calves and cull cows once a year does not warrant ownership of a cattle trailer. Most cattle auction companies will pick up cattle for a nominal hauling charge. Often trailers can be rented for short term use. All local auction markets know local people who haul cattle on a load basis.

Admittedly, livestock trailers are often used for more than hauling cattle (feed, hay, UTV, fencing materials, etc.). And if a retirement from ranching occurs, used trailers are very marketable.

Heavy Equipment – Here again, frequency of use determines justification for ownership. Heavy equipment (bulldozer, excavator, backhoe) is expensive from purchase to operation and maintenance. Due to the infrequent use of this type of equipment, leasing equipment or hiring a heavy equipment contractor is likely the better option.

Farm tractor vs. skid steer? If farming (plowing, planting, hay production) is involved the choice is obvious. Otherwise, due to their mobility and versatility, consider a skid steer.

Hay feeding – Round bales have all but replaced the small square hay bales. In addition, folks retiring to ranching may not be comfortable or capable toting small square bales through a group of hungry cows. If hay feeding will be an annual routine, equipment to handle round bales is a must.

## **6. Cattle**

Stockers - Cattle ownership is not a prerequisite to ranching. A viable option for those retiring to ranching is selling standing forage to those who own cattle. Leasing grazing rights is a low risk avenue into livestock production. Many of the

aforementioned details become the responsibility of the cattle owner. Landowners can structure the grazing lease to include the level of cattle care and management both the lessor and lessee are comfortable with.

Stocker cattle (cows, heifers, yearlings, weaned calves) are recognized as a viable agriculture use for open space lands by local tax appraisal districts. Compared to owning cattle, leasing grazing rights has greater flexibility during drought or in the event of natural disasters (fire, flood).

Before buying stocker cattle (versus leasing the grazing) visit with,

- a) local cattle marketing professionals regarding market conditions, source and availability of cattle and marketing options upon completion of the grazing period and;
- b. a local veterinarian regarding a preventative health plan and treatment of cattle should illness arise. The economic success of a stocker cattle enterprise hinges on minimizing death loss and insuring weight gain.

Cow/calf – When most think of ranching, they envision a cow/calf operation – cows having calves once a year, growing those calves for six to eight months then weaning calves as they go to market.

An immediate question to consider is replacement females. Will they be raised (keep heifer calves) or purchased? For 1/1/1 operations (one group of cows/one bull/one pasture), purchasing replacement females makes sense (removes the difficulty of managing heifers and inbreeding concerns due to breeding females back to their sire). Ranchers who can pasture and manage heifers separately may not be comfortable monitoring and managing heifers as they calve and therefore would choose to purchase replacement females which have already calved at least once.

Consumer ready beef – Consumer interest in locally-grown, natural and grassfed beef is on the rise. The idea of producing food from the land and cultivating a following of customers appeals to some as they retire to ranching. Notice this retained or longer ownership venture is actually a combination of cow/calf and stockers.

The greatest challenge for beef producers, whether cow/calf, stockers or consumer-ready beef is sustaining the quantity and quality of forage required to meet the maintenance and growth requirements of their cattle. The ongoing drought serves as a vivid reminder.

Low stress Handling – though consumers now take the safety and wholesomeness of their food for granted, they are ever more concerned about where and how food is produced. Animal welfare is a big issue. The days of whoop and holler cattle working have passed. Low stress stockmanship is not a new concept – it is a stewardship skill experiencing a timely resurrection. For more information or stockmanship learning opportunities go to [www. http://effectivestockmanship.com](http://effectivestockmanship.com).

One final comment regarding cattle and those retiring to ranching – there is NO room for unruly cattle with a poor disposition, regardless of their name, genealogy, genetic merit or perceived value. You have worked too long and hard to have your retirement dream interrupted by an avoidable injury or disability.

## Conclusion

Those who choose to *retire to ranching* are likely pursuing:

- 1) the return to a lifestyle they enjoyed as a younger person and have fond memories of or,
- 2) a lifestyle they have observed and want to experience firsthand.

In either case, perhaps the greatest opportunity/responsibility born by those afforded the opportunity to *retire to ranching* is the enlightenment of the next one or two generations that follow.

Two percent of the US population feeds this great country and a significant portion of the world. The 98%+ too often take the availability, affordability, safety and wholesomeness of their food for granted and have little understanding of the 'soil to supper table' processes.

You are *retiring to a classroom* many want to visit. You have a responsibility.

Don't miss opportunities to teach...

- the water cycle while watching the creek rise
- the origin of food in the hen house, feed pen and garden
- the meaning of life while caring for a newborn calf
- the fruits of hard work while building a fence
- the value of family involvement while hauling hay
- the characters of stewardship and stockmanship while rotating pastures and
- the complexity and coordination of it all under a starlit sky.

