



Rates, Dates and Updates

2019 Information Sheet

Reminders for producers

Increased potential for AgriStability payments

AgriStability payments are made when your net income falls below 70 per cent of your reference margin, which is set using the historical average of your net income or expenses – whichever is less.

Under the *Canadian Agricultural Partnership*, a minimum may be applied to your historical average. This means you are now guaranteed a reference margin of at least 70 per cent of your average net income – no matter how low your expenses are. The new minimum lessens the impact of extreme differences between average net income and expenses.

Interim payments available

If you are an Ontario producer enrolled in AgriStability and have completed six months of your fiscal year, you can apply for an interim payment prior to your fiscal year-end. Interim payments provide 50 per cent of a producer's estimated final payment.

If your projected income has declined substantially, contact Agricorp to apply for an interim payment. An Agricorp specialist can work with you on your application form.

Simplified participation for new or rejoining producers

Under the *Canadian Agricultural Partnership*, it is now easier to enrol in or rejoin AgriStability. Less information about farming history is required to determine fees and your average net income (your reference margin). This means less paperwork for you to submit.

Why choose AgriStability?

Things like flooding, periods of market downturns, falling market prices and rising input costs can have a detrimental effect on your farm.

AgriStability:

- Is an **affordable** part of your risk management plans, costing just \$315 for every \$100,000 of reference margin
- Helps with **cash flow** when unexpected disasters happen
- Guarantees you a reference margin of at least **70 per cent** of your average net income
- Can be used to **leverage financing**

A large majority of customers agree that AgriStability is critical in helping stabilize their income despite risks beyond their control.

According to Agricorp's annual customer satisfaction survey conducted by a third party.

The AgriStability cycle – at a glance

Like insurance for your house or car, you sign up before something goes wrong. With AgriStability, you pay your fee before the production year begins.

Then you can farm knowing AgriStability can help if the unexpected happens. After your tax year ends, submit your tax and AgriStability forms. The deadline is June 30 of the following calendar year.

The earlier you submit your forms, the sooner Agricorp can process them and make a payment, if applicable. The annual program cycle for AgriStability from start to finish is about 18 months.

See how payments work on page 2.

For more information about AgriStability, visit agricorp.com or call us at 1-888-247-4999. We are here to help.

How fees and payments are calculated – an example

Agricorp calculates your *fee*

Your fee is 0.45 per cent of your fee reference margin, multiplied by the 70 per cent coverage level. You also pay \$55 to help cover administrative costs. The fee reference margin is an Olympic average of your five recent production margins, using the most recent data.

	2013	2014	2015	2016	2017
Production margin	\$190,000	\$200,000	\$250,000	\$180,000	\$75,000
	Used ✓	Used ✓	High X	Used ✓	Low X
Fee reference margin	\$190,000				

$$\text{Fee} = (\text{Fee reference margin} \times 0.45\% \times 70\% \text{ coverage level}) + \$55 = \mathbf{\$653.50}$$

Agricorp calculates your *reference margin*

A. Your tax data and program forms are used to determine your production margins and adjusted expenses for the last five years.

	2014	2015	2016	2017	2018
Production margin	\$200,000	\$250,000	\$180,000	\$75,000	\$241,000
Adjusted expenses	\$210,000	\$183,000	\$222,000	\$90,000	\$198,000
	Used ✓	High X	Used ✓	Low X	Used ✓

B. Your **average production margin** is calculated using an Olympic average. \$207,000

C. Your **reference margin limit** is calculated using the same years as in B. Your RML is the greater of:

Average adjusted expenses	\$210,000	} \$210,000
OR		
Mimumum RML (70% of your average production margin)	\$144,900	

D. Your **reference margin** is the lower of B or C. **\$207,000**

Agricorp calculates your *payment*

Payments are made when your net income falls below 70 per cent of your reference margin.

$$\begin{aligned} \text{Payment trigger} &= \text{reference margin} \times 70\% \\ &= \$207,000 \times 70\% \\ &= \$144,900 \end{aligned}$$

Assuming there was a large income decline in 2019, resulting in a production margin of \$80,000, the payment would be calculated as follows:

$$\begin{aligned} \text{Payment} &= (\text{payment trigger} - \text{production margin}) \times 70\% \\ &= (\$144,900 - \$80,000) \times 70\% \\ &= \mathbf{\$45,430} \end{aligned}$$

In this example, it cost the farmer \$653.50 to participate. When the farm's income dropped significantly because of a disaster situation, the farmer received \$45,430 from AgriStability.

Explanation of terms

Production margin

Your production margin is your net farming income in a given year and reflects your allowable income minus allowable expenses, plus inventory adjustments.

Reference margin

Any payment you receive is determined using your reference margin, which is either your average production margin or your reference margin limit, whichever is less.

Average production margin

This is an average of production margins for the last five years, removing the highest and lowest margins (also known as an Olympic average).

Reference margin limit (RML)

This is your average of adjusted expenses, using the same years used to calculate your average production margin. Your RML will reflect at least 70 per cent of your average production margin.

Olympic average

An Olympic average eliminates the highest and lowest values and averages the remaining numbers.

Reporting tips

AgriStability is based on a self-reporting principle. This means you complete your own AgriStability *Year-end Report and Claim Form* each year. Agricorp uses the information you report to determine any payments.

Reporting accurate and up-to-date information reduces time spent on follow-up. This ensures you receive the right compensation, when you need it most and without processing delays.

Top 10 reporting tips

Based on some common reporting issues we see...

1. Start by looking at last year's *Payment Statement Calculation*.

Before you report, check for any adjustments Agricorp may have made. Adjustments are commonly made for accounting methods, business structure changes and incorrect line codes.

2. Be specific – the more details the better.

Avoid grouping similar line items together. For example, report RMP premiums and payments separately from Production Insurance. Do not report RMP under Production Insurance line codes.

3. Use the AgriStability guide to find the right line codes.

The RC 4060 guide lists line codes for allowable and non-allowable income and expenses, which are needed to properly complete your form. The guide is available on agricorp.com under AgriStability publications.

4. Report business structure changes as they happen.

Business structure changes impact final payment calculations. Letting Agricorp know as it happens saves time on future processing.

5. Accounts receivable/payable should be tied to the fiscal year.

Any outstanding income or expenses related to your fiscal year are needed for your payment calculation. For example, an operation with a year-end of December 31 would report a 2018 Production Insurance payment received in 2019 as a 2018 accounts receivable.

6. Report bad debts.

Use line code 9896 "Other (specify)" for bad debts. This is if a bankruptcy or receivership has occurred, or if you have documentation of collection activities.

7. Report birthing animals and births separately in the breeding livestock section.

For the "No. that birthed" column, report the number of females that gave birth just once, even if they gave birth twice in a year.

8. Report mature crops in ground in the crop report.

Mature crops in ground at year-end should be reported as harvested and added to ending inventory. Report immature crops at year-end (e.g., winter wheat) under the purchased inputs section.

9. The online form is easier when reporting livestock categories.

Agricorp assigns fair market values based on the type and weight of your livestock. The online form includes a drop-down list of all livestock categories.

10. Keep your records.

Agricorp conducts review activities to maintain the integrity of the program. Keep records such as your on-farm storage measurements, settlement statements, weight slips, receipts and other supporting documents for at least 10 years.



Bonus tips!



When in doubt, call Agricorp. We are here to help.



Get ahead of the crowd by submitting forms earlier.



Get payments five to seven days faster by signing up for direct deposit.

Dates

Last day to...

April 30

- Submit the *AgriStability New Participant Form* to Agricorp
- Cancel coverage (coverage automatically continues each year unless you choose to cancel it)
- Pay fee to Agricorp

June 15

- Submit T1163 (for individuals) to the Canada Revenue Agency

June 30

- Submit Statement A (corporations, trusts and special individuals) to Agricorp
- Submit *Year-end Report and Claim Form* to Agricorp

December 31

- Pay fee (with 20 per cent increase) to Agricorp to keep coverage current
- Report your 2018 farm income to the Canada Revenue Agency

Did you know?

There are many helpful resources on agricorp.com to make it easier to participate in AgriStability, including:

- ▶ Downloadable and submittable online forms that have built-in checks to make it easier for you to provide the right information
- ▶ A series of news stories to help you make decisions about AgriStability, including answers to common questions
- ▶ Resources and guides
- ▶ Published *Fair Market Values*

Contact us

1-888-247-4999

Fax: 519-826-4118

TTY: 1-877-275-1380

Accessible formats available

agricorp.com

contact@agricorp.com

Monday to Friday, 7 a.m. to 5 p.m.

Version française disponible

Errors and omissions excepted.

Agricorp reserves the right to make corrections if there are any errors or omissions on this information sheet.