

Feature Sheet

Tips, Example and Definitions

Top 10 reporting tips

Agricorp uses the information you report on your *Year-end Report and Claim Form* to determine any potential 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.

- 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 2020 Production Insurance payment received in 2021 as a 2020 accounts receivable.
- 6. Report bad debts.**
Use line code 9896 "Other (specify)" for bad debts. This is if a bankruptcy or receivership has occurred and/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.



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



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



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.

	2015	2016	2017	2018	2019
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.

	2016	2017	2018	2019	2020
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			
Minimum 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 production margin 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 2021, 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.

Contact us

1-888-247-4999

Fax: 519-826-4118

TTY: 1-877-275-1380

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agricorp.com

contact@agricorp.com

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

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