



FARM MANAGEMENT DEPOSITS

PRODUCT INFORMATION GUIDE

Australian Country Credit Union Ltd trading as Reliance Member Banking

ABN 57 087 650 575 AFSL No. 247466

Issue Date: 30 April 2009

Farm Management Deposit Information Guide

This Guide provides information about Reliance Credit Union's Farm Management Deposit Accounts to help you make an informed decision on whether to open the Account.

The Guide should be read in conjunction with:

- Schedule of Fees and Charges (BRO-405)
- Interest Rate Schedule (BRO-410)
- Availability of Access & Transaction Limits Brochure (BRO-256)

Statements made in the PDS do not constitute advice. We recommend you seek independent financial advice.

Important – Read Documents

Please read the Guide including the Terms and Conditions carefully. Always retain a copy of all Product Guides for future reference. Relevant provisions of the Credit Union Code of Practice also apply to Farm Management Deposit Accounts. You may obtain a copy of the Credit Union Code of Practice on request.

Privacy

We have a Privacy Statement that sets out:

- Our obligations regarding the confidentiality of your personal information; and
- How we manage your personal information.

We will give you the privacy information statement whenever we request personal information from you. It is always available on request.

Cooling-off Periods

There is no cooling-off regime that applies to this Product.

What is a Farm Management Deposit?

The Farm Management Deposit Scheme allows for primary producers to shift before-tax income from years when they need it least, to years when they need it most. Farm Management Deposits provide an important risk management tool to help farmers deal with uneven income, common in agriculture because of market and climate changes.

The scheme allows you to claim a deduction for Farm Management Deposits made in the year you deposit. If you withdraw a Farm Management Deposit, the amount of the deduction previously allowed is included in your assessable income in the withdrawal tax year.

Special Terms and Conditions

- The owner of a Farm Management Deposit must be a primary producer when the deposit is made. The scheme is restricted to natural persons (not companies).
- An individual person must make the deposit. Deposits cannot be made by two or more persons jointly or made on behalf of two or more persons.
- A trustee (including a trustee company) may only hold a Farm Management Deposit where the beneficiary is presently entitled to a share of the income of the trust estate and is under a legal disability.
- The deposit must be made with a single financial institution under an agreement that describes the deposit as a Farm Management Deposit and must meet certain requirements, i.e. all Farm Management Deposits must be held with the same financial institution.
- At Reliance, the initial deposit must be \$10,000 or more, but cannot exceed \$400,000. You can have individual Farm Management Deposits but the sum of all of your Farm Management Deposits must not exceed \$400,000.
- You cannot transfer your deposit rights to another person.
- The deposit must not be used by you or any other person, as security for any amount owed to Reliance, or as a mortgage offset account to reduce your liability to pay interest on other debts to Reliance.
- Interest or other earnings on the deposit must not be invested as a Farm Management Deposit without having been paid to you first.
- The Farm Management Deposit must be repaid if you become bankrupt, die or cease to become a primary producer for at least 120 days or more. Except where the entire amount of your Farm Management Deposit account is repaid by us, the amount of any repayment must be \$1,000 or more.
- At your written request, and upon receipt of any information or other assistance necessary for the purpose, we must electronically transfer the balance of your Farm Management Deposit account to another financial institution that agrees to accept it as a FMD. Reduced interest may apply if the FMD is transferred prior to its maturity date (see General terms and Conditions, section 16).
- The Credit Union cannot deduct any fees from the principal of a Farm Management Deposit, however it may charge fees on the deposit.
- Farm Management Deposits can be for 3, 6, 12 or 24 months, however to retain the taxation benefits, the funds are not to be withdrawn within the first twelve months.

Eligibility for a Tax Benefit

You are entitled to deduct the total dollar amount of deposits made to your FMD account in an income year from your assessable income for the year of the income if:

- You are the owner of the FMD made in the year of income
- Your taxable non-primary production income for the year of income is not more than \$65,000
- You did not die, become bankrupt or cease to be a primary producer for 120 days or more (whether or not falling entirely within the year of income).

The taxation deduction that you claim must not exceed your taxable primary production income for the year of income.

Taxation benefits are not retained for deposits or part of deposits withdrawn in the first twelve months of the deposit being made, unless the withdrawal is made:

- In exceptional circumstances (see below)
- Because the owner dies, becomes bankrupt, ceases to become a primary producer for 120 days or more, or has requested the deposit be transferred to another financial institution.

Taxation benefits are retained for any part of a deposit remaining after a withdrawal in the first twelve months of the deposit being made if:

- It remains in the FMD account for at least twelve months
- The residual amount does not fall below \$1,000.

Withdrawals made twelve months after the date of deposit for which a deduction was claimed are considered to be assessable income. The withdrawal forms part of the instalment income for the instalment period under the Pay As You Go system.

Interest earned on a FMD account is assessable in the year that it is earned.

Exceptional Circumstances

If you have claimed deductions for FMDs made prior to the area being declared to be an exceptional circumstances (EC) area, you will be able to retain the tax benefit of the deduction in the income year when the deduction was claimed where an early withdrawal has been made if you:

- Have a primary production business wholly or partly in an area that is declared as being in EC, and
- Obtain an EC certificate.

The ability to withdraw deposits early only applies to deposits made before the area was declared to be an EC area.

The Minister for Agriculture, Fisheries and Forestry is able to declare an area as being in exceptional circumstances. A list of areas that have been declared as being in an EC area can be found on the Department of Agriculture, Fisheries and Forestry website at www.daff.gov.au/droughtassist

An EC declaration will allow eligible primary producers who have an EC certificate access to their FMDs within twelve (12) months of deposit and retain their tax benefits.

An EC certificate is provided by Centrelink. The certificate is issued for a specified period for the person and relates to your primary production activities.

You will have until three (3) months after the income year of the withdrawal to obtain this certificate. This ensures that you will be able to take advantage of the EC concession prior to the certificate being provided.

Failure to obtain an EC certificate will mean that you will be unable to retain the deduction in your income tax return if an early withdrawal has been made.

Any subsequent deposit made in the income year a withdrawal is made, is considered as never to have been a FMD.

The ability to access deposit early applies to withdrawals made on or after 1 July 2002.

Exceptional Circumstances (cont'd)

To find out if your area has been declared to be in exceptional circumstances:

Visit the website of the Australian Government Department of Agriculture, Fisheries and Forestry at www.daff.gov.au/groughtassist

Phone the Centrelink Drought Assistance Line on 13 23 16, or

Phone the Australian Government Regional Information Service on 1800 026 222.

If you need an exceptional circumstances certificate, phone the Centrelink Drought Assistance Line on 13 23 16.

Providing a Tax File Number

When you apply for membership of Reliance Credit Union we will ask you for your Tax File Number or exemption. We apply your Tax File Number to each account that you open with the Credit Union. You are not obliged to disclose your Tax File Number to us. However, if you do not, we are obliged to deduct withholding tax from any interest you earn at the highest marginal rate.

The deduction of withholding tax will form part of your normal income tax, just as when your employer deducts tax from your salary or wages. When you fill out your tax return, including your interest earned along with your regular income, you can claim the withholding tax paid on the interest as tax already paid, together with the tax your employer deducts from your salary or wages.

If you give us your income tax file number, we will not deduct withholding tax on interest that you earn on your account. However, you will still be required to disclose interest as income when you complete your tax return at the end of the financial year.

For business accounts, clubs, associations and charities, you need only quote your ABN instead of your Tax File Number.

General Terms and Conditions

1. Definitions

“Farm Management Deposit (FMD)” is a deposit where you agree to leave your funds with us for a fixed term.

“we”, “us”, “our” “ours” and “the credit union” means Australian Country Credit Union Ltd trading as Reliance Member Banking ABN 57 087 650 575.

“you”, “your” and “yours” means the Account holder and, if more than one, means each of you individually.

A “primary producer” is an individual who:

- Has a primary production business in Australia, but not as a trustee of a trust estate
- Is a partner (not a company) in a partnership that has a primary production business in Australia, or
- Is a beneficiary (not a company) who is presently entitled to a share of the income of a trust estate where the trustee has a primary production business in Australia.

“Primary production business” means where you carry on a business of:

- Cultivating or propagating plants, fungi or their products or parties (including seeds, spores, bulbs and similar things), in any physical environment
- Maintaining animals for the purpose of selling them or their bodily produce (including natural increase)
- Manufacturing dairy produce from raw material that you produced
- Conducting operations relating directly to taking or catching fish, turtles, dugong, beche-de-mer, crustaceans or aquatic molluscs
- Conducting operations relating directly to taking or culturing pearls or pearl shell
- Planting or tending trees in a plantation or forest that are intended to be felled

- Felling trees in a plantation or forest
- Transporting trees, or parts of trees, that you felled in a plantation or forest to the place where they are to be milled or processed, or from which they are to be transported to the place where they are first to be milled or processed.

“maturity date” means the date on which the term of a Farm Management Deposit matures.

- 2. Different rates apply** to different amounts and different terms. Please refer to our “Interest Rate Schedule” for details.
- 3. General Information:** We draw your attention to the availability of general information about our products and services and about your rights to privacy, issues relating to tax file numbers, joint accounts, complaint handling, account opening procedures, our obligations regarding management of personal information, our right to combine accounts, Credit Union Corporate Cheques, the advisability of you informing the credit union promptly if you are in financial difficulty and any matters which are set out in our other brochures. You can obtain this general information by referring to the “Product Information Guide – Accounts and Access Facilities”.
- 4. Credit Union Code of Practice:** The relevant provisions of the Credit Union Code of Practice apply to Fixed Term Deposits.
- 5. Fees** may be payable in certain circumstances. Please refer to our Schedule of Fees and Charges.
- 6. Notification:** A certificate will be forwarded to you upon receipt of the Farm Management Deposit and upon renewal.
- 7. Maximum and Minimum Amounts** We have the right to refuse to accept any deposit and may set maximum and minimum amounts for deposits and terms.
- 8. Increase in Amount of Deposit:** Farm Management Deposits can only be increased at maturity.
- 9. The interest rate** on a Farm Management Deposit will not change during the term of the deposit. If we quote you an interest rate, the rate may differ if the deposit is not made on the same day.
- 10. Interest:** Interest will be calculated on daily closing balances and paid at maturity as agreed between you and us, depending on how much you invest and for how long.
- 11. Interest at Maturity:** Your interest must be paid to you by cheque or paid to a nominated account you have with us.
- 12. Cheques Require Clearance:** Cheques deposited may require clearance but if cleared, interest will accrue from the date of lodgement.
- 13. At maturity,** unless instructions to the contrary are received in writing from the member, on or before the date the deposit matures, the Credit Union may renew the deposit for a similar fixed period at the same interest payment arrangement as initially nominated, at the applicable rate.
Reliance Credit Union is not required to advise you that your Farm Management Deposit is due for maturity as the maturity date is clearly indicated to you when the Term Certificate is issued to you. It is your responsibility, prior to maturity, to seek current investment rates, and to advise instructions if appropriate.
- 14. On renewal** of a Farm Management Deposit the interest rate will be changed to the rate current as at the maturity date and the Farm Management Deposit is reinvested for the further term.
- 15. Not Re-investing:** Should you decide not to re-invest your Farm Management Deposit, it will be paid to a savings account that you have with us, or by cheque made payable to the account holder’s name.

16. Early Withdrawal: All or part of the funds may be withdrawn before the end of the term period if notification is received in writing. However, the interest rate will then revert to that payable for the S1 Multi-Access savings account, on the amount withdrawn from the commencement of the term period.

In the event of the death of a depositor, early withdrawal is permitted without penalties.

Tax implications may apply if withdrawn within the first twelve months.

17. Account Statements will be provided at least quarterly and may also be obtained on request. (Fees may apply – please refer to the *Schedule of Fees & Charges*.)

18. Information on current fees, charges and interest rates is available on request or can be viewed at www.reliance.com.au.

19. We May Change Terms and Conditions, introduce a fee or charge or change any fees and charges applying to Fixed Term Deposits at any time.

20. Changing Fees, Charges, Interest Rates and Other Information

We may change fees, charges, interest rates and other information at any time. The following table sets out when and how we will notify you of any change. Please refer to Clause 24 – Notices & Electronic Communication.

Type of Change	Notice We Must Give	Manner of Giving Notice
a. increasing any fee or charge	30 days	in writing
b. adding a new fee or charge	30 days	in writing
c. changing the minimum balance to which an account keeping fee applies	30 days	in writing
d. changing the method by which interest is calculated	30 days	in writing
e. changing the frequency with which interest is credited or debited	30 days	in writing
f. changing the balance ranges within which interest rates apply	30 days	in writing
g. increasing your liability for losses in relation to EFT transactions	20 days	in writing
h. imposing, removing or adjusting daily or periodic limits in relation to EFT transactions <i>Note: If you do not want your daily limit on transactions via BPAY[®] or Visa Card or Redicard to be increased, you must notify us before the effective date of the change.</i>	20 days	in writing
i. changing interest rates (other than interest rates linked to money market)	day of change	in writing or advertisement in the media

Type of Change	Notice We Must Give	Manner of Giving Notice
rates or some external reference rate)		
j. changing any other term or condition	day of change	in writing or advertisement in the media

21. Change of Address: If you change your name or address let the Credit Union know immediately. If you change your address or email address and do not tell us, you are considered to be notified if we write to the old address or the old email address.

22. Account Combination

If you have more than one account with us, we may apply a deposit balance in any account to any other deposit account in the same name, which is overdrawn.

On termination of your membership, we may combine all your accounts (whether deposit or loan accounts) you have with us provided the accounts are all in the same name, i.e. the Credit Union may set off the credit balance of any of your deposit accounts and the value of your membership share against any debt owing by you from time to time.

The Credit Union shall advertise this right of account combination at least once in every twelve (12) month period. We will not combine accounts if to do so would breach the Code of Operation for Centrelink Direct Credit Payments.

We will give you written notice promptly after exercising any right to combine your accounts.

24. Notices & Electronic Communication

We may send you notices and statements:

- by post, to the address recorded in our membership records or to a mailing address you nominate;
- by fax;
- by email.

We will only use fax or email if the law permits and you have nominated a fax number or electronic address for this purpose. We may also send you notices and statements by some other way that you have agreed to.

If you agree, we may, instead of sending you a notice or statement, post notices or statements to our website for you to retrieve. However, we have to tell you promptly, via email, that the information is available for you to retrieve.

You can vary your nominated email address at any time or cancel arrangements to receive notices or statements by email or by retrieval from our website.

Commission

There are no commissions or other payments, which may impact on the amount of your return.

If You Have a Complaint

If you have a concern or complaint about any Reliance Product or Service, you should contact us. We have a dispute resolution system to deal with any complaints you may. Our dispute resolution policy requires us to deal with any complaint efficiently, speedily and sympathetically. If you are not satisfied with the way in which we resolve your complaint, or if we do not respond speedily, you may refer the complaint to an external and independent third party for resolution. The Credit Union is a member of the Financial Ombudsman Service (FOS), an independent third party, who investigates disputes on behalf of Credit Union members.

If you want to make a complaint, contact one of our staff at any Membership Centre and tell them that you want to make a complaint. Our staff have a duty to deal with your complaint under our dispute resolution policy. Our staff must also advise you about our complaint handling process and the timetable for handling your complaint. We also have an easy to read guide to our dispute resolution system available to you on request.

Further Information

Please contact Reliance for further information in relation to this Product Information Guide and its contents.

How to Contact Us

Registered Office:	203-209 Russell Street Bathurst NSW 2795
Mail:	Australian Country Credit Union Ltd PO Box 330 Bathurst NSW 2795
Phone:	13 24 40 or 1800 222 626 (from outside NSW)
Fax:	1800 022 055
Email:	admin@reliance.com.au
Website:	www.reliance.com.au
Membership Centres:	Bathurst, Blayney, Dubbo, Kandos, Oberon, Parkes, Parramatta, Sydney (City)
Agencies:	Eugowra, Gulargambone, Trundle

