

NISA CONTACT



Newsletter for the Net Income Stabilization Account (NISA) Program

June 2002

NISA Mandatory Withdrawals

There are two circumstances where you will receive a NISA withdrawal without making a withdrawal request on your DWON response:

Your NISA account is subject to an **Account Balance Limit** equal to 1.5 times your average **Eligible Net Sales (ENS)** for the most recent five years. Once your account balance has reached the limit, you cannot make any further deposits or receive government matching contributions. Any interest earned on your account will be paid to you. Your account balance limit appears in **Box C** of your DWON.

When your NISA account balance exceeds your average ENS from your most recent five years, you may refuse to withdraw your full withdrawal entitlement **only once every five years** while your account remains above this level. The first year that your account reaches this level, *you will receive a message on your DWON*. If you do not withdraw your full entitlement for that year and if your account balance continues to exceed your average ENS, then you will be issued a mandatory withdrawal from your account the next time you trigger a withdrawal.

For further details, please refer to the **NISA Handbook**, toll-free line or website.

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NISA Administration
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Don't forget...

Every year thousands of first time applicants miss out on program benefits just because they have not opened a NISA account at a financial institution.

Don't let this happen to you! Until you open a NISA account with one of the 23 participating financial institutions, you are ineligible for the NISA program and its benefits. Check the NISA website for a list of participating financial institutions.

Life after DWON

What happens to your DWON Response at the NISA Administration?

Withdrawals

Whether received by phone or mail, your DWON is keyed into the system by a NISA Account Manager who will check that all prior years have been processed and that the request is possible based on your account balance and on program guidelines.

Once checked, your withdrawal request is quickly processed. The NISA Administration is committed to issuing withdrawals within 30 days of the date we received your request - but the average turnaround time is even better, at about 20 days. A random sample of withdrawal requests (and those for very large amounts) may be audited internally to ensure program integrity.

Deposits

After making your deposit, the financial institution will submit a Monthly Activity File (MAF) to NISA which is automatically loaded into our system and matching contributions are automatically credited to your account.

You will receive a confirmation notice from NISA after every deposit or withdrawal.
Any questions regarding your DWON can be directed to the NISA toll-free line.

Retiring?

Results from the 2000 NISA Client Survey revealed that participants wanted more information on what happens to their account when they retire. You can continue to participate in NISA as long as you report farming income and expenses for tax purposes. Once you are no longer farming, please follow these steps in order to close your account:

- **Send a letter** to NISA clearly indicating that you wish to close your account. Be sure to include the following information:
 - Name, address and current date
 - NISA PIN
 - Your signature or that of your designated representative
 - Specify how you want your account paid out (lump sum payment or instalments)
- Before you close your account, **contact the NISA Administration** regarding your current year DWON (if applicable).

Call the NISA toll-free line or visit our website for more information. Your financial advisor or accountant will also be able to assist you.

NISA Facts

Everyone has questions about the NISA program. In order to help explain some of the program details, the Administration has put together a series of Fact Sheets on the following topics:

- ◆ The NISA Account Balance Limit
- ◆ Closing Your NISA Account
- ◆ What happens to a NISA account upon the death of a participant?
- ◆ "Deeming" a NISA Deposit
- ◆ Stabilization Trigger Adjustment for Expanding Farm Operations
- ◆ Interim Withdrawals 2002 - for Individuals and for Corporations/Co-operatives
- ◆ Value Added to Commodities Not Produced on Your Farm
- ◆ NISA Point of Sale Guidelines
- ◆ Transferring an Individual Account to a Corporate Account
- ◆ Canada-Ontario Seed Deduction Program
- ◆ Tax treatment of NISA Withdrawals
- ◆ Withdrawing funds from your NISA account

You can view the fact sheets at:
www.agr.gc.ca/nisa/facts.html
or call the NISA toll-free line to request a copy.

Contact the NISA Program at:

600 - 200 Graham Avenue
P.O. Box 6100
Winnipeg, Manitoba
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Fax: (204) 984-3717

Application Deadlines

Full Entitlement Deadline
June 15, 2002 (individuals)
June 30, 2002 (corporations/cooperatives)

Reduced Entitlement Deadline
December 31, 2002
All applications postmarked after the full entitlement deadline up to and including December 31 will be subject to a 5% per month reduction in deposit entitlements.

NISA Interim Withdrawals

Last year, 765 producers received **Interim Withdrawal** from their NISA accounts for their 2001 crop year. Using the Interim Withdrawal feature, producers were given early access to over \$19.5 million.

- Once you receive your 2001 DWON, you may apply for an Interim Withdrawal for the 2002 stabilization year. Corporations/Cooperatives with a non-calendar fiscal year end can also request a withdrawal for the 2003 stabilization year.
- Simply call NISA at **1-800-665-6472** to request an application. Then, estimate what you think you would receive for the 2002 stabilization year (or 2003 for corporations or cooperatives with a non-calendar fiscal year end).

The deadline for submitting an Interim Withdrawal request is **March 1, 2003**. For corporations and cooperatives with a non-calendar fiscal year end, 2003 Interim Withdrawal applications are due by **March 1, 2004**. If you receive an Interim Withdrawal, you must submit your final application by the December 31 deadline for that stabilization year.

Interim Withdrawal payments are issued within 30 days of receipt of your application.

Questions?

Our toll-free lines are open from 8 a.m. to 5 p.m. (CST). For reasons of confidentiality, we ask that you have your PIN number ready and a copy of your NISA statement (or your tax form) when you call our toll-free lines. For service in English, call us at **1-800-665-6472 (NISA)**.

Visit the NISA Program website at www.agr.gc.ca/nisa