



CONTACT

Newsletter for the Net Income Stabilization Account (NISA) Program

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NISA - Frequently Asked Questions

Q: Is the NISA program changing?

A: NISA will stay the same for the 2002 stabilization year, which means you can still apply for the 2002 program, make deposits, request withdrawals and receive government contributions until December 31, 2003.

The new Canadian Agricultural Income Stabilization Program (CAISP) is being introduced for the 2003 program year. Federal, provincial and territorial governments are working to finalize changes to agriculture programs as part of the new Agricultural Policy Framework (APF). You will receive information on the new program and the steps you need to take to apply, as soon as the details are finalized.

Q: What happens to the money in my NISA account?

A: You will continue to own all of the government funds in your current account.

Read the feature article on 'Wind-down of existing NISA accounts' for important news.

Wind-down of existing NISA accounts

The wind-down of NISA begins March 31, 2004. New rules will soon be in place which will make it easier for you to sign up for the new Canadian Agricultural Income Stabilization Program (CAISP) and to wind down your existing account. These new rules are expected to take effect in Fall 2003.

Interest on your Fund 1 account will continue to be paid by your bank or credit union while the account is winding down, but the *bonus interest* paid by governments will no longer be paid, effective **December 31, 2003.**

Your NISA account includes:

- **Fund 1** - your deposits
- **Fund 2** - government contributions and interest

Timetable

Once you have completed your 2002 NISA account transactions (deposit, withdrawal, deeming), you can close your account and withdraw the balance in full, or you can withdraw the balance over several years.

You will be able to transfer all or part of your existing Fund 1 money into your CAISP account. More information will be provided to you as details are finalized.

However, if you choose to close your NISA account before the new process is in effect, the current rules for closing your account will apply. Under the current rules, withdrawals are always issued from the taxable portion of the account (Fund 2) before the non-taxable portion of the account (Fund 1).

Tax Treatment

To make tax planning easier, the new process will allow you more flexibility for winding down your account. When the new rules are in place, you can choose to access your entire account balance immediately, or have it paid out in instalments. If you decide on instalments, payments from Fund 2 will be equalled by payments from Fund 1, until both funds are paid out. These changes will enable you to spread the tax liability of Fund 2 over a period of several years.

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Contact NISA at:

1-800-665-6472 (NISA)

Fax: (204) 984-3717



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NISA Administration
600 - 200 Graham Avenue
P.O. Box 6100
Winnipeg, MB R3C 4N3

Address label here

Final 2002 NISA Deadline: December 31, 2003

Many producers have contacted us recently with questions about the future of the NISA program. The Canadian Agricultural Income Stabilization Program (CAISP) is being introduced for the 2003 year. However, you will not have to take steps to apply for the new program until Fall 2003.

In the meantime, NISA applications for 2002 are now available. The 2002 Farming Income and NISA Joint Forms Package for individuals is available at Canada Customs and Revenue Agency (CCRA) offices and online at www.ccradrc.gc.ca/formspubs.

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Wind-down of Accounts

The Administration will take note of your Fund 2 balance on March 31, 2004. This balance helps determine your minimum withdrawal each year.

Each year of the wind-down you must withdraw:

*At least 20 per cent of your
March 31 2004 Fund 2 balance
plus
The equal amount from Fund 1.
plus
Interest added during the year*

Your entire NISA account must be closed out by March 31, 2009.

The schedule for withdrawals is as follows:

March 31, 2005

- Fund 2 balance reduced to 80 per cent

March 31, 2006

- Fund 2 balance reduced to 60 per cent

March 31, 2007

- Fund 2 balance reduced to 40 per cent

March 31, 2008

- Fund 2 balance reduced to 20 per cent

March 31, 2009

- Account is closed.

You may choose to withdraw more than 20 per cent per year. For example, you may choose to reduce Fund 2 by 40 per cent by March 31, 2005 and not withdraw in 2006.

You can find corporate forms and guides on the NISA Web site at www.agr.gc.ca/nisa or call our toll-free line at 1-800-665-6472.

Remember to open an account at a participating bank or credit union by the deadline indicated on your Deposit/Withdrawal Options Notice (DWON) if you are a new or rejoining participant. **Apply now to maximize your NISA benefits:** 2002 NISA applications will be accepted until December 31, 2003. There is a five per cent reduction per month to your NISA entitlement after June 15, 2003 (individuals) or June 30, 2003 (corporations).

Interim Withdrawals Available for 2003

While the Canadian Agricultural Income Stabilization Program for 2003 is being finalized, you can have early access to the money in your NISA account by requesting an interim withdrawal.

Interim withdrawal amounts are estimates of your 2003 withdrawal triggers calculated under the existing program rules i.e., the stabilization and minimum income triggers.

To request an interim withdrawal for 2003,

- your 2002 NISA application must have been processed and you must have received your Deposit/Withdrawal Options Notice;
- you must estimate your withdrawal entitlements for 2003 and submit this information using the Interim Withdrawal Application;
- your interim withdrawal cannot exceed your account balance.

Available Now 2002 Disaster Program Applications

The Canadian Farm Income Program (CFIP) is a national program designed to assist you if you have experienced a sudden and severe drop in farming income for reasons beyond your control.

If you live in Saskatchewan, Manitoba, Nova Scotia, New Brunswick and Newfoundland, you can request an application by calling 1-888-343-1064 or via the CFIP Web site at www.agr.gc.ca/cfip. You may also link to the application from the NISA Web site at www.agr.gc.ca/nisa.

The CFIP application deadline is October 1, 2003.

In British Columbia, Alberta, Ontario, Quebec and Prince Edward Island, CFIP is delivered provincially. Please contact your local provincial agriculture office for more information.

Notice Account Adjustments

If you need to request a change to the financial information reported on a 2002 or prior year application, you have until December 31, 2003 to submit your change. After this date, adjustments will not be accepted. Adjustment Request Forms are available online at www.agr.gc.ca/nisa or by calling 1-800-665-6472.

More Info The APF

Visit the Agricultural Policy Framework (APF) Web site at www.agr.gc.ca/puttingcanadafirst or call 1-800-0 Canada [1 800-622-6232].

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Fax: (204) 984-3717

600-200 Graham Avenue
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www.agr.gc.ca/nisa

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 personal identification number ready and a copy of your NISA statement (or your tax form) when you call our toll-free lines.