

Farm Management Deposit Term Deposit Terms and Conditions

Effective date: **4 June 2011**

These terms and conditions apply to Farm Management Deposit (FMD) Term Deposits and should be read in conjunction with our Product Guide, Fees and Charges booklet and SmallBiz Accounts Interest Rates Schedule. Together they form the Terms and Conditions that apply to your account. To obtain a current copy of these documents call in to your nearest Branch, phone our Member Contact Centre on 13 25 85, or visit our website.

The Farm Management Deposit Term Deposit is no longer available for new accounts.

1 SPECIFIC TERMS AND CONDITIONS

1.1. Purpose of farm management deposit scheme

The FMD scheme was established by the Income Tax Assessment Act (1936) (the Act). It is designed to allow primary producers, with taxable non-primary production income, to shift before-tax income from years when they need it least to years when it is most needed. The scheme helps primary producers manage their exposure to adverse economic events and seasonal fluctuations.

Eligibility criteria apply to primary producers under the scheme.

1.2. Important requirements for farm management deposits

The following terms and conditions must apply to your FMD Term Deposit for it to qualify as an FMD for the purposes of the FMD scheme. A breach of these special terms and conditions will result in the deposit, or some of the deposit, of your FMD Account not qualifying as a FMD, and the tax benefits will be lost.

You must read this section carefully. To the extent that you control these, you must ensure the following special terms and conditions are complied with. Failure to comply

with any of these conditions may result in the deposit, or some of the deposit, being taken not to be, and (if appropriate) never to have been, a FMD.

- You must be a primary producer when the deposit is made.
- Your FMD Term Deposit account can be opened by only one person and on behalf of only one person. The account cannot be held jointly, or otherwise with any other person.
- The deposit must not be made:
 - (i) by a trustee of a trust estate on behalf of a beneficiary, unless the beneficiary is presently entitled to a share of the income of the trust estate and is under a legal disability; or
 - (ii) otherwise by a person in his or her capacity as a trustee.
- A deposit made to your FMD must be \$1,000 or more.
- The total amount deposited to your FMD at any one time must not be more than \$400,000, and the total balance of all of your FMD accounts must not exceed \$400,000 at any time.
- You must not, at any time while you hold an FMD with us, hold a FMD with any other financial institution.
- Your rights as depositor in respect to your FMD are not, and must not be, transferable to another person.
- A charge or encumbrance must not be created over your FMD as security for any amount owed to us or any other person by you or any other person.
- Your FMD must not be used, as a mortgage offset account or otherwise, to reduce your liability to pay interest on other debts to us.
- Interest or other earnings on your FMD deposit must not be invested as an FMD with us without having first been paid to the depositor.

In addition to the above, the following special conditions must apply to your FMD Term Deposit, and we will comply with them:

- We must repay your FMD if:
 - (i) you die;
 - (ii) become bankrupt; or
 - (iii) you cease to be a primary producer for at least 120 days.
- Except where the entire amount of your account is repaid by us, the amount of any repayment must be \$1,000 or more.

- At your written request, we must electronically transfer your FMD to another financial institution that agrees to accept it as a farm management deposit.
- We must not deduct any fees from the principal of a farm management deposit. However, we may charge fees on the deposit.

1.3. Tax consequences of farm management deposits

Operating a FMD may impact your assessable income for taxation purposes, therefore is important that you seek your own independent tax advice prior to acquiring or operating an FMD.

You can deduct the amount of deposits made to your FMD Account in an income year from your assessable income for the year of the income if:

- your taxable non-primary production income for the year of income is not more than \$65,000; and
- you did not during the year of income:
 - (i) become bankrupt; or
 - (ii) 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 as defined by the Act;
- because the owner:
 - (i) dies;
 - (ii) becomes bankrupt; or
 - (iii) has requested the deposit be transferred to another financial institution.

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.

If you have not quoted your tax file number or Australian Business Number us, the amount withdrawn will also be subject to withholding at a rate equal to the sum of the top marginal tax rate and the Medicare levy.

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

1.4. Product Comparison Table – features and access methods

Product Features	
Available to:	Not available for new deposits
INTEREST	
Calculated daily	✓
Paid	6 monthly
Fixed/Variable	Fixed
Tiered/Stepped	Tiered
Payment method	Interest must be credited to another account with us
Statement frequency	6 monthly

Access Methods	
Electronic access	
Internet Banking	View only
Mobile Banking	
Telephone Banking	
Cheques	
Member chequing - personal cheque book	✘
Corporate cheques	At maturity only
Over the Counter	
Deposit cash and cheques	✓
Withdraw cash	✘
Transfer funds to another account	At maturity only
Member Contact Centre	
Transfer funds to another account, to another financial institution or overseas	✘

✓ = Available ✘ = Not available

2 Specific Fees and Charges

2.1 Transaction fees and charges

No service fees or transaction fees apply to FMD Term Deposits. Other fees and charges may be incurred when particular services are requested.

The Term deposit fee may apply if you redeem your FMD Term Deposit prior to the maturity date. You should refer to the current Fees and Charges Booklet for general fees that may apply to your account.

Fees and charges incurred will be debited to another account you hold with us on or after the day we incur them or on or after the day the service or event to which the fee relates is requested by you or occurs.