

MEDIA RELEASE
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Rural Bank launches new Farm Management Deposit Offset Account
First to market product to change the way farmers manage cash flow

Rural Bank has released its new Farm Management Deposit (FMD) Offset Account, the first of its kind to market, following the legislative amendments to the Commonwealth FMD scheme earlier this year.

An FMD is a deposit tailored specifically for farmers to deal more effectively with cash flow fluctuations. The scheme allows farmers to set aside and earn interest on pre-tax income from profitable years, and draw down on it when needed most, while gaining potential tax advantages at the same time.

The legislative changes to FMD criteria and benefits recognise the seasonal challenges of Australian farming and enhance this valuable tool to manage risk and plan for the future.

The new Rural Bank FMD Offset Account allows primary producers to offset funds held in an FMD account against the balance of an eligible variable rate Rural Bank Term Loan, which may assist in reducing primary production business funding costs.

Additional benefits of the new Rural Bank FMD Offset Account include:

- No notice period if access to FMD funds is required
- One low upfront linkage fee per Offset Account, and no ongoing fees

Rural Bank Chief Financial Officer, Will Rayner, said the new Rural Bank FMD Offset Account was a strong example of how the Bank was working to provide innovative financial solutions to support farmers and give them greater control of their finances.

“Australia has virtually the lowest level of farmer policy assistance in the OECD, at three per cent of Australia’s gross farm receipts. Australia sits well below the OECD and EU’s average of around 20 per cent, and the US and Canada at around 10 per cent,” Mr Rayner said.

“With this context, it is appropriate that policy makers and industry consider ways to back innovation and assist farmers to overcome income volatility.

“While Australian farmers are some of the most innovative and resilient farmers in the world, they rely on financial innovation and partnerships. Our new FMD Offset Account will provide farmers access to the right financial levers to help them ride out bumps from season to season.”

For more information about eligibility criteria and the FMD options available through Rural Bank or Rural Finance, and Rural Bank’s regional distribution partners, Elders and Bendigo Bank, visit www.ruralbank.com.au or www.ruralfinance.com.au.

For information about FMD eligibility, visit www.agriculture.gov.au or www.ato.gov.au.

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NOTES TO EDITORS

About Rural Bank

Rural Bank has been a wholly-owned subsidiary of Bendigo and Adelaide Bank Limited since 2010 and is the only Australian-owned and operated dedicated agribusiness bank in the country. Rural Bank is backing farmers and farming communities by providing them with specialist financial tools, industry insights and investment into the future of the Australian agribusiness sector.

Key changes to the Farm Management Deposit scheme

New legislative changes introduced in July 2016 allow farmers to:

- Double the maximum amount they can hold in FMDs, from \$400,000 to \$800,000
- Use FMD balances as an offset against bank loans relating to the farm business, in order to reduce interest costs
- Access funds in times of severe drought without impacting the tax treatment of their FMD

Rural Bank FMD Offset Account eligibility

- Legislative and bank eligibility criteria apply
- Customers should seek independent financial advice before applying for a Rural Bank FMD Offset Account
- FMD offset accounts can only be linked to eligible variable rate Rural Bank Term Loans
- FMD offset linkage fee applies for each FMD offset account linked to an eligible Rural Bank Term Loan

ⁱ http://farminstitute.org.au/ag-forum/australia_still_at_the_bottom_when_it_comes_to_farm_subsidies