

Will I receive a tax notice regarding my patronage refund?

Each January, United FCS will send an IRS Form 1099-PATR to you. This form will show the total of all patronage refunds issued to you during the previous calendar year.

Is there a minimum level for patronage checks to be issued?

The minimum level of \$15 has been established.



Although your Association intends to pay patronage to eligible shareholders, it has no obligation to do so; and the receipt of patronage in any year should not be construed as a guarantee of the receipt of patronage in future years. The information in this brochure is intended only as a summary of the basic framework on the patronage program and does not address all situations nor all aspects of the program.



United FCS Office Locations

ANTIGO

2616 U.S. Highway 45
Antigo, WI 54409-2917
(715) 623-7644
(800) 324-5755
Fax: (715) 623-7646

LITCHFIELD

1725 U.S. Highway 12E
Suite 200
P.O. Box 128
Litchfield, MN 55355-0128
(320) 693-7953
(800) 450-7953
Fax: (320) 693-7954

MADISON

112 5th Avenue
P.O. Box 148
Madison, MN 56256-0148
(320) 598-7505
(800) 450-7505
Fax: (320) 598-7507

MARSHALL

302 O'Connell Street
Marshall, MN 56258-2638
(507) 532-5751
(800) 450-5751
Fax: (507) 532-9113

MARSHFIELD

1207 North Central Avenue
P.O. Box 1080
Marshfield, WI 54449-1080
(715) 387-3765
(800) 324-5752
Fax: (715) 389-1535

MEDFORD

600 S. 8th Street
P.O. Box 466
Medford, WI 54451-0466
(715) 748-3270
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OLIVIA

1815 West Lincoln Avenue
P.O. Box 126
Olivia, MN 56277-0126
(320) 523-1216
(800) 450-1216
Fax: (320) 523-1286

REDWOOD FALLS

161 County Highway 101
P.O. Box 160
Redwood Falls, MN 56283-0160
(507) 637-8721
(800) 450-8721
Fax: (507) 637-8162

STEVENS POINT

1216 Wildwood Drive
Stevens Point, WI 54482-9374
(715) 344-1000
(800) 324-5754
Fax: 715-344-8153

THORP

204 East Liberty Drive
P.O. Box 330
Thorp, WI 54771-0330
(715) 669-5911
(800) 324-5758
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WAUSAU

611 South 32nd Avenue
P.O. Box 1089
Wausau, WI 54402-1089
(715) 842-4631
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Admin. Fax: (715) 842-9561
Retail Fax: (715) 848-9334

WILLMAR

3881 Abbott Drive
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Willmar, MN 56201-1330
(320) 235-1771
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CORPORATE OFFICE

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CASH PATRONAGE



Supporting Agriculture and Rural Communities



Since 2002, we've returned over
\$50 million
to our customers/owners.

www.unitedfcs.com

United FCS Cash Patronage Program

What it means to you.

United FCS is a financial services cooperative that extends credit and financially related services to rural America. United FCS (ACA, PCA, FLCA) is part of the National Farm Credit System. When you obtain a United FCS loan, you become a member of your local Association.

A cooperative differs from other types of businesses in that the owners and customers are the same people - the members. The members benefit from the successful operation of the cooperative.

One of the most important benefits of being a United FCS member/borrower is the ability to share in the earnings of the cooperative. Most businesses return some of their earnings to their investors - not to their customers. United FCS has the opportunity to annually return some of the earnings back to its customers - the members. That's the cooperative way of doing business.

What is a cash patronage refund, and how is it calculated?

A cash patronage refund is a way of distributing a portion of the Association's annual net income to members/borrowers.

A borrower's patronage refund is based on the borrower's percentage of the total net interest income earned by the Association.

How is my patronage refund issued?

Currently, it is the practice of the Association to only issue patronage 100 percent payable in cash.

When will I receive my cash patronage refund?

If a patronage refund is declared, it must be paid before September 15th. Our goal is to distribute all patronage checks no later than the end of March.

Do all loans qualify for a patronage refund?

At this time, all qualified accrual loans to stockholders qualify for a patronage refund. Loans that are not in good standing are not eligible.

As a United FCS member in good standing, you are eligible to receive cash patronage refunds on eligible loans.

Are earnings from other services included in patronage refunds?

The more earnings the Association generates from other (non patronage) sources - including products such as crop insurance, life insurance, farm cash management, tax preparation, farm accounting services, and consulting - the greater the potential for larger and/or continued patronage refunds on eligible loans.

How do patronage refunds benefit United FCS borrowers?

If declared by your Board, patronage refunds benefit borrowers by reducing their cost of borrowing. United FCS charges competitive rates on its loans - rates comparable to those charged by other lenders for similar loans.

A major difference between United FCS and other lenders is that as a cooperative, United FCS has the ability to return a portion of its earnings to its borrowers. When you receive a patronage refund from United FCS, your effective cost of borrowing is reduced.

One of the basic cooperative principles is that members derive benefits based on their usage of the cooperative's services. Because United FCS can distribute patronage refunds based on the amount of net interest contribution on each member's loan, the more eligible business you do with United FCS, the larger your potential refund.

Why doesn't the Association just lower the interest rate charged to borrowers instead of paying patronage?

By federal regulation, the Farm Credit System is not allowed to charge below market interest rates; however, we can charge market rates and return a portion of the interest paid in the form of patronage.

