



# CHS INDIVIDUAL PRODUCER EQUITY: WHAT YOU NEED TO KNOW

## What's changing?

The CHS Board of Directors has approved revisions to the company's equity program which revise the company's equity redemption policy for individual owners. The CHS Board's goals are to achieve consistency between equity redemption programs for member cooperatives and individual producer owners; to simplify the current program and to increase cooperative value for younger producers.

## Comparison of current and new CHS Individual Producer Equity Redemption policies:

Previous	Effective with fiscal 2016
CHS pays equity to individuals at age 70 or older, as applied for.	<ul style="list-style-type: none"> <li>• New policy adds an "age of equity" method for redeeming individual owner equity, to the existing "age of producer" equity program in place for many years.</li> <li>• At its discretion, the CHS Board may implement a future one-time redemption to bring eligible active individual redemptions current to the same age of equity year as member cooperatives.</li> <li>• Remaining equity balance redeemed on age of equity method, the same program/percentage used for member cooperatives, or redeemed in full at age 70 upon application.</li> </ul>
CHS pays 100 percent cash patronage to individual owners on business conducted after age 70.	<ul style="list-style-type: none"> <li>• All eligible individual producer-members, regardless of age, will receive patronage distributions and equity redemptions using the same ratios set for member cooperatives. This includes, as determined by the CHS Board, equity redemptions based on the "age of equity" method.</li> <li>• Individual owners who conduct business <i>after</i> reaching age 70 and redeeming their equity will receive patronage distributions using the same ratio of cash and patronage as set for member cooperatives and other individual producer members.</li> <li>• No 100 percent cash redemptions after Sept. 1, 2016.</li> <li>• Outstanding equity balances will be redeemed on age of equity method or redeemed in full to an estate upon application.</li> </ul>
CHS pays equity to estates, as applied for. CHS Board establishes annually amount authorized for redemption of equity to individual owners at age 70 and estates.	<ul style="list-style-type: none"> <li>• Estates continue to be paid, as applied for. Board establishes annually the amount authorized for the redemption of equity to individual owners at age 70 and estates</li> </ul>

## What's next?

Individual equity balances will be revolved on an age of equity method, following the same program and percentages used for CHS member cooperatives. In addition, the CHS Board may implement a future one-time redemption to bring eligible active individual members current to the same age of equity year as member cooperatives.

### **How does the CHS Board determine how much equity it will redeem in a particular year?**

Each year the CHS Board of Directors, based on the previous fiscal year's performance, company objectives and other factors, determines an amount to be used for redemption of previously earned owner equity.

### **I will turn 70 next year, but I plan to keep farming and doing business with my CHS location. How does this affect me?**

When you turn age 70, you may still apply to receive redemption of all outstanding equity. After this redemption, if you continue to do business with CHS you will be subject to the same cash and equity ratios established for member cooperatives and other individual producer members. Your outstanding equity balance would be redeemed on the age of equity method or redeemed in full to your estate upon application.

### **I'm 35 and have been an active customer of my CHS location. How does this benefit me?**

Under this new program, you will no longer need to wait until age 70 for redemption of equity. Equity held by eligible individual members will be revolved on age of equity program/percentage used for CHS member cooperatives. This change is an opportunity to increase the value of doing business with a cooperative for our younger producers. Equity may also be redeemed in full at age 70 upon application.

### **A member of our family who was a CHS member-owner passed away this year. How can we have his outstanding equity in CHS paid to his estate?**

Each year the CHS board establishes an amount authorized for use in redeeming equity to individual owners age 70 and to estates. To request redemption, the individual age 70 or older or a representative of an estate must file an application for consideration. For an application or additional questions, please contact your CHS location or CHS Patron Equities.

### **Who can answer my questions?**

Please contact your CHS location or CHS Patron Equities.