



# VESTED INTEREST

NEWSLETTER OF THE WEALTH STRATEGIES GROUP AT CANANDAIGUA NATIONAL BANK & TRUST

## Avoid “Taxing” Moves When You Retire



**Lynn Carleton, CSNP**  
Vice President  
Trust Administration Officer  
585-419-0670 ext. 50683  
LCarleton@CNBank.com

Relocating after retirement may be one of your dreams, but make sure you're wide awake when you do your planning. Not all states are created equal when it comes to taxes. Before you make a move, check out state and local tax laws to avoid unpleasant — and potentially costly — surprises.

### Less Is More in Your Pocket

State income taxes can take a bite out of your retirement savings. Moving to a low- or no-tax state could save you a substantial amount of money. If you relocate to a state with an income tax, find out in advance how much you can expect to pay.

### Less Is More for Your Heirs

Currently, the federal estate-tax exemption is \$5 million\*. But some states also impose estate taxes, often with a much lower exemption amount than at the federal level. If estate taxes are a concern, check state laws before you move.

### Look at Everything

Income and estate aren't the only taxes you need to consider. Look at state and local sales and property taxes as well. States that are popular relocation destinations may experience rising property values, which can mean higher property taxes. Be sure to evaluate the whole tax situation, not just one aspect of it.



### Some States Give You a Break

A number of states, including Florida, offer tax breaks to retirees, such as excluding distributions from qualified retirement plans, individual retirement accounts, and trusts from state income taxes.

Specifically, Florida has long been an attractive option with no state income tax, and no estate or inheritance tax, for trusts domiciled in Florida. Because Florida does not tax trust income or capital gains, over time this can have a significant positive impact to your trust, in particular for generation skipping trusts.

### How We Can Help

Based in Sarasota, our affiliate, Canandaigua National Trust Company of Florida can help re-establish your trust assets in Florida as your Trustee to benefit from potential tax savings. **Contact us at 585-419-0670 to learn more.**

\* For 2011 and 2012; subject to inflation adjustment for 2012. Tax information presented is not to be considered as tax advice and cannot be used for the purpose of avoiding tax penalties. Neither Canandaigua National Bank & Trust nor Canandaigua National Trust Company of Florida provide tax, legal, or accounting advice. Please consult your personal tax advisor, attorney, or accountant for advice on these matters.

**The 2012 Tax Planning Guide is now available!**

Visit our website and find the Guide under the  
Financial Planning Strategies section at:

**CNBank.com/WSG**

Hard copies will also be mailed to households during the month of January.

**2012  
TAX  
PLANNING  
GUIDE**



**Stephen Rossi, CFA**  
Vice President  
Investment Officer  
585-419-0670 ext. 50677  
SRossiCNBank.com

## Investment Perspective: A Mix of Ingredients Makes the Best Recipe

A dish that contains only one ingredient can taste rather bland and boring. Adding different spices and herbs to a recipe can make it more flavorful and satisfying. Similarly, a portfolio that contains only one investment type may not suit your financial goals. Choosing a variety of different investments may result in a more satisfactory outcome.

### A Sampling of Flavors

Diversification\* is the strategy of putting your money into several different investments. These investments may include a number of broad asset classes including stocks, bonds, cash equivalents or alternatives like hedge funds, real estate, commodities, precious metals and/or private equity.

Just as a baker wouldn't think of trying to make bread without yeast, a portfolio manager would not consider constructing a portfolio with only one asset class. A properly structured investment portfolio relies on a number of different asset classes to perform

well in varying market environments. Combining a number of different ingredients that tend to complement one another in a dynamic environment is what makes a cherished recipe or one's long-term investment portfolio truly successful.

### Spice It Up

Once we've established the basic building blocks for a loaf of bread, or an investment portfolio with a number of different asset classes, we can continue to spice things up and diversify a bit further.

When making bread, perhaps we choose a number of different flours, throw in a bit of sugar, add an egg or perhaps even a hint of vanilla. For an investment portfolio, we add a mix of domestic and international investments, small, mid and large sized companies and companies that represent a number of different economic sectors. We would also add a number of different fixed income investments, each with a different issuer, maturity, or credit quality that makes that particular portfolio unique.

It's really about what's best for the client, with a special appreciation for that individual's wants, needs, goals and overall preferences.

### Pay Attention to Portion Size

What mix of ingredients makes the best recipe for success? It really depends on the individual we're trying to please. A great chef would spend time learning about the tastes and preferences of his culinary audience, while a portfolio manager works to better understand his or her client's long-term goals, investment horizon and explicit tolerance for risk.

Once we better understand the end result that we're after, we're in a much better position to adjust our recipes accordingly. Your financial professional can help you craft a long-term recipe for success. **Contact us at 585-419-0670 for a portfolio review.**

\*Diversification does not ensure a profit or protect against loss in a declining market.

## An Important Message About Tax Reporting for 2011 Tax Year

Canandaigua National Bank & Trust's Wealth Strategies Group strives to provide your tax information as quickly and accurately as possible. Below is information on when you can expect to receive your tax forms, depending on the type of account you have with WSG. You are advised to wait for these forms prior to completing your 2011 tax returns (except for Form 5498).

**WSG Investment and Custody Accounts:**  
Forms 1099 mailed by **February 28, 2012.**

**WSG Trust and Estate Accounts:**  
Schedules K-1 mailed by **April 15, 2012.**

**WSG IRA Accounts:**  
Form 1099-R mailed by **January 31, 2012.**  
Form 5498 mailed by **May 31, 2012.**

Additionally, starting with the 2011 tax year, the IRS requires the reporting of cost basis information for certain sold securities on Form 1099-B, in addition to the gross proceeds. Visit [www.IRS.gov](http://www.IRS.gov), and search "Cost Basis" for more information.

## Enhancement to Online Transaction Reporting

We value the voice of our clients. Thanks to your feedback, we are able to make changes that add value to you and enhance your online experience through TrustReporter.

WSG now provides **21 months** of transaction history to your online portfolio on TrustReporter.

This enhancement was made near the end of the 2011 calendar year, so you are currently able to view the extended transaction history.

If you are not currently enrolled in TrustReporter, WSG's online resource to your portfolio and e-Statements, it is easy to sign up for the service.

**Contact your Wealth Strategies Group relationship manager for any questions on tax reporting, transaction history, or with your request for online access and e-Statements at 585-419-0670.**



## Ask the Experts 2012 SHOWS

Tune in Sundays at 8:00pm (time subject to change) to News Radio 1180 WHAM to hear our Wealth Strategies Group Officers on "Ask the Experts."

Get the latest expert advice on a variety of topics that interest you. Call the show at 585-222-1180.

### 2012 Schedule

January 29, 2012  
March 25, 2012  
May 27, 2012  
July 29, 2012  
September 30, 2012  
November 25, 2012