



OPTIMUM EXPERIENCE

NEWSLETTER FOR CANANDAIGUA NATIONAL BANK & TRUST OPTIMUM CHECKING CUSTOMERS

Robo Advisors Have Arrived, but Life Often Calls for a Human Touch

After years of development, numerous robo advisors have entered the world of investment management. Still, many investors may not fully understand exactly what robos do, or how they do it.

A robo advisor is a digital platform that uses advanced algorithms (based on various financial models and assumptions) to select and manage investments. To keep costs relatively low, portfolios are typically composed of exchange-traded funds (ETFs) and mutual funds that track market indexes.

This kind of cutting-edge technology may be especially appealing to younger investors, who are more comfortable with managing their lives on electronic devices — and who may not have as much at stake. Robos typically have low account minimums, which may help investors with minimal assets to get started.

However, some risks may not be fully understood. Robo advisors have yet to be tested by an economic downturn or times of extreme market volatility, when panicked and/or inexperienced investors may be more likely to abandon their investment strategies without a familiar voice to guide them through the storm.

Conversely, investors who utilize a financial advisor can benefit from personalized, face-to-face guidance which will increase the likelihood that they will stick to their plan in times of turmoil and increase their ability to meet their long-term goals.

Get to know their clients

The true value of a financial advisor may lie in emotional intelligence and interaction. When personal relationships are formed, advisors gain insight into each client's unique financial picture, including their priorities, pressing concerns, and psychological tendencies.

When challenges arise, a financial advisor can step in to help clients overcome impulses and biases that could prevent them from achieving their objectives.

A robo advisor may not ask the right questions or gather enough information to accurately assess the investor's needs and appetite for risk. In fact, an investor's psychological risk tolerance can be difficult to assess. Some people who describe their personality a certain way on a questionnaire may act differently under real-life scenarios.

Offer more choices and comprehensive service

Robo advisors can manage investment assets for less than the fees normally charged by personal financial advisors. But robo services are typically limited to portfolio management, and their reliance on ETFs and mutual funds means that investors may not have access to individual stocks and bonds, or to some types of alternative investments and strategies. A financial advisor typically has a wider range of asset classes to choose from and may be able to build a broader investment portfolio — or a more focused one — depending on the client's goals and risk profile.

Provide accountability and perspective

What happens when an investor veers off track and is not making sufficient progress toward his or her stated financial goals? While it may be easy to ignore the recommendations of a robo advisor, it might be more difficult to disregard a trusted advisor. The prospect of regular checkups with a real person who cares about a client's future might inspire more realistic decisions about spending and saving.

A financial advisor can keep clients better informed by discussing the financial issues that matter to them, which may help give them more confidence in their decisions.

Finally, one strength of a financial advisor is the ability to listen and lend emotional support through life's transitions, some of which may call for a shift in financial strategies. Having a dedicated person to call in difficult times could help ensure that short-term issues don't derail an effective long-term strategy.

Of course, there is no assurance that working with a financial advisor will improve investment results. However, the likelihood of success — in all aspects of life — is higher when there is a formal plan in place to guide you and track progress. Our team of highly credentialed experts can offer assistance in putting a plan in place to help you realize your financial goals.



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IRS Annual List of Tax Scams

The IRS recently issued its annual list of tax scams. The list highlights various scams that taxpayers may encounter, many of which occur during tax filing season. Here are some of the scams that are highlighted on the list.

Phone scams

Phone scams typically involve a phone call from someone claiming you owe money to the IRS or that you're entitled to a large refund. The calls may show up as coming from the IRS on your Caller ID, be accompanied by fake emails that appear to be from the IRS, or involve follow-up calls from individuals saying they are from law enforcement. Sometimes these callers may even threaten you with arrest, license revocation, or deportation.

Identity theft

Tax-related identity theft occurs when someone uses your Social Security number to claim a fraudulent tax refund. You may not even realize you've been the victim of identity theft until you file your tax return and discover that a return has already been filed using your Social Security number. Or the IRS may send you a letter indicating it has identified a suspicious return using your Social Security number.

Return preparer fraud

Sometimes scam artists pose as legitimate tax preparers and try to take advantage of unsuspecting taxpayers by committing refund fraud or identity theft. It's important to choose a tax preparer carefully since you are legally responsible for what's on your return, even if it's prepared by someone else.

Inflated refund claims

Taxpayers should be wary of anyone promising an unreasonably large or inflated refund. These scam artists may ask you to sign a blank return and promise a big refund without looking at your tax records or charge fees based on a percentage of the refund.

Fake charities

Groups sometimes pose as charitable organizations in order to solicit donations from unsuspecting donors. Be wary of charities with names that are similar to more familiar or nationally-known organizations. Before donating to a

charity, make sure that it is legitimate. The IRS website has tools to assist you in checking out the status of a charitable organization.

Phishing

Phishing scams usually involve unsolicited emails or fake websites that pose as legitimate IRS sites to convince you to provide personal or financial information. Once scam artists obtain this information, they use it to commit identity or financial theft. The IRS will never initiate contact with you by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media.

While tax scams are especially prevalent during tax season, they can take place at any time during the year. Remember to keep your personal and financial information private and be vigilant so you don't end up becoming the victim of a tax scam. For more information on tax scams visit [irs.gov](https://www.irs.gov).

Attend a Complimentary Seminar On Identifying and Avoiding Fraud Scams

Join us to learn how to identify fraud scams and protect yourself from becoming a victim.

During this seminar we will discuss:

- Examples of current scams in our community
- What to do if you identify a scam
- and much more!



For more information and to RSVP, visit [CNBank.com/AvoidFraud](https://www.CNBank.com/AvoidFraud).

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CNC Shareholder Corner

Please welcome Kirsten Johnson as Shareholder Relations Specialist. Kirsten has been with CNB for over 9 years. She is currently responsible for supporting and administering every aspect of shareholder relations.



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