



# OPTIMUM EXPERIENCE

NEWSLETTER FOR CANANDAIGUA NATIONAL BANK & TRUST OPTIMUM CHECKING CUSTOMERS

## Taking Advantage of Employer-Sponsored Retirement Plans

Employer-sponsored qualified retirement plans such as 401(k)s are some of the most powerful retirement savings tools available. If your employer offers such a plan and you're not participating in it, you should be. Once you're participating in a plan, try to take full advantage of it.

### Understand your employer-sponsored plan

Before you can take advantage of your employer's plan, you need to understand how these plans work. Read everything you can about the plan and talk to your employer's benefits officer. You can also talk to a financial planner, a tax advisor, and other professionals. Recognize the key features that many employer-sponsored plans share:

- Your employer automatically deducts your contributions from your paycheck. You may never even miss the money—out of sight, out of mind.
- You decide what portion of your salary to contribute, up to the legal limit.
- With traditional plans, you contribute to the plan on a pretax basis. Your contributions come off the top of your salary before your employer withholds income taxes.
- With Roth plans, you make after-tax contributions and your qualified distributions are entirely tax free.
- Your employer may match all or part of your contribution up to a certain level. You typically become vested in these employer dollars through years of service with the company.
- Your funds grow tax deferred in the plan. You don't pay taxes on investment earnings until you withdraw your money from the plan.

### Contribute as much as possible

The more you can save for retirement, the better your chances of retiring comfortably. If you can, max out your contribution up to the legal limit. If you need to free up money to do that, try to cut certain expenses.

Why put your retirement dollars in your employer's plan instead of somewhere else? One reason is that your pretax contributions to your employer's plan lower your taxable income for the year. This means you save money in taxes when you contribute to the plan—a big advantage if you're in a high tax bracket. For example, if you earn \$100,000 a year and contribute \$10,000 to a 401(k) plan, you'll pay income taxes on \$90,000 instead of \$100,000.

Another reason is the power of tax-deferred growth. Your investment earnings compound year after year and aren't taxable as long as they remain in the plan.

### Capture the full employer match

If you can't max out your 401(k) or other plan, you should at least try to contribute up to the limit your employer will match. Employer contributions are basically free money once you're vested in them (check with your employer to find out when vesting happens). If you don't take advantage of your employer's generosity, you could be passing up a significant return on your money.

### Evaluate your investment choices carefully

Most employer-sponsored plans give you a selection of mutual funds or other investments to choose from. Make your choices carefully. The right investment mix for your employer's plan could be one of your keys to a comfortable retirement. That's because over the long term, varying rates of return can make a big difference in the size of your balance. You may want to get advice from a financial professional (either your own, or one provided through your plan). He or she can help you pick the right investments based on your personal goals, your attitude toward risk, how long you have until retirement, and other factors.

### Know your options when you leave your employer

When you leave your job, your vested balance in your former employer's retirement plan is yours to keep. You have several options at that point, including:

- Taking a lump-sum distribution. This is often a bad idea, because you'll pay income taxes and possibly a penalty on the amount you withdraw. Plus, you're giving up continued tax-deferred growth.
- Leaving your funds in the old plan, growing tax deferred (your old plan may not permit this if your balance is less than \$5,000, or if you've reached the plan's normal retirement age—typically age 65). This may be a good idea if you're happy with the plan's investments or you need time to decide what to do with your money.
- Rolling your funds over to an IRA or a new employer's plan if the plan accepts rollovers. This is often a smart move because there will be no income taxes or penalties if you do the rollover properly (your old plan will withhold 20 percent for income taxes if you receive the funds before rolling them over). Plus, your funds will keep growing tax deferred in the IRA or new plan.

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# CNB Debit Card Fraud Protection

Canandaigua National Bank & Trust is committed to providing a secure environment for all of your banking needs. Our investment in security includes protection for your debit card transactions online and at merchant locations. With that in mind, we are excited to introduce the latest feature in our fraud monitoring and detection services – EnFact<sup>SM</sup> text notification.

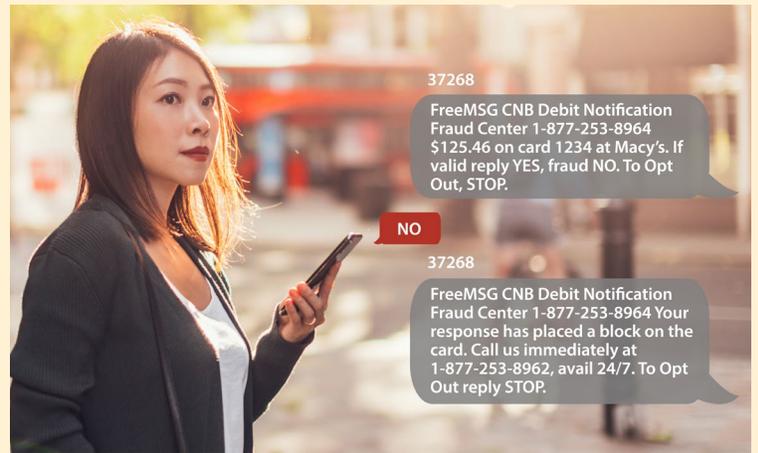
Our fraud monitoring system is constantly working to detect suspicious activity on your CNB Mastercard<sup>®</sup> Debit Card. When suspicious activity is detected, you will be contacted via text message to verify pending transactions. Messages are sent from the CNB Debit Notifications Fraud Center (37268) and will allow you to confirm or deny the validity of the transaction in question by simply replying YES or NO.

### For your protection:

- Fraud text notifications will contain the merchant name and dollar amount for review.
- Confirm or deny the validity of the transaction by replying YES or NO.
- Valid transactions will require no further action.
- Fraudulent transactions will result in additional notifications related to the status of your debit card.
- If a text response is not received within 15 minutes, or if we do not have a text-enabled number on file, you will be contacted by phone.

If you do not wish to receive text notifications, you may opt out by simply replying STOP when the text message is received. You will continue to receive phone calls regarding suspected fraudulent activity.

**Please note:** Fraud Alert Text Notifications are not subject to text messaging fees.



As a reminder, please contact us anytime you are planning to go out of town – whether it's for business or pleasure. If you will be using your debit card while traveling, contact us to let us know the dates and destination, and we add a note to your account that you will be traveling. This quick call to CNB can prevent your card from being flagged when being used away from home.

The quick detection of potential fraud is an added layer of security CNB provides our customers. To take full advantage of our fraud text alert service, it is important that we always have your current contact information on file. If it has been a while since you last updated your mobile phone number, now is a great time to call our Customer Service Representatives at 585-394-4260 to verify your contact information.

For more information about Enfact<sup>SM</sup> visit [CNBank.com/TextAlert](http://CNBank.com/TextAlert).

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## CNC Shareholder Corner



Canandaigua  
National  
Corporation

Be on the lookout for our invitation to the  
2021 Annual Shareholder Meeting  
scheduled for April 21, 2021.

[CNBank.com/ShareholderRelations](http://CNBank.com/ShareholderRelations)