



# the intersection

*Where Community and Opportunity Meet*



A LETTER FROM  
**TIM PURMAN**  
PRESIDENT/CEO

Thanksgiving is over, the weather definitely has turned, and we find ourselves barreling toward the end of the year. During this Christmas and holiday season, we want to encourage you to go local and do at least 30 percent of your shopping at a local small business.

Small businesses drive America's Main Street economies by reinvesting in local communities. Community banks and other small businesses only thrive when our customers and communities do the same. First National Bank itself is a small business, and we understand the needs of small business customers and the communities we serve. Community banks with less than \$10 billion in assets, like First National Bank, provide nearly 60 percent of small business loans between \$100,000 and \$1 million. Lending to local entrepreneurs and small businesses means we help the local economy thrive and local businesses succeed.

We also wanted to update you on our new look. We will continue gradually transitioning to our new look during the first half of 2015 as we update simple things, such as our envelopes and letterhead, and eventually our website and signage. We have been a part of the community for the last 107 years, and our longevity and stability continue to be some of our greatest strengths. As we've mentioned, we've refreshed our logo because we also want our customers to know that we are a contemporary bank, evolving to better serve you. We continue to offer the technology you've come to expect in our increasingly mobile and online world.

What hasn't changed is our dedication to the high level of customer service that has been a mainstay of the bank. In addition, there are no changes to the actual operations of our bank, the staff, services offered, or our mission. We simply are introducing a new look with a heightened focus on connecting with our customers and the communities we serve. The community remains a cornerstone of all our decisions.

**We wish you a joy-filled Christmas and holiday season, and we look forward to serving you in 2015!** ❧



*As you go about your holiday shopping, we encourage you to give back to our local communities by thinking and shopping locally.*

## First National Bank Unveils MOBILE DEPOSIT

Do you have checks to deposit, but have a hard time getting to the bank? In January 2015, First National Bank will roll out mobile deposit. Just take a picture of your check with your phone, and skip the trip to the bank!

### **Here's how it works:**

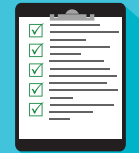
- ▶ Download the FNB Hartford Mobile Banking app for Android™ or iPhone® on your compatible device
- ▶ Sign the back of your check
- ▶ Take a picture of the front and back of your check
- ▶ Submit your photos to the bank for approval
- ▶ Confirm the status of your deposit with the app
- ▶ *Bask in the time you saved since you didn't have to drive to the bank!*

Watch for more information in January when mobile deposit becomes available. ❧

## WHAT'S *new*



# Top Year-End Investment Tips



Just what you need, right? One more time-consuming task to be taken care of between now and the end of the year. But taking a little time out from the holiday chores to make some strategic saving and investing decisions before December 31 can affect not only your long-term ability to meet your financial goals but also the amount of taxes you'll owe next April.

## Look at the forest, not just the trees

The first step in your year-end investment planning process should be a review of your overall portfolio. That review can tell you whether you need to rebalance. If one type of investment has done well — for example, large-cap stocks — it might now represent a greater percentage of your portfolio than you originally intended. To rebalance, you would sell some of that asset class and use that money to buy other types of investments to bring your overall allocation back to an appropriate balance. Your overall review should also help you decide whether that rebalancing should be done before or after December 31 for tax reasons. Make sure your asset allocation and diversification is still appropriate for your time horizon and goals, too.

## Know when to hold 'em

When contemplating a change in your portfolio, don't forget to consider how long you've owned each investment. Assets held for a year or less generate short-term capital gains, which are taxed as ordinary income. Depending on your tax bracket, your ordinary income tax rate could be much higher than the long-term capital gains rate, which applies to the sale of assets held for more than a year. Your holding period can also affect the treatment of qualified stock dividends, which are taxed at the more favorable long-term capital gains rates.

## Make lemonade from lemons

Now is the time to consider the tax consequences of any capital gains or losses you've experienced this year. Though tax considerations shouldn't be the primary driver of your investing decisions, there are steps you can take before the end of the year to minimize any tax impact of your investing decisions.

If you have realized capital gains from selling securities at a profit (congratulations!) and you have no tax losses carried forward from previous years, you can sell losing positions to avoid being taxed on some or all of those gains. Any losses over and above the amount of your gains can be used to offset up to \$3,000 of ordinary income (\$1,500 for a married person filing separately) or carried forward to reduce your taxes in future years. Selling losing positions for the tax benefit they will provide next April is a common financial practice known as "harvesting your losses."

## Time any trades appropriately

If you're selling to harvest losses in a stock or mutual fund and intend to repurchase the same security, make sure you wait at least 31 days before buying it again. Otherwise, the trade is considered a "wash sale," and the tax loss will be disallowed. The wash sale rule also applies if you buy an option on the stock, sell it short, or buy it through your spouse within 30 days before or after the sale.

If you're buying a mutual fund or an ETF in a taxable account, find out when it

will distribute any dividends or capital gains. Consider delaying your purchase until after that date, which often is near year-end. If you buy just before the distribution, you'll owe taxes this year on that money, even if your own shares haven't appreciated. And if you plan to sell a fund anyway, you may minimize taxes by selling before the distribution date.

## Know where to hold 'em

Think about which investments make sense to hold in a tax-advantaged account and which might be better for taxable accounts. For example, it's generally not a good idea to hold tax-free investments, such as municipal bonds, in a tax-deferred account (e.g., a 401(k), IRA, or SEP). Doing so provides no additional tax advantage to compensate you for tax-free investments' typically lower returns. And doing so generally turns that tax-free income into income that's taxable at ordinary income tax rates when you withdraw it from the retirement account. Similarly, if you have mutual funds that trade actively and therefore generate a lot of short-term capital gains, it may make sense to hold them in a tax-advantaged account to defer taxes on those gains, which can occur even if the fund itself has a loss. Finally, when deciding where to hold specific investments, keep in mind that distributions from a tax-deferred retirement plan don't qualify for the lower tax rate on capital gains and dividends. 🌟



For more information specific to your personal situation and investment goals, please contact **Debra Mertz** or **Nate Schlotthauer** of FNB Investment Services at **262-673-8926**.

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The Internal Revenue Service has finalized retirement plan limits for 2015. *The table to the right highlights what has changed and what stayed the same in some of the more common retirement savings plans:*

### IRA CONTRIBUTIONS

- ▶ Roth: Stayed the same at \$5,500
- ▶ Traditional: Stayed the same at \$5,500
- ▶ Catch-up: Stayed the same at \$1,000

### 401(K) CONTRIBUTIONS

- ▶ Increased to \$18,000
- ▶ Catch-up contributions increased to \$6,000

### SEP IRA CONTRIBUTIONS

- ▶ Company may contribute up to 25% of compensation or \$53,000 (up from \$52,000 in 2014), whichever is less
- ▶ Compensation limit is 20% for sole proprietors

### SIMPLE IRA CONTRIBUTIONS

- ▶ Salary deferral up to \$12,500
- ▶ \$3,000 catch-up contribution if age 50 or older
- ▶ Employer match (up to 3%) or nonelective contribution (2%)

Source: [irs.gov](http://irs.gov).

# The Affordable Care Act 2.0

*it's open enrollment time*

## What you Need to Know

On Nov. 15, 2014, consumers began open enrolling in the Affordable Care Act for the second time. Between now and Feb. 15, 2015, consumers can select a health plan for the first time, or change their existing health plan. If consumers fail to select a plan by Feb. 15, they will have to wait another year to purchase coverage unless they have a qualifying change, such as the birth of a child, a job change, or a marriage or divorce, and pay a tax penalty. Those with a 2014 Marketplace plan who fail to make a new choice will automatically be re-enrolled in the same plan they purchased in 2014.



The Marketplace gives Americans the opportunity to compare plans at different levels of care through federal or state websites. Consumers can qualify for tax subsidies on insurance that otherwise would be unaffordable. The government places a cap on how much total income Americans should spend on insurance, and then pays for the rest.

Recent studies have shown that the price of insurance in the Marketplace will vary widely in 2015. Rate increases are expected to be moderate, with average premiums for individual market health plans rising by about 6 percent for 2015 plans as compared with 2014, according to a PricewaterhouseCoopers Health Research Institute analysis.

However, the survey also revealed that premiums ranged from a 22 percent *decrease* to a 35 percent *increase* compared with 2014 rates. Factors impacting the cost include where people live, the medical providers, the number of insurance companies participating, and ultimately how many people choose to enroll.

Health officials' biggest piece of advice is to **compare plans** that are available this year. *Why is that so important?* Because with more insurance companies entering the marketplace and others leaving:

- ✓ You likely will need to switch plans to take advantage of the best deal
- ✓ Plan details, such as access to doctors and medications, and cost for copays are likely to change

In addition, it's important for people to double check their personal information such as income and household size to confirm their eligible subsidies. Failing to do so may cause people to miss out on additional subsidies for which they're eligible, or to accept too much financial help from the government, which they will be required to pay back at tax time.

The Healthcare.gov site was plagued with problems last year, however government officials believe a streamlined site will simplify the process for users this year.

The Congressional Budget Office expects to enroll about 13 million people through the Marketplaces during 2015, an increase of roughly 6 million people from the current count. Approximately 85 percent of those who enrolled in health insurance through the Marketplace last year qualified for subsidies to help lower their health insurance costs. According to the Obama administration, Americans getting subsidies saw their insurance costs slashed by an average of 76 percent.

**If you wish your new policy to take effect on Jan. 1, 2015, you must make your selection no later than Dec. 15, 2014.** Contact **Andrew Kasten** at FNB

Hartford Insurance Services for help in enrolling in Marketplace programs.

You can reach Andrew at **262-673-5800** or **akasten@fnb-hartford.com**. ✉

Sources: Zamonsky, L. (2014, Nov. 10). Insurance Open Enrollment Round 2: What to Expect. *WebMD Health News*. Leonard, K. (2014, Nov. 11). Health Insurance Premiums to Fluctuate Under Obamacare. *US News & World Report*.

The products offered through FNB Hartford Insurance Services, Inc. are not underwritten by First National Bank of Hartford, not underwritten by FNB Hartford Insurance Services, Inc., not FDIC insured, and are not a deposit or other obligation of, or guaranteed by, the depository financial institution.

# Refinance?

*but I just did!*

In the past year or two we've had many customers refinance their homes to take advantage of low mortgage rates. However, in the past month, we've seen fixed rates fall even a bit further to around 4%. For some individuals, it may make sense to refinance again! Contact one of the mortgage officers at any of our three branches for more information and to see if it might be in your best interest to refinance.



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## TIPS ON YEAR-END GIVING

1. You may be able to sidestep capital gains taxes and get a deduction by making a charitable donation of securities that have risen in value but no longer fit your strategy.
2. If you make a charitable donation of an investment that's worth less than you paid, you can only deduct its market value, not what you paid for it. Ask your tax professional if you might be better off selling and deducting the loss.
3. If you give appreciated securities to a child, keep in mind that the kiddie tax rules may apply, in which case annual investment income over \$2,000 will be taxed at your rate.

## WE WOULD LOVE TO BE YOUR FRIEND!

Have you found First National Bank on Facebook yet? We would love to be your friend. You can find us at



**facebook.com/FirstNationalBankofHartford.**

Currently, we are wrapping up our Green & Gold Ticket Giveaway for Facebook fans. Keep an eye out for upcoming promotions! We'd love to engage with you online.



# Holiday recipe

## The Pioneer Woman's Creamy Mashed Potatoes

Take some pressure off making your holiday dinner with these make-ahead creamy mashed potatoes from *The Pioneer Woman*, Ree Drummond.

### Ingredients

5 pounds Russet Or Yukon Gold Potatoes  
3/4 cups butter  
1 package (8 oz.) cream cheese, softened  
1/2 cup (to 3/4 cups) half-and-half  
1/2 tsp (to 1 tsp) Lawry's Seasoned Salt  
1/2 tsp (to 1 tsp) black pepper

### Instructions

Peel and cut the potatoes into pieces that are generally the same size. Bring a large pot of water to a simmer and add the potatoes. Bring to a boil and cook for 30 to 35 minutes. When they're cooked through, the fork should easily slide into the potatoes with no resistance, and the potatoes should almost, but not totally, fall apart.

Drain the potatoes in a large colander. When the potatoes have finished draining, place them back into the dry pot and put the pot on the stove. Mash the potatoes with a hand masher over low heat (electric beaters turn the potatoes into a gluey mess), allowing all the steam to escape, before adding in all the other ingredients.

Turn off the stove and add 1½ sticks of butter, an 8-ounce package of cream cheese and about ½ cup of half-and-half. Mash, mash, mash! Next, add about ½ teaspoon of Lawry's Seasoned Salt and ½ a teaspoon of black pepper.

Stir well and place in a medium-sized baking dish. Throw a few pats of butter over the top of the potatoes and place them in a 350-degree oven and heat until butter is melted and potatoes are warmed through.

Note: When making this dish a day or two in advance, take it out of the fridge about 2 to 3 hours before serving time. Bake in a 350-degree oven for about 20 to 30 minutes or until warmed through. Yields 10 servings. 🌈

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## Pay Other People with Popmoney™

Did you know that as part of our electronic banking services, you have access to Popmoney™, a person-to-person payment service that allows you to send and receive electronic payments? Never hassle with a checkbook again! You can send or receive money from anyone in the United States with the person's name, and either their email address or mobile phone number.

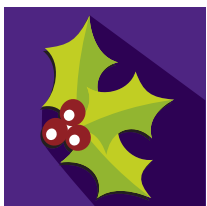
Need to pay the babysitter? **Popmoney!** Pay your friend for concert tickets? **Popmoney!** Pay your rent? **Popmoney!**

To send a payment, all you need to do is log in to your online bank account, click "Pay my Bills" and then click "Popmoney." Enter the recipient's email address or mobile phone number, and go to "Send money." There is no requirement for a stored value account for either participant. The recipient will receive either an email address with instructions on how to direct the payment into his or her eligible transaction account, or a text message with the same information. Funds are received three business days after the recipient accepts the payment.

You can even request money from someone using their email address or mobile phone number. Your contact will receive an email or text with instructions on how to pay the request.

Sending money via Popmoney will incur a cost of \$.50, but the recipient does not incur a fee. 🌈

## Holiday banking hours



Christmas Eve Day (Wednesday, Dec. 24) – **Closed at noon**

Christmas Day (Thursday, Dec. 25) – **Closed**

New Year's Eve Day (Wednesday, Dec. 31) – **Closed at 3 p.m.**

New Year's Day (Thursday, Jan. 1) – **Closed**

*Happy Holidays from all of us!*

## Travel Wisely with your ATM or Debit Card



*At First National Bank, we take the safety and*

*security of your personal and financial information very seriously.*

One of the ways we detect suspicious activity on your ATM or debit card is through your location and spending habits. For example, if you typically only spend \$500 per week using your debit card, but we see a purchase for a \$1,000 handbag, that will raise some red flags. In addition, if you live in Washington County, Wisconsin, and we suddenly see purchases in Paris, France, we will have some concerns. However, if you are taking a trip to Paris, France or Maui, Hawaii — congratulations! *And, can we come?* In all seriousness, if you are planning to travel outside of your typical geographic region, or are expecting to make a purchase that is not customary for you, please give us a call and let us know that we can expect to see some unusual activity on your card. It will help us prevent your card from being declined unnecessarily. *Safe travels!* 🌈

Your *community* bank. Your *opportunity* bank.

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