Spring | Summer 2019

first national bank

the intersection

Where Community and Opportunity Meet

Community Banks Serve a Crucial Role

You may have read with concern that 2019 is expected to bring multiple bank mergers in our state. One of the possible reasons for the expected uptick in merger activity is that many banks have earnings at a level not seen in the last 10 years. This improved financial performance may be enticing to some bank stockholders who want to sell to a bigger bank in hopes of achieving a high net gain on their shares.

At First National Bank, our shareholders maintain high performance expectations and they also are focused on the positive impact of a community bank. While First National Bank is in an excellent financial position, our shareholders understand the vital importance of having a locally-owned, independent community bank to serve Washington County.

Community banks are closely tied to entrepreneurial communities. In fact, "Main Street banks" like First National Bank support local startups, funding more than 60 percent of small business and more than 80 percent of agriculture loans. Not to mention the tax dollars we contribute to help maintain local municipalities and keep local neighborhoods viable and vibrant.

Community banks are relationship lenders. We know our customers and have an intimate understanding of what our community needs. Our relationships are often based on, "I grew up here. I frequent your business. My kids go to school with your kids."

Community banks give back. First National Bank supports a number of local organizations and causes, contributing more than $79,000 last year. Plus, our employees donate hundreds of hours of their time volunteering with local organizations.

Yes, First National Bank is a locally-based, community-invested provider of deposit accounts, commercial banking, mortgage lending and wealth management. We have local owners, local control and local decision making.

And, we are more than that.

First National Bank also is an **employer, philanthropic contributor** and **municipal leader.**

In a world of either/or, we believe in both/and.

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

Every April we celebrate Community Banking Month *and we want to thank you for trusting First National Bank with your hard-earned money.* ***Without your support, we wouldn't be here.*** *We encourage you to spread the word about the value of community banking to your family, friends and neighbors.*

Spring/Summer recipe

Brownie Bomb Bars

These brownie bomb bars look like the perfect dessert to bring to your potlucks all summer long. This recipe comes to us from ***Tracy Keener*** *who is the teller supervisor in our Hartford branch.*

1 box brownie mix (for 9x13 pan)
1 jar marshmallow cream
2 cups semi-sweet chocolate chips
1 cup peanut butter
3 cups crisp rice cereal

Spray a 9x13 pan with cooking spray. Prepare brownies according to package directions and let fully cool. Spread marshmallow cream over cooled brownies. Place chocolate chips and peanut butter in a microwave safe bowl and microwave in one-minute increments until well blended. Once melted, stir in crisp rice cereal and combine. Spread cereal mixture over the marshmallow layer. Cover and chill for two hours. Cut, serve and enjoy!

Why Mobile Wallets like Apple Pay, Google Pay and Samsung Pay are EVEN SAFER than Chip Cards

You might just be getting used to inserting your EMV chip card into the reader instead of swiping the magnetic strip on the back, and now security experts are saying there is an even more secure method of payment — mobile payments on your compatible smartphone or smart device.

First National Bank's ***new credit cards*** *are enabled with Apple Pay, Google Pay and Samsung Pay. First National Bank will be rolling out mobile wallet-enabled* ***debit cards in fall 2019****.*

Mobile wallet apps like Apple Pay, Google Pay and Samsung Pay store your credit or debit card information on your smartphone or smart device so you don't even need to carry your card. The apps use a technology called Near Field Communication (NFC) between your device and the payment terminal. When you make a purchase at a store that accepts mobile payments, you just need to tap your phone on the payment terminal or bring your phone near it to complete the transaction. Not all terminals are NFC compatible. Samsung Pay uses an additional technology called Magnetic Secure Transmission (MST) which mimics the magnetic strip on a physical card, making Samsung Pay accepted even on older terminals that don't normally accept mobile payments.

Paying with your phone sounds really convenient, right? But can using your phone to make payments really be more secure? ***Actually, yes.***

1. Your card number is not stored on your phone. Mobile wallet apps generate a virtual account number for your card, and the app does not store or even have access to the original card information. The merchant also will never see your credit card number, name, zip code or security code on the back of the card, so there is no personal information that could be stolen in a data breach.

2. Mobile payment systems use tokenization. Tokenization is the security process through which your card information is kept safe. When you add a card to your mobile wallet, the information is encrypted and sent to Apple, Google or Samsung servers and also to the card issuer's payment network (i.e. Visa® or MasterCard®) for approval. The app requests a virtual account number, or token, for each card and then encrypts the tokenized card. Some card issuers also require a one-time password to verify that you are the cardholder before it will allow you to add the card to your mobile wallet. This helps prevent someone from fraudulently adding your card to their mobile wallet.

When you use your mobile device for payment, the mobile wallet app sends the tokenized card number and a cryptogram, a transaction-specific dynamic security code that acts as a one-time-use password. The card network then verifies the cryptogram and matches the token with your actual card number and processes the transaction.

3. Mobile wallets use biometrics. Both Apple Pay and Samsung Pay require you to authenticate your purchase before you make it. Apple Pay requires a fingerprint, FaceID or PIN. Samsung Pay requires an iris scan, fingerprint or PIN to confirm the purchase. Google Pay only requires your phone to be unlocked with your fingerprint, iris scan, password, pattern or PIN. However, Google Pay gives you the option to add a fingerprint scan or PIN just prior to the purchase if you choose. If you disable your phone's screen lock, Google Pay automatically removes your virtual account number from your device for your protection.

This secondary security step makes it even more challenging for someone else to use your mobile wallet. It's very difficult for someone to steal your phone and your fingerprint or iris scan. This is a level of security that a physical card just can't match.

4. What if your phone is lost or stolen? If your phone is lost or stolen, you can remotely lock your phone and remotely wipe it, which will remove your mobile wallet.

You can store multiple credit and debit cards in your mobile wallet, including prepaid cards and gift cards. You also may be able to store loyalty cards and things like event or plane tickets.

Not only can Apple Pay, Google Pay and Samsung Pay be used to make payments in stores, but they also can be used on some websites and in participating merchant apps. You can also use them to split checks or send a payment to a person.

While mobile payments are definitely the future, it's important that you still hang onto your physical card. Mobile payments aren't accepted everywhere yet and mobile wallet apps won't work on older mobile device operating systems.

Visa and the Visa logo are registered trademarks of Visa International Service Association. MasterCard and the MasterCard logo are registered trademarks of MasterCard International Incorporated.

Look for the contactless pay symbol at a store or near the payment terminal to determine if you can use your mobile wallet.

New Personal and Business *Credit Cards*

First National Bank is now offering NEW personal and business credit cards! Whether you're looking to earn rewards or build your credit, we have a card for you.

All of our new cards are enabled for use with the mobile wallet apps Apple Pay, Google Pay and Samsung Pay, making your purchases even more convenient and secure. The cards also have the latest chip card technology for in-store purchases and offer 3D Secure 2.0 authentication for online transactions.

If you need customer service support for your new card, we can help you at any of our branches. And, you can pay your credit card by mail, online or in the branch!

To apply for a First National Bank credit card, you must have a deposit relationship with us. That means you need to have a checking, savings or money market account with First National Bank. If you would like to apply for a credit card and you don't currently have one of these accounts, we would be happy to open one for you!

You can open a deposit account on our website or learn more about the various card options at **www.fnb-hartford.com**.

The creditor and issuer of these credit cards is Bankers' Bank, pursuant to a license from Visa U.S.A. Inc. in association with First National Bank. Credit cards are subject to approval. Certain restrictions, limitations and exclusions may apply.

Don't Just Prequalify.

Preapproval is More Important Than Ever.

You may have heard that the housing market is very tight right now, or that it's a "seller's market." This means that there are fewer homes for sale than people looking to buy a home. If you're home shopping, you've probably experienced this first hand.

In fact, the Wisconsin Realtors Association shows that Washington County had a home inventory of just 2.5 months in February 2019[1]. The months of home inventory is a measure of how many months it would take for the current inventory of homes on the market to sell. A market that has six months of inventory is considered to be a balanced market. Washington County has less than half of that, and overall the state of Wisconsin has only 3.5 months of inventory. So, if you feel like homes are being sold faster than you can even set up a showing, it's not just your imagination!

Getting a preapproval, and not just a prequalification, is more important than ever in such a tight housing market.

What's the Difference?

A prequalification or preapproval is a letter your lender provides you that states you qualify for a mortgage loan based on an overview of your financial history, including your income, assets, debts and credit history.

However, with a **prequalification**, the financial information you provide to the lender is **self-reported**. That means you don't have to provide documentation of your income, assets and debts. A lender may or may not pull a credit report for a prequalification. A prequalification is a quick and easy way to find out if you qualify for a mortgage. While the lender may verbally discuss a potential loan amount with you, this will not be documented in your prequalification letter.

With a **preapproval**, you must provide **documentation** of your financial history — including pay stubs, bank statements, salary, assets and credit obligations — so that your lender can verify that the information you're providing is accurate. The lender also will pull your credit report. Upon completion of the preapproval process, the lender will be able to give you a letter that specifies a loan amount you qualify for.

A preapproval letter carries more weight than a prequalification because it is confirmation from the bank that they have verified your financial information and that you qualify for a specific mortgage amount.

Preapproved Buyers Have an Advantage

Having your preapproval in hand before you go house hunting gives you a huge advantage over other buyers who don't have a preapproval ready. If you see your perfect house, you'll be able to write an offer immediately, whereas others may have to go through the preapproval process before they can make an offer. In today's competitive housing market, a few hours can make the difference between getting a home and not getting it.

Realtors and sellers also will take you more seriously and view your offer more favorably if you have a preapproval letter because you're able to demonstrate that you'll likely be approved for a mortgage and the home will close.

Neither a prequalification or a preapproval is a guarantee of a loan. If you do put in an offer on a home and apply for a mortgage, the mortgage would still need to go through the loan commitment and full underwriting process.

What is First National Bank's Process?

First National Bank prefers to issue preapproval letters to serious buyers, primarily because it's what real estate agents have said they prefer, and **preapprovals are more valuable to all parties involved.**

Our preapproval letters are valid for 120 days and there is no fee. We understand that timing can be critical, so we do our best to provide preapproval letters in one business day or less after receiving your financial documents. Most of the time we don't even need to meet with you to review your financial history. We can speak over the phone or via email and you can provide your financial documents electronically via our **secure upload center**. We can easily email your preapproval letter and also send a copy to your realtor, with your approval.

Once your offer is accepted, we move you into the formal mortgage application process.

For customers who are still early in the process and not quite ready to shop for a new home in earnest, a prequalification letter is still appropriate and can be a good first step.

To find out if you're ready to purchase a home, take our **mortgage quiz** at **www.fnb-hartford.com/quiz**.

1 Home inventory data from the Wisconsin Realtors Association (WRA) February 2019 Home Sales Report: ***https://www.wra.org/HSRFeb2019/***

For more information about prequalification or preapproval, contact one of our consumer lenders today!

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EQUAL HOUSING OPPORTUNITY

INVESTMENT SERVICES

Social Security: *Four Facts You Need to Know*

Many workers will depend heavily on Social Security for financial support once they retire. While Social Security makes up just one slice of the pie when it comes to retirement income, it tends to be one of the largest.

As Social Security is often a critical part of a retirement portfolio, the decisions you make about your benefits could have long-lasting consequences that impact your quality of life in retirement. Keep the following facts in mind before you make any decisions about your Social Security benefits:

FACT #1: The amount you receive increases the longer you delay benefits.

The Social Security Administration has specific definitions of "full retirement age" currently set between 66 and 67 years old. Many people are not aware that if Social Security is claimed before this age, benefits are likely to be reduced. However, if you delay past full retirement age, up until age 70, you increase your benefit amount. The Voya Retire Ready Index[1] found that 66% of retirees began collecting benefits before age 66. Before you voluntarily claim benefits early, make sure you consider how much it will affect your financial situation in retirement; you could be leaving precious money on the table.

FACT #2: Married couples need to have a joint plan to maximize overall benefits.

One area of Social Security that is often misunderstood or forgotten is spousal benefits. These allow a husband or wife to receive up to half of a spouse's benefits. When taking advantage of these benefits however, don't forget about timing – retiring at different ages can make a big difference in the benefit received.

For instance, when the younger person of a couple reaches full retirement age, he or she can receive their spousal benefits first, thus waiting to receive their own Social Security benefit maximized at the age of 70. By coordinating retirement strategies and waiting until you are closer to age 70 to claim your individual benefits, you and your spouse can significantly boost your combined retirement income.

FACT #3: Social Security is likely not enough on its own to support you in retirement.

Lifespans are increasing, so be sure to consider your ability to support yourself into old age. It's becoming more common for people to reach 100 years old or beyond. According to the Social Security Administration, a man who lives to age 65 today can expect to live, on average, until age 84. For a woman, that age increases to 87 years old. Moreover, about one out of every four 65-year-olds today will live past age 90 and one out of 10 will live past age 95.

Take the time to map out how long your Social Security benefits, savings and other financial assets will allow you to maintain your standard of living in retirement. One strategy is to develop a savings plan for the rest of your working years that focuses on monthly income instead of an overall lump sum.

Consider meeting with a financial advisor and using an interactive and educational online tool like Voya's **myOrangeMoney**® to estimate your expected monthly income in retirement. By projecting monthly income, you will have a much better idea of how much you need to save and when you would need to claim Social Security benefits to maintain your standard of living and cover expected costs.

Fact #4: Start assessing the "when and how" of retirement early, so you have enough time to adjust savings and timing as needed.

If you are mid-career or earlier, retirement may seem far away. But, if you start thinking about when you want to retire and exploring all of your options early, you are in a better position to maximize benefits and move into retirement from a position of strength.

According to the same Voya study, 88% of workers are concerned about having fewer Social Security benefits than expected. Rather than waiting until the last minute, start thinking now about when you want to retire, how much savings you have, and how Social Security will play into your retirement strategy.

Many of us dream of an early retirement. To take this thought out of dreamland, consider a few different potential scenarios. Once you establish a Social Security account on **www.ssa.gov**, your latest Social Security statement will lay out your estimated benefits at the minimum age of 62, "full retirement age" (66-67), or the maximum age of 70. Use this resource to see how your savings and other financial resources stack up to determine what is realistic and what needs to remain a dream.

With so many options, deciding which Social Security benefits to claim and when to claim them can be confusing. Consider working with a financial advisor to help answer any questions you may have and put together an effective retirement plan that will deliver a sufficient monthly income. If you get organized early, you may have more time to adjust your strategy as needed while maintaining your progress toward a long and secure retirement.

1 Based on findings from two online consumer surveys commissioned by Voya of Workers and Retirees. Surveys were conducted in July 2014 by Greenwald & Associates, Inc.

Investment adviser representative and registered representative of, and securities and investment advisory services offered through Voya Financial Advisors, Inc. (member SIPC).

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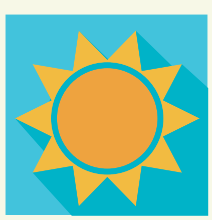
Not FDIC Insured. Not insured by any Federal Government Agency. Not a deposit.

No bank guarantee. May lose value.

For information specific to your personal financial situation and investment goals, please contact FNB Hartford Investment Services at **262-673-8926**.



Summer *banking hours*

Memorial Day (Monday, May 27) — **CLOSED**
July 4th (Thursday, July 4) — **CLOSED**
Labor Day (Monday, September 2) — **CLOSED**

Enjoy a wonderful summer!

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

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