SUMMER 2023

Florida | Canandaigua National Trust Company

WEALTH OF KNOWLEDGE

NEWSLETTER COVERING THE WEALTH CONTINUUM

Understanding the SECURE 2.0 Act

The original "SECURE" Act was approved into law in 2019. SECURE stands for Setting Every Community Up for Retirement Enhancement. It was aimed at preventing Americans from outliving their savings. SECURE 2.0 Act was enacted in December 2022 to finish the job by helping workers save more money for retirement and leave their savings untouched and untaxed for longer. Here are a few highlights you should be aware of.

Required Minimum Distributions (RMDs) are pushed back again
The age that retirees must begin taking taxable distributions from their traditional IRAs raises from 72 to 73 starting in 2023. If you turn 72 this year, you will not be required to start your RMD until 2024. The RMD age will change from 73 to 75 in 2033.

Reduced penalty for not taking your Required Minimum Distribution Another favorable change to the rules starting this year, the excise tax for NOT taking your RMD drops from 50% to 25% of the RMD amount, but if corrected in a timely manner (sometime during the following tax year) the tax drops to only 10%.

The cap on annuity contracts held inside the IRA has been raised The cap on Qualified Longevity Annuity Contracts (QLACs) has been raised from $125,000 to $200,000, and the 25% limit is eliminated. A QLAC is simply an annuity contract purchased with IRA (or other retirement plan) funds to create a fixed monthly income payment from your retirement account which can begin as late as age 85. This is one option to consider if you are looking to create a monthly "paycheck" to supplement your social security. Under the SECURE 2.0 Act, retirees can now combine the payments from both the QLAC and the IRA for the purpose of calculating their RMD. Previously they had to be separated, each with its own RMD which sometimes resulted in higher total RMD payments than if they were combined.

The act provides another option for inheriting an IRA from a deceased spouse Starting in 2024, a husband or wife can use the deceased spouse's age for RMD calculations and use the more favorable Uniform Lifetime table to stretch RMDs over his/her lifetime. If the surviving husband or wife dies before RMDs begin, the beneficiaries (most often their children) can stretch RMDs over their lifetime instead of being stuck with the 10-year rule. This is quite lucrative in a situation where the deceased spouse was younger, had a sizeable IRA, and the surviving husband or wife remarries.

Ability to roll 529 funds into a Roth If you have a 529 account where there is money left over that won't be used for a family member's college expenses, you may be facing a sizeable tax bill if you are planning to cash it out to repurpose the money. Fortunately, account beneficiaries will now be able to directly roll over up to $35,000 to Roth IRAs provided the 529 has been open for at least

15 years. The beneficiary must have earned income and rollover is subject to annual contribution limits, $6,500 in 2023. Any money contributed to the 529 within the last 5 years is not eligible to be rolled over to the Roth.

Employers can match student loan payments If you have student loans to be repaid, your employer can now help you directly. Starting 2024, the employer can match an employee's student loan payment with a contribution to the employee's 401(k) plan. This could be an inducement for potential employees with large student loan debt to join a company.

Automatic enrollment for retirement plans Beginning in 2025, the Act requires most new employer-sponsored plans to automatically enroll employees with contribution levels between 3% and 10% of income, and automatically increase their savings rates by 1% each year until they reach at least 1% - 15% (max) of employees earned income. Workers will be able to opt out of the programs.

There are over 90 provisions in the Act including allowances for families to access retirement funds in case of emergencies, increasing the "Catch-up" contributions for workers over 50, and providing more flexibility to make higher charitable donations from your IRA to name a few. The items listed above are not all inclusive, but they are the ones that will most likely affect you and your family so it's good to be aware.

With recent tax law changes, this is a good time to evaluate your plan for Retirement Savings. As always, our team would be happy to help guide you through the process and answer any questions you have.

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Investment Account Fraud Prevention

Many Americans are utilizing investment accounts to build wealth. In fact, sums held in investments often exceed what would typically be held in a checking or savings account. Additionally, the average consumer likely does not check in on their investment account activity as often as they review their checking account balance. What does this all add up to? Vast opportunities for fraudsters to target unsuspecting consumers. Read on to learn how can protect your accounts.

Fraud risk factors associated with investment accounts include:

1. Unauthorized account access: fraudsters source valuable personal information from an account profile, for the purpose of conducting identity theft schemes later. Alternatively, a bad actor may conduct account reconnaissance to identify an opportune time to conduct financial fraud.
2. Unauthorized transaction attempts: within the context of a 401(k) account, this could be a loan or distribution request, or in the case of a brokerage account, a sale of stock or fraudulent withdrawal.

To protect yourself from becoming a victim, consider the following best practices:

- Use strong, unique, lengthy passwords which are updated regularly.
- Safely dispose of documents containing sensitive information.
- Use multifactor authentication on your investment account(s), if available.
- Utilize account alert features. These notifications trigger when certain conditions occur, such as failed login attempts, password changes, or transaction attempts.
- Beware of phishing, SMShing, and other social engineering attempts – do not click on suspicious links or engage with individuals you are unsure about.
- Safeguard devices with biometric mechanisms (fingerprint or facial recognition).
- Keep devices up to date, including system updates and anti-virus/malware software.
- Do not use public computers or unsecured WiFi connections to conduct financial transactions.
- Regularly check account statements for errors or unauthorized activity.

In the event your account is compromised, consider the following steps:

1. Notify your financial services provider of the event immediately.
2. Close compromised accounts and open new ones.
3. Continue monitoring for additional suspicious activity.
4. Consider placing a credit freeze or fraud alert.
5. Monitor your credit report for potential signs of identity theft.
6. Consider having impacted personal devices checked by an IT professional.
7. Notify law enforcement, particularly if a loss occurred.

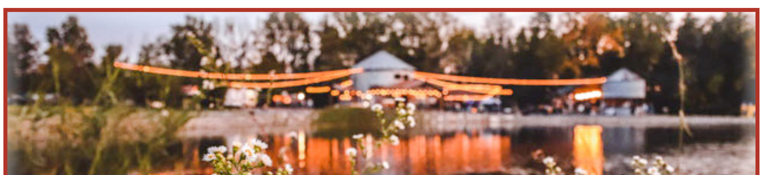
Our team is ready to answer any fraud prevention questions you may have. For current articles and additional resources, visit CNBank.com/Security.

Ryan Kaiser, CFE, is Assistant Vice President, Fraud Risk Officer with Canandaigua National Bank & Trust. He may be reached at (941) 366-7222, ext. 50679 or at RKaiser@CNBank.com.

Welcoming Angela W. Carlson to the Canandaigua National Trust Company Team

Angela W. Carlson, CFP®, ChFC®, AIF®, MBA joins Canandaigua National Trust Company of Florida with over 18 years of experience in the wealth management and financial services industry. As Vice President, Wealth Advisor, she utilizes a holistic and comprehensive approach to wealth management and financial planning and builds lasting relationships with clients and their families. Angela's primary goal is to give clients peace of mind by providing the tools and information necessary to make educated and informed choices to achieve their financial goals.

Angela is located at our Sarasota office, 1586 Main Street, Sarasota, FL 34236 and may be reached at (941) 366-7222, ext. 50727 or at AWCarlson@CNBank.com.



Join us for our Annual Picnic!

Wednesday, August 16 | 11:30 am – 1:00 pm

Lincoln Hills Farms
3792 NY-247, Canandaigua, NY

Now accepting early registration online!
Register today at CNBank.com/Picnic.

CNC Shareholder Corner

CNC stock is not traded on an exchange like other Wall Street stocks, but in auctions based on purchase and sale bids submitted in a sealed bid process.

Next Stock Sale: August 24, 2023

Visit our web page for the latest information on upcoming CNC stock sales!

CNBank.com/ShareholderRelations