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OPTIMUM EXPERIENCE

NEWSLETTER FOR CANANDAIGUA NATIONAL BANK & TRUST OPTIMUM CHECKING CUSTOMERS

Updating your Beneficiary Designations

We constantly remind clients to review their estate plans, making sure that wills and other estate planning documents (powers of attorney, living wills, and health care proxies) are up to date.

Doing so is necessary but not nearly sufficient. What is equally important is to review and update your beneficiary designations.

First, beneficiary designations override the will and avoid the probate process. That is, assets such as IRAs, Roth IRAs, qualified employer retirement plans, life insurance death benefits, and deferred annuities all pass to heirs via beneficiary designations provided to plan administrators by the owner. Generally, the will only becomes involved when no beneficiaries are named. In this case, the estate is the default beneficiary and the will then dictates the ultimate disposition of the funds.

Second, it is far better to name individuals, trusts and/or charities as beneficiaries of IRAs and qualified employer retirement plans rather than the estate. If the estate is named as beneficiary or becomes the default beneficiary, the estate is generally required to liquidate the entire account and pay the resulting income tax at highly-aggressive ordinary income tax rates.

As noted earlier, life insurance proceeds are directed by beneficiary designation. Generally, it is best to direct such proceeds to individuals or trusts. This ensures that the money flows immediately and is not delayed awaiting probate. In some instances, directing all or a portion of these proceeds to the estate is advised to ensure adequate estate liquidity.

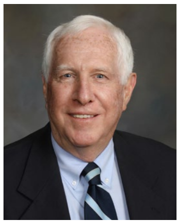
Name contingent beneficiaries. In most cases, contingent (and sometimes third-level beneficiaries) should be named. This takes care of situations in which the primary and/or contingent beneficiaries pass first. It also allows for a hierarchy of pathways in case the primary and/or contingent beneficiaries wish to disclaim a portion or all of the bequest. This is a flexible and smart estate planning tactic.

Keep designations up to date. Typically, beneficiary designations are enacted over a period of years, oftentimes over decades. Over such a span of time, family members die and/or are born, marriages dissolve, and other circumstances change. It is no wonder that designations can end up being highly inconsistent across one's IRAs, employer retirement plans, and life insurance policies.

Don't guess on this one. Make a list of all accounts/policies that have beneficiary designations, contact the associated administrators, and confirm. Correct any inconsistencies by filing new forms. Be sure to keep updated copies of all beneficiary designation forms in your personal files.

Consider the financial and emotional readiness of your beneficiaries. Pre-tax accounts and life insurance proceeds left directly to beneficiaries generally can be fully accessed by such beneficiaries. In other words, they can be emptied and spent. If your heirs are not prepared to handle such an inheritance, consider trusts as beneficiaries. With trusts created during your lifetime or at death through your will, you can specify the ground rules and timeframe for your beneficiaries' access to the funds.

Seek professional guidance. As with other important financial matters, be sure to partner with a trusted financial planner and an attorney to ensure that the design of your beneficiary designation array represents your interests and is consistent with your overall estate plan design. This exercise is much too important to leave to chance.



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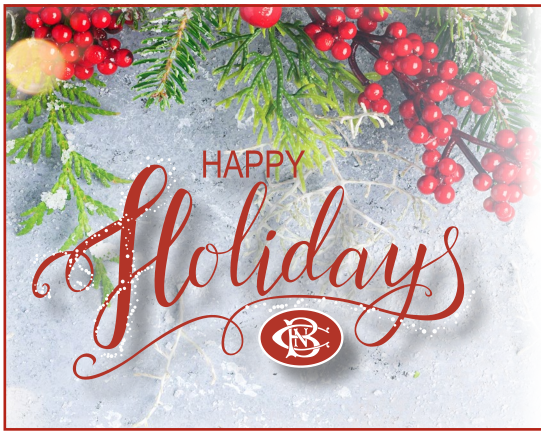


Each year, the holidays provide us with an opportunity to reflect with gratitude on the year gone by and embrace the giving spirit of the season.

At Canandaigua National Bank & Trust, we are committed to giving back to you and the communities we serve. This is a concept that is embedded in our core values and demonstrated through our long history of charitable giving – and this year was no different. Throughout 2021, CNB provided contributions to numerous local organizations serving those most in need in our communities. We are thankful to provide this support as your community partner.

Thank you for choosing us to serve your financial needs. We hope that we have continued to surpass your expectations and provide you with the exceptional experience you have come to know and expect from CNB.

Warm wishes for a wonderful holiday season and a happy, healthy New Year from all of us at Canandaigua National Bank & Trust.

Maintaining Your Financial Records: The Importance of Being Organized

An important part of managing your personal finances is keeping your financial records organized. Whether it's a utility bill to show proof of residency or a Social Security card for wage reporting purposes, there may be times when you need to locate a financial record or document–and you'll need to locate it relatively quickly.

By taking the time to clear out and organize your financial records, you'll be able to find what you need exactly when you need it.

What should you keep?

If you tend to keep stuff because you "might need it someday," your desk or home office is probably overflowing with nonessential documents. One of the first steps in determining what records to keep is to ask yourself, "Why do I need to keep this?"

Documents you should keep are likely to be those that are difficult to obtain, such as Tax returns, Legal contracts, Insurance claims, and Proof of identity.

On the other hand, if you have documents and records that are easily duplicated elsewhere, such as online banking and credit-card statements, you probably do not need to keep paper copies of the same information.

How long should you keep your records?

Generally, a good rule of thumb is to keep financial records and documents only as long as necessary. For example, you may want to keep ATM and credit-card receipts only temporarily, until you've reconciled them with your bank and/or credit-card statement. On the other hand, if a document is legal in nature and/or difficult to replace, you'll want to keep it for a longer period or even indefinitely.

Some financial records may have more specific timetables. For example, the IRS generally recommends that taxpayers keep federal tax returns and supporting documents for a minimum of three years up to seven years after the date of filing. Certain circumstances may even warrant keeping your tax records indefinitely.

Out with the old, in with the new

An easy way to prevent paperwork from piling up is to remember the phrase "out with the old, in with the new." For example, when you receive this year's auto insurance policy, discard the one from last year. When you receive your annual investment statement, discard the monthly or quarterly statements you've been keeping. In addition, review your files at least once a year to keep your filing system on the right track.

Finally, when you are ready to get rid of certain records and documents, don't just throw them in the garbage. To protect sensitive information, you should invest in a good quality shredder to destroy your documents, especially if they contain Social Security numbers, account numbers, or other personal information.

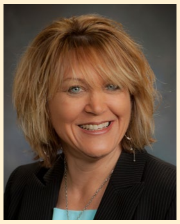
Where should you keep your records?

You could go the traditional route and use a simple set of labeled folders in a file drawer. More important documents should be kept in a fire-resistant file cabinet, safe, or safe-deposit box.
If space is tight and you need to reduce clutter, you might consider electronic storage for some of your financial records. You can save copies of online documents or scan documents and convert them to electronic form. You'll want to keep backup copies on a portable storage device or hard drive and make sure that your computer files are secure.

You could also use a cloud storage service that encrypts your uploaded information and stores it remotely. If you use cloud storage, make sure to use a reliable company that has a good reputation and offers automatic backup and technical support.
Once you've found a place to keep your records, it may be helpful to organize and store them according to specific categories (e.g., banking, insurance, proof of identity), which will make it even easier to access what you might need.

Consider creating a personal document locator

Another option for organizing your financial records is to create a personal document locator, which is simply a detailed list of where you have stored your financial records. This list can be helpful whenever you are trying to locate a specific document and can also assist your loved ones in locating your financial records in the event of an emergency.



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Experience Travel with CNB

At this time, we continue to evaluate the opportunities to provide escorted travel experiences. Once we feel there is the ability to offer safe travel, we will begin reintroducing events for our customers.

We encourage you to check CNBank.com/TravelExperience periodically for any updates.

CNC Shareholder Corner

Canandaigua National Corporation

For the latest CNC Stock Sale information, including Stock Sale date, number of shares available, and minimum bid information, visit:

CNBank.com/ShareholderRelations