

Ambassador Club News

Summer 2016

A newsletter for F&M Bank's Ambassador Club members

Presidents Message

F&M Bank is on the grow!

Brimfield Bank located in Brimfield, IL has been purchased by the parent company of F&M Bank and merged into F&M Bank. Brimfield is located midway between Galesburg and Peoria, communities in which F&M Bank already has a combined total of four locations.



Doug Sanders

The merger was completed on July 1 and Brimfield Bank is now part of the F&M Bank family.

We remain a firm believer in the core concepts of independent community banking: local management and control, meaningful local input, empowered local employees, and dedicated local resources, all aligned to help our customers and the communities we serve to grow and prosper.

Thank you for your business and all that it has done to make F&M Bank a premier financial institution.

Sincerely,



Doug Sanders
President & CEO



More about the Purchase of Brimfield Bank

The boards of both organizations believe that the acquisition will create a strong partnership, bringing together two compatible community banks. Brimfield is located midway between Galesburg and Peoria, communities in which F&M Bank already has a combined total of four locations.

"We are excited about the prospect of providing clients with access to a broader range of services such as mobile banking, commercial cash management, and trust and investment services," said Doug Sanders, President and CEO of F&M Bank. "We are sure that many of them will also enjoy the convenience of the additional area locations as well."

The location will operate under the name F&M Bank. No action is required on the part of clients, and account numbers, checks, debit cards, automatic payments and similar items will not change at this time. Further information was included in a mailing that was sent recently to account holders.

"We are also extremely pleased to have the Brimfield Bank employees join our banking family, and we're excited by the opportunity to serve our new clients," said Sanders.

The Brimfield location will change over to F&M Bank's data processing system later this year, and clients will then be able to enjoy full account support at all five F&M Bank locations.

Estate Planning and Banking: How to Protect Money for Your Heirs in FDIC- Insured Accounts

Among the many reasons people put significant sums in FDIC-insured deposits is to keep that money safe—for themselves and for their heirs. While the FDIC doesn't recommend particular financial products or strategies for achieving your estate-planning goals, we can describe different types of deposit accounts that can be used to pass funds on to heirs and explain how to make sure your money is fully insured.



For guidance on estate planning, contact Steve Browning.

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Revocable Trust Accounts

Some of the most popular deposits for estate-planning purposes are “revocable trust accounts.” These trusts are called “revocable” because, unlike other types of trust accounts, the depositor has the right to change the terms of the inheritance or cancel the trust agreement entirely. You most likely know these accounts by other names. Here are the two main types:

- **Payable-on-death (POD) accounts**, also referred to as “in-trust-for” accounts, are trust deposits that typically can be set up at a bank with a simple, written declaration in the bank's records that upon the death of the depositor, the named beneficiaries will become the new owners of the money. If properly titled, a traditional certificate of deposit (CD), savings account or even a checking account can be set up as a POD account. Because of their simplicity, the FDIC sometimes refers to PODs as “informal” revocable trust accounts.
- **Living trust accounts** are deposits tied to a legal document typically called a living trust or a family trust that is often drafted by an attorney. The FDIC describes these accounts as “formal” revocable trust deposits.

Formal revocable trusts provide more detailed

information about how the owner's estate is to be distributed. For example, formal trust agreements can be used to describe special conditions that need to be met for a beneficiary to receive funds, and in situations in which the allocations to beneficiaries are unequal or complex.

Under FDIC rules, a depositor's combined interests in all revocable trust accounts at the same bank are insured up to \$250,000 *for each unique beneficiary named*. That means a revocable trust account is insured for up to \$250,000 if there is one beneficiary, \$500,000 if there are two, and so on up to five different beneficiaries. So if you name five different eligible beneficiaries, your revocable trust account(s) at the same bank will be insured to \$1.25 million (five times \$250,000), regardless of how much money each beneficiary is to receive. And if two depositors own the account(s), the insured amounts would be doubled, up to \$2.5 million.

However, if the depositor is attempting to insure more than \$1.25 million and there are six or more different beneficiaries that are to receive different shares, the deposit insurance rules change and understanding the coverage can be more complex.

Also under the rules, almost any named beneficiary—including relatives, friends, charities and nonprofit organizations—will qualify the owner to receive \$250,000 deposit insurance coverage for each different beneficiary.

Other Accounts, Other Coverage

Other bank accounts that also can help transfer funds to heirs are:

- **Jointly owned accounts** with no beneficiaries listed. In the most common examples, these would be checking accounts, savings accounts or CDs that two or more people own. Typically, there is a “right of survivorship,” so, if one of them dies, the survivor(s) will automatically become the sole owner(s) of the funds.
- **Irrevocable trust accounts**, which are tied to trust agreements that the owner cannot cancel or change. These accounts usually total no more than the basic FDIC insurance limit (\$250,000) because of contingencies in the trust agreements. An example might be that

children listed as beneficiaries cannot receive any money until they earn a college degree.

■ **Certain retirement accounts**, including Individual Retirement Accounts (IRAs), Keogh accounts (for the self-employed) and “401(k)” accounts. Under the FDIC’s rules, a person’s deposits in certain retirement accounts at the same bank are added together and insured up to a maximum of \$250,000 per owner per bank. While beneficiaries often are named for retirement accounts such as IRAs, these accounts—unlike POD and living trust accounts—do not qualify for extra coverage by adding the names of beneficiaries.

These types of titling for your accounts can drastically affect your estate plan. Please consult your attorney before making these types of changes.

Source: FDIC Consumer News

Prepare for unexpected tax hits during retirement

Contrary to popular belief, taxes don’t always decrease during retirement.

Retirees situations differ based on how much they are withdrawing from their portfolios and whether those withdrawals are taxable; the amounts of their Social Security and/or pensions and when they start collecting from those accounts; and what gains they may realize on their portfolio or selling assets, such as a second home or rental property.

Some folks who have saved \$3 million think they are in great financial shape, but if that \$3 million is held in retirement accounts, they have to pay taxes on every \$1 that comes out, sometimes as much as 40%, except for Roth accounts on which taxes have already been paid.

Retirement can mean a lower tax bracket for most when full-time income is replaced with lower Social Security payments. However, there are other sources of income that need to be factored into the tax equation.

Pension income, required minimum withdrawals from IRAs and 401(k)s, non-qualified dividends, and interest income all contribute to the overall figure for taxable income and may cause Social Security to be partially taxed if high enough.

Looking at the future tax picture well before retirement actually begins enables people and their

adviser to determine if there are options available that can help reduce that burden down the road.

For example, converting all or part of an IRA to a Roth may cause a tax hit today, but it can lessen the impact down the road, as Roth withdrawals are not considered taxable income. Moving taxable assets into a tax-deferred vehicle is another strategy that may be worthwhile to consider.”

The best way to even out or reduce taxes during retirement is to have a variety of income sources from which to draw. That way you can choose your tax-free Roth source in years of higher income—like the year you have to begin taking required minimum distributions and pull from your taxable accounts in the years in which you have lower income—and therefore are in a lower bracket.

Katie Kuehner-Hebert. “Prepare clients for unexpected tax hits during retirement.” Financial Planning. Accessed June 29, 2016. <http://www.financial-planning.com/news/prepare-clients-for-unexpected-tax-hits-during-retirement>

Millions more people will soon be living past 100

If you see your 100th birthday, you’ll soon be in good company. The number of centenarians will grow from about 451,000 in 2015 to about 3,676,000 in 2050, according to a recent report by the Pew Research Center. This means that while last year there were just 7.4 centenarians per every 10,000 adults ages 65 and up, in 2050 there will be 23.6.



Signup your Grandkids for the Mini-Millionaires Club

For newborns through age 12, the new Mini-Millionaires Club is a great way for your grandchildren to save money. Periodic newsletters, club events and lots of other extras make for an exciting club just for kids.

Visit any F&M office to open a Mini-Millionaires Savings Account today.

Message from the Director

Summer is upon us and it's time for fireworks, porch swings, lemonade, and outdoor activities. Then, before you know it, the crisp and cooler days of autumn will arrive. F&M Bank's Ambassador Club has a summer and autumn calendar with something for everyone.



Denise Haptonstahl

After we've recovered from all the festivities of Independence Day, local historian Rex Cherrington will lead us on a free walking tour of Hope Cemetery and Hope Abbey on July 25. Galesburg is not as old as the Declaration of Independence, but our town is still packed with an interesting history.

August is back-to-school time for the kids, but what about us? We need to exercise our brain and learn something new every day as well. That's why we are traveling to the Putnam Museum on August 25 to experience the King Tut exhibit.

F&M will be participating in the Labor Day Parade on September 5. Come to downtown Galesburg and wave us on! On September 22, F&M's very own Stephen Browning, Senior Trust Officer, will be hosting a free seminar entitled "How To Be An Executor."

October brings us autumn's colorful scenery and colorful performers. Ever heard of Elvis Presley, Jerry Lee Lewis, Johnny Cash, and Carl Perkins? We are rockin' and rollin' at Circa 21 on October 12 to watch the performance of the Million Dollar Quartet. Reserve your tickets early.

November weather may be unpredictable and so was a fateful night on April 15, 1912. Our destination is the Peoria Riverfront Museum on November 16 to explore the artifacts of the "unsinkable" Titanic.

Don't miss the Galesburg Christmas Parade on November 20. This will be F&M's first entry in the Christmas Parade. Our Mini-Millionaires Club mascot "Percy" will be there along with bank employees handing out candy. The parade is enjoyed by many who come to see the variety of floats, bands and of course the arrival of Santa Claus!

I didn't forget December. The elves are still working on the December calendar, which will be announced as soon as Santa approves it.

For specific information, pricing, and reservation deadlines for all the activities listed above, please see complete details in this newsletter.

Second honeymoon anyone or maybe you never had a first one? Well, here's your chance. We are planning an extended trip to Niagara Falls and Toronto, Canada in June of 2017. Singles are welcome also. Be sure to attend the Travel Show for this trip on Tuesday, August 9 beginning at 6 PM in our Main Street lobby.

Until next time,

Denise Haptonstahl
Ambassador Club Director
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F&M Bank's

Ambassador Club
Exclusively for Customers 50 & Better!

Highlights and Travel Events

Walking Tour of Hope Cemetery and Hope Abbey

Monday, July 25, 2016

10:00 - 11:00 AM with Q&A afterward

A one-hour walking tour of the historical Hope Cemetery and Hope Abbey with Galesburg Historian Rex Cherrington. This will be a fascinating tour whether you're a genealogy buff or just interested in Galesburg area history. Learn the history of Hope Cemetery and which Galesburg founders are buried there. See monuments of the many street namesakes and much more. If you wish, you may bring paper and chalk to make monument etchings. *The cost is free but we are limited to a group of 20.*

Niagara Falls and Toronto Travel Show

August 9, 2016

6:00 PM – F&M Bank Lobby, 21 E. Main Street

Attend the Niagara Falls and Toronto Travel Show to learn the exciting details about this 2017 trip. *RSVP to Denise by August 5th.*

The Discovery of King Tut

Putnam Museum, Davenport, Iowa

Thursday, August 25, 2016

9:00 AM - 5:00 PM

The Discovery of King Tut offers you a once-in-a-lifetime insight into the archaeology of ancient Egypt. Go



on a journey of exploration to experience the treasures of Tutankhamun and his famous tomb chambers and relive that magical moment of discovery as if you had been there yourself. Watch *Mummies: Secrets of the Pharaohs* in 3D on the National Geographic giant screen. Enjoy a three-course lunch on the theater balcony overlooking the Mississippi River Valley. Hear the mystery of the Putnam's own mummies in a 45-minute program led by the Curator of Anthropology.

Limit of 15 reservations due by August 8, 2016.

Platinum Members: \$90; Gold Members: \$95;

Non-Members: \$100.

How to Be An Executor

Stephen Browning, Senior Trust Officer at F&M

Thursday, September 22, 2016

5:30 PM – F&M Bank Lobby, 21 E. Main Street

Whether you have an estate to plan or may be relied upon to become an executor, this seminar is full of vital and time saving information to help you in navigating the estate process. *This event is free but reservations must be made.*

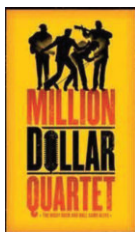
Million Dollar Quartet

Circa 21 Dinner Playhouse

Wednesday, October 12, 2016

10:30 AM - 5:00 PM

Million Dollar Quartet is the new smash-hit musical inspired by the famed recording session that brought together rock and roll icons Elvis Presley, Johnny Cash, Carl Perkins and Jerry Lee Lewis. This thrilling musical brings you inside the recording studio with four major talents that came together as a red hot band for one unforgettable night. *Limit of 15 reservations due by September 26, 2016. Platinum Members: \$90; Gold Members: \$95; Non-Members: \$100.*



Titanic: The Artifact Exhibition

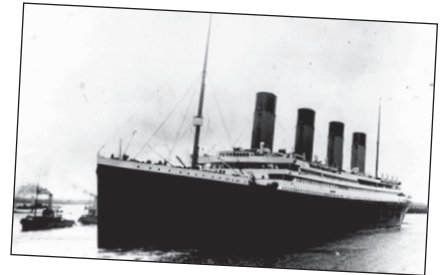
Peoria Riverfront Museum

Wednesday, November 16, 2016

10:00 AM - 5:00 PM

Lunch is at a riverfront eatery on your own then on to the museum. Educational, emotional and appropriate for all ages, *Titanic: The Artifact Exhibition* takes visitors on a journey through the life of Titanic. Along the way visitors will learn countless stories of heroism and humanity that pay honor to the indomitable force of the human spirit in the face of tragedy.

The Exhibition has been designed with a focus on the legendary RMS



Titanic's compelling human stories as best told through authentic artifacts recovered from the wreck site of Titanic and extensive room recreations. Perfume from a maker who was traveling to New York, china etched with the logo of the elite White Star Line, pieces of the Ship itself—these and many other authentic objects offer haunting, emotional connections to lives abruptly ended or forever altered.

Limit of 15 reservations due by September 26, 2016.

Platinum Members: \$65; Gold Members: \$70;

Non-Members: \$75.

Niagara Falls and Toronto

June 19-23, 2017

This 5-day/4-night trip will travel to Niagara Falls area including Horseshoe Falls, the Great Whirlpools, Upper Canadian Rapids, and Queen Victoria Park. We will visit the Skylon Tower, where on a clear day visitors can see close to 8,000 square miles of Canada and the U.S. Take a thrilling boat trip on the *Maid of the Mist* and get a close-up view of the falls. We will visit Toronto and Niagara-on-the-Lake, the prettiest town in Canada, including shops on Queen Street and Inniskillin Winery.

For more information on trips, or to make reservations, contact Denise Haptonstahl at 343-0002, ext. 20667, or by email at Denise.Haptonstahl@thefmbank.com.

Stay Informed

Be sure to send us your email address so that we can provide you information on special promotions, bank news and informative articles.



Send to: Denise.Haptonstahl@thefmbank.com

Subject: Add my email address

Please include your name and street address so that we can properly update our files. **Thank you!**



Tell your friends about the Ambassador Club!

Members need to be age 50 or better and have a checking account and maintain at least \$10,000 in any combination of loan and deposit accounts at the bank. That's all there is to it!

Discover the Rewards!

The Ambassador Club is designed to provide you with free and discounted services, preferred rates, and a wide variety of events and activities geared toward the interests of the "50 and better" set.

As a member, you will save more, earn more, and receive the individual, personalized guidance you need to make smart financial choices. Be sure to tell a friend and enjoy the Ambassador Club together!

Combined Deposit and Loan Balances:

	Gold \$10,000+	Platinum \$20,000+
1 Discounts on Group Travel and Club Trips ¹	5%	10%
2 Members-Only Social Events and Seminars	✓	✓
3 Local Merchant Discount Program with Club ID Card	✓	✓
4 No Fee Money Orders ²	✓	✓
5 No Fee Cashier's Checks ²	✓	✓
6 Access to Periodic "Members-Only" CD Specials	✓	✓
7 Free Ambassador Club Wallet Style Checks	✓	✓
8 No-Annual-Fee SHAZAMChek [®] Debit Card ²	✓	✓
9 Free Online Banking ²	✓	✓
10 Free Online Bill Pay Service ²	✓	✓
11 Free Notary Service	✓	✓
12 Periodic Club Newsletter (with optional e-mail delivery)	✓	✓
13 Discount on Safe Deposit Box ²	First Year Free ³	\$3/Year Discount ³
14 Discount on Domestic Wire Transfers		5% Fee Discount
15 Discount on Reloadable Visa [®] Travel Card		50% Fee Discount
16 Free Investment Portfolio Review		✓
17 Free Estate, Trust and Will Review		✓
18 Foreign Currency 50% Fee Discount		✓

Benefits are subject to change at any time and are subject to availability. 1-Some restrictions/limitations may apply to major group travel. 2-These benefits are associated with your Relationship Checking and/or BEST Checking account. 3-Safe Deposit Box Discounts: First year free for Gold Level benefit applies only to small box while \$3 annual discount for Platinum Level applies to any size box.

Your community, your money, your hometown bank...F&M



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