



the intersection

Where Community and Opportunity Meet

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

Community banks are accountable to you.

In the wake of the discovery that employees of the third largest bank in the United States created more than 1.5 million unauthorized deposit accounts and issued more than 500,000 unauthorized credit card applications all to meet inflated sales goals, we think it's worth reiterating that at First National Bank, we aren't driven by sales goals and fee income. As a community bank, our responsibility is to meet your specific needs and act on behalf of your best interest. We're here to serve YOU and the community, not just the bottom line.

A community bank like First National Bank is a locally-owned institution. Like all small businesses, we only thrive if the community thrives. If you fail, we fail. That means we're directly accountable to YOU — the people we live, work, play and worship with — and therefore, we have a natural incentive to treat you fairly. Unlike big banks that churn customers through like a factory, we can't afford to take advantage of customers we know on a first-name basis. When we say we're always focused on the best interests of our customers, we actually mean it. In fact, we're currently investing in customer service training for our entire staff so we can continue to serve you better. If you have a friend or family member currently involved in a big bank relationship, please consider referring them to First National Bank. We would love to be accountable to them as well.



As a community bank, our responsibility is to meet your specific needs and act on behalf of your best interest.

As we enter in the holiday season, we want to remind you to consider doing some of your shopping locally. Small businesses drive America's Main Street economies by reinvesting in our local communities. We have so many terrific small businesses in Washington County that wouldn't stay in business without

customers like you. We encourage you to visit them during the holidays and all year.

Wishing you a joyful holiday season filled with love, family, friends and abundant blessings.

Fall/Winter *Recipe*

Pumpkin Pie Breakfast Bake

This recipe is a favorite of Kristen Strupp, one of our Personal Bankers in the Hartford office. Kristen likes to serve it on Christmas morning because it can feed a crowd and everyone loves it!



Ingredients:

2 cans Pillsbury™ Grands!™ pumpkin spice rolls with icing
4 eggs
1/2 cup canned pumpkin
1/4 cup packed brown sugar
1 teaspoon ground cinnamon
1 can (5 oz) evaporated milk
2/3 cup coarsely chopped pecans

Step-by-Step:

1. Heat oven to 375°F.
2. Separate dough from both cans into 10 rolls. Cut each into 8 pieces; place in ungreased 13x9-inch (3-quart) glass or ceramic baking dish.
3. In medium bowl, beat eggs, pumpkin, brown sugar, cinnamon and milk with whisk until well blended. Pour evenly over cut rolls in dish. Sprinkle pecans over top.
4. Bake uncovered 30 minutes. After 30 minutes, cover baking dish with foil. Bake covered 10 minutes longer or until top is browned.
5. Remove from oven to cooling rack. Uncover; cool slightly, about 10 minutes. Pour icing evenly over top.

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**Don't
Forget to
Shop Local!**

What Are *Required Minimum Distributions (RMDs)*?

Traditional IRAs and employer retirement plans such as 401(k)s and 403(b)s offer several tax advantages, including the ability to defer income taxes on both contributions and earnings until they're distributed from the plan.

But, unfortunately, you can't keep your money in these retirement accounts forever. The law requires that you begin taking distributions, called "required minimum distributions" or RMDs, when you reach age 70½ (or in some cases, when you retire), whether you need the money or not. Minimum distributions are not required from Roth IRAs during your lifetime.

Your IRA trustee or custodian must either tell you the required amount each year or offer to calculate it for you. For an employer plan, the plan administrator will generally calculate the RMD. But you're ultimately responsible for determining the correct amount. It's easy to do. The IRS, in Publication 590-B, provides a chart called the Uniform Lifetime Table. In most cases, you simply find the distribution period for your age and then divide your account balance as of the end of the prior year by the distribution period to arrive at your RMD for the year.

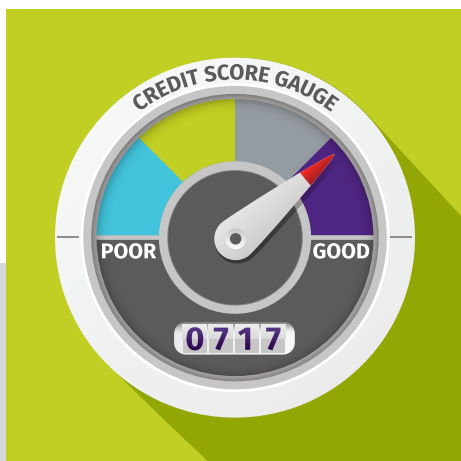
For example, if you turn 76 in 2016, your distribution period under the Uniform Lifetime Table is 22 years. You divide your account balance as of December 31, 2015, by 22 to arrive at your RMD for 2016.

The only exception is if you're married and your spouse is more than 10 years younger than you. If this special situation applies, use IRS Table II (also found in Publication 590-B) instead of the Uniform Lifetime Table. Table II provides a distribution period that's based on the joint life expectancy of you and your spouse.

If you have multiple IRAs, an RMD is calculated separately for each IRA. However, you can withdraw the required amount from any of your IRAs. Inherited IRAs aren't included with your own for this purpose (similar rules apply to Section 403(b) accounts.) If you participate in more than one employer retirement plan, your RMD is calculated separately for each plan and must be paid from that plan.

Remember, you can always withdraw more than the required amount, but if you withdraw less you will be hit with a penalty tax equal to 50% of the amount you failed to withdraw.

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



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What Affects My **Credit Score**?

Credit scoring is a system creditors use to help determine whether to give you credit. It also may be used to help decide the terms you are offered or the rate you will pay for the loan.

Credit scoring systems are complex and vary among creditors or insurance companies and

for different types of credit or insurance. If one factor changes, your score may change — but improvement generally depends on how the changed factor relates to other factors the system considers. Only the business using the system knows what might improve your score under the particular model they use to evaluate your application.

Nevertheless, scoring models usually consider the following types of information in your credit report to help compute your credit score:

- **Have you paid your bills on time?** You can count on payment history to be a significant factor. If your credit report indicates that you have paid bills late, had an account referred to collections, or declared bankruptcy, it is likely to affect your score negatively.
- **Are you maxed out?** Many scoring systems evaluate the amount of debt you have compared to your credit limits. If the amount you owe is more than 50 percent of your credit limit, it's likely to have a negative effect on your score.
- **How long have you had credit?** Generally, scoring systems consider your credit track record. An insufficient credit history may affect your score negatively, but factors like timely payments and low balances can offset that.

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Perceived Homebuying Barriers

According to a 2016 survey conducted by Ipsos Public Affairs, homeownership is still a desirable aspiration for a vast majority of Americans, with 86 percent of respondents agreeing that it would be a dream come true. However, there are still some common perceived barriers to homeownership, including how much money is needed for a down payment and the credit score needed to qualify for a loan.

Down Payment

Forty percent of Americans believe that a 20 percent down payment is *required* to purchase a home. While it's true that a 20 percent down payment eliminates private mortgage insurance and may qualify you for a lower interest rate, many banks offer loan programs with as little as five percent down. First National Bank also works with grant programs that can help with down payment assistance. For example, in 2016 eligible homebuyers could receive up to \$6,000 through the Downpayment Plus® Program* grant and \$5,000 through the Down Payment Assistance Loan Program** toward down payment and closing costs. First National Bank offers both of these programs, but not all lenders do.

In addition, it's important to note that private mortgage insurance, or PMI, will drop off a loan payment when the loan to home value ratio reaches 78 percent.

Homebuyers also may receive a cash gift from a family member. There are

specific rules that govern how the gift is documented and received, so it's a good idea to work with your lender to be sure you take the proper steps so your application is not rejected.

Credit Score

Sixty-two percent of respondents agreed with the statement that "I need to have a very good credit score to buy a home." When asked what a good credit score was, 43 percent said a score between 721-780, and 34 percent said over 780. However, credit scoring models generally consider a score over 780 to be "excellent" and over 660 to be "good."

The higher your credit score the more likely you are to qualify for the best rates; however, having a less than "excellent" credit score does not automatically mean you won't qualify for a loan. While your credit score is one of the most important things, lenders also take into consideration a variety of other financial factors, including your income, assets, debt-to-income ratio, credit history, employment history and the loan amount compared to the property value.

We know that the prospect of taking out a mortgage can be daunting. At First National Bank, our lenders serve as trusted advisors to walk you through the entire process. No two applicants are the same, and we're happy to meet with you individually and make personalized recommendations that fit your needs.

Visit www.fnb-hartford.com for more information about our loan programs and rates or Contact one of our experienced lenders today to learn more.



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* "Downpayment Plus" is a registered trademark of and a program offered from the Federal Home Loan Bank of Chicago. Restrictions apply. Please visit the [Federal Home Loan Bank of Chicago's](http://www.fhlbc.com) website for complete requirements.

** Down Payment Assistance Loan program is offered from the Department of Housing and Urban Development, funded by the Home Consortium. Restrictions apply. Please see the Home Consortium website at www.homeconsortium.com for complete requirements.

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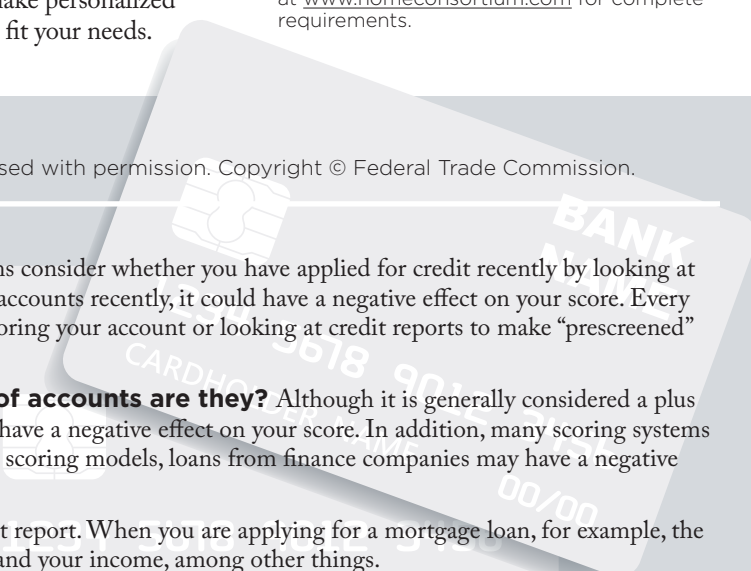
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- **Have you applied for new credit lately?** Many scoring systems consider whether you have applied for credit recently by looking at "inquiries" on your credit report. If you have applied for too many new accounts recently, it could have a negative effect on your score. Every inquiry isn't counted: for example, inquiries by creditors who are monitoring your account or looking at credit reports to make "prescreened" credit offers are not considered liabilities.
- **How many credit accounts do you have and what kinds of accounts are they?** Although it is generally considered a plus to have established credit accounts, too many credit card accounts may have a negative effect on your score. In addition, many scoring systems consider the type of credit accounts you have. For example, under some scoring models, loans from finance companies may have a negative effect on your credit score.

Scoring models may be based on more than the information in your credit report. When you are applying for a mortgage loan, for example, the system may consider the amount of your down payment, your total debt, and your income, among other things.

Improving your score significantly is likely to take some time, but it can be done. To improve your credit score under most systems, focus on paying your bills in a timely way, paying down any outstanding balances, and staying away from new debt.

To learn more about what components make up your credit score, visit www.myfico.com/CreditEducation/WhatsInYourScore.aspx



Ransomware:

The Latest Cybersecurity Threat You May Not Know About

What Is Ransomware?

Ransomware is a special type of malware that is actively spreading across the Internet today, threatening to destroy victim's documents and other files. Malware is software — a computer program — used to perform malicious actions. While ransomware is just one of many different types of malware, it has become very common because it is so profitable for criminals. Once ransomware infects your computer, it encrypts certain files or your entire hard drive. You are then locked out of the whole system or cannot access your important files, such as your documents or photos. The malware then informs you that the only way you can decrypt your files and recover your system is to pay the cybercriminal a ransom (thus the name ransomware). Most often, the ransoms must be paid in some form of digital currency, such as Bitcoin. Ransomware spreads like many other types of malware. The most common method involves emailing victims malicious emails, where cyber criminals trick you into opening an infected attachment or clicking on a link that takes you to the attacker's website.

Should You Pay the Ransom?

That is a tough one. The problem is that the more often people pay these criminals when they are infected, the more motivated criminals are to infect others. On the other hand, you may have no other option to recover your files. Be warned though, even if you do pay the ransom, there is no guarantee you will get your files back. You are dealing with criminals; they may not decrypt the files, or even if they do provide you with a decryption method in exchange for payment, something may go wrong during the decryption process or your computer may be infected with additional malware.

Back Up Your Files

Perhaps the best way to recover from a ransomware infection and not pay a ransom is to recover your files from backups. This way, even if you get infected with ransomware, you have a way of recovering files after rebuilding or cleaning up your computer. Keep in mind that if your backup can be accessed from the infected system, ransomware might delete or encrypt your backup files. Therefore, it's important to back

up files to reputable cloud-based services or to store your backups on external drives that are not always connected to your system. In addition, a common mistake that many people make with backups is to assume that it works without testing whether they can actually recover files. Be sure to regularly test that your backups are working, and confirm that you can recover the files you need should your system become infected with ransomware. Backups are important, as they also help you recover when you accidentally delete files or your hard drive crashes.

Further Protective Measures

Moreover, you can protect yourself from ransomware infections the same way you would against other types of malware: don't get infected. Start by making sure that you have up-to-date anti-virus software from a trusted vendor. Such tools, sometimes called anti-malware software, are designed to detect and stop malware. However, anti-virus cannot block or remove all malicious programs. Cyber criminals are constantly innovating, developing new and more sophisticated malware that can evade detection. In turn, anti-virus vendors are constantly updating their products with new capabilities to detect malware. In many ways, it has become an arms race, with both sides attempting to outwit the other.

Unfortunately, the bad guys are usually one step ahead, which is why you need to ensure you back up your files and employ these additional steps to protect yourself:

- Cyber criminals often infect computers or devices by exploiting vulnerabilities

in your software. The more current your software is, the fewer known vulnerabilities your systems have and the harder it is for cyber criminals to infect them. Therefore, make sure your operating systems, applications, and devices are enabled to automatically install updates.

- On computers, use a standard account that has limited privileges rather than privileged accounts such as "Administrator" or "root." This provides additional protection by preventing many types of malware from being able to install themselves.
- Cyber criminals often trick people into installing malware for them. For instance, they might send you an email that looks legitimate and contains an attachment or a link. Perhaps the email appears to come from your bank or a friend. However, if you were to open the attached file or click on the link, you would activate malicious code that installs malware on your system. If a message creates a strong sense of urgency, is confusing, seems too good to be true, or has poor grammar, it could be an attack. Be suspicious; common sense is often your best defense.

Protect yourself from ransomware by remaining vigilant when opening email attachments or clicking on links, ensuring that you have updated anti-virus software, and confirming that your files are regularly backed up and can be restored.

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Holiday *banking hours*

Thanksgiving Day, Thursday, November 24 — **CLOSED**

Day after Thanksgiving, Friday, November 25 — **OPEN**
regular business hours (8:30 a.m. – 6 p.m.)

Christmas Eve, Saturday, December 24th — 8:30 a.m. to 12:00 p.m.

Christmas Day, Sunday, December 25th — **CLOSED**

Christmas Day Observed, Monday, December 26th — **CLOSED**

New Year's Eve, Saturday, December 31st — 8:30 a.m. to 12:00 p.m.

New Year's Day, Sunday, January 1st — **CLOSED**

New Year's Day Observed, Monday, January 2nd — **CLOSED**



Your community bank. Your opportunity bank.

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