

TOMPKINS FINANCIAL CORP  
Form 11-K  
June 27, 2014

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FOR ANNUAL REPORTS OF EMPLOYEE STOCK**

**PURCHASE, SAVINGS AND SIMILAR PLANS**

**PURSUANT TO SECTION 15(d) OF THE**

**SECURITIES EXCHANGE ACT OF 1934**

**FORM 11-K**

ANNUAL REPORT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal year ended: December 31, 2013

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_ to \_\_\_\_

Commission File Number: 1-12709

**TOMPKINS FINANCIAL CORPORATION INVESTMENT**

**AND STOCK OWNERSHIP PLAN**

(Full title of Plan)

**TOMPKINS FINANCIAL CORPORATION**

(Name of issuer of the securities held pursuant to the Plan)

P.O. Box 460, The Commons

Ithaca, New York 14851

(607) 273-3210

(Address of principal executive offices)

**TOMPKINS FINANCIAL CORPORATION**

**INVESTMENT AND STOCK OWNERSHIP PLAN**

**ITHACA, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**SUPPLEMENTAL SCHEDULE**

**AND**

**REPORT OF INDEPENDENT REGISTERED**

**PUBLIC ACCOUNTING FIRM**

**DECEMBER 31, 2013 AND 2012**

CONTENTS

AUDITED FINANCIAL STATEMENTS	PAGE
<u>Report of Independent Registered Public Accounting Firm</u>	3
<u>Statements of Net Assets Available for Benefits</u>	5
<u>Statements of Changes in Net Assets Available for Benefits</u>	6
<u>Notes to Financial Statements</u>	7
<u>SUPPLEMENTAL SCHEDULE</u>	
<u>Form 5500 - Schedule H - Part IV:</u>	
<u>Item 4i - Schedule of Assets Held for Investment Purposes at End of Year - December 31, 2013</u>	18

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Committee

Tompkins Financial Corporation

Investment and Stock Ownership Plan

We have audited the accompanying statements of net assets available for benefits of the Tompkins Financial Corporation Investment and Stock Ownership Plan as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal controls over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental Schedule of Assets Held for Investment Purposes At End of Year – December 31, 2013 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan’s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2013 financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic 2013 financial statements taken as a whole.

Elmira, New York

June 23, 2014

TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2013	2012
<b>ASSETS</b>		
Investments, at fair value:		
Tompkins Financial Corporation common stock	\$10,551,163	\$7,736,285
Mutual funds	23,198,736	17,992,514
Pooled market value separate accounts	37,218,752	29,698,143
Guaranteed Income Fund	13,413,435	11,919,560
<b>TOTAL INVESTMENTS</b>	<b>84,382,086</b>	<b>67,346,502</b>
Receivables:		
Notes receivable from participants	1,839,597	1,822,792
Employer contributions	486,394	429,439
Participant contributions	—	146,843
<b>TOTAL RECEIVABLES</b>	<b>2,325,991</b>	<b>2,399,074</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$86,708,077</b>	<b>\$69,745,576</b>

The accompanying notes are an integral part of the financial statements.

TOMPKINS FINANCIAL CORPORATIONINVESTMENT AND STOCK OWNERSHIP PLANSTATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year ended December 31,	
	2013	2012
<b>ADDITIONS</b>		
Additions to net assets attributed to:		
Investment income:		
Interest and dividends	\$1,279,514	\$811,779
Net appreciation in fair value of investments	12,671,835	4,344,820
	13,951,349	5,156,599
Participant note interest	78,254	59,774
Contributions:		
Employer	2,269,914	1,674,675
Participant	4,767,348	3,998,647
Rollover	599,544	557,876
	7,636,806	6,231,198
Transfer from Tompkins Financial Corporation Employee Stock Ownership Plan	188,278	227,713
Transfer from VIST Financial Corp. 401(k) Retirement Savings Plan	—	16,812,685
<b>TOTAL ADDITIONS</b>	<b>21,854,687</b>	<b>28,487,969</b>
<b>DEDUCTIONS</b>		
Deductions from net assets attributed to:		
Benefits paid to participants	4,892,186	3,375,772
<b>TOTAL DEDUCTIONS</b>	<b>4,892,186</b>	<b>3,375,772</b>
<b>NET INCREASE</b>	<b>16,962,501</b>	<b>25,112,197</b>
Net assets available for benefits at beginning of year	69,745,576	44,633,379
<b>NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR</b>	<b>\$86,708,077</b>	<b>\$69,745,576</b>

The accompanying notes are an integral part of the financial statements.



TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE A: DESCRIPTION OF PLAN

The following description of the Tompkins Financial Corporation Investment and Stock Ownership Plan (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

General

The Plan is a defined contribution plan covering eligible employees who have met certain age and service requirements. The Plan is administered by the Executive, Compensation/Personnel Committee appointed by Tompkins Financial Corporation’s Board of Directors, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). All investments of the Plan are participant directed.

Eligibility

All employees are eligible to begin voluntary contributions and receive matching contributions on the first day of the month coinciding with attaining the age of twenty-one. Employees are eligible for discretionary contributions on the first day of the month coinciding with completing one year of credited service and attaining the age of twenty-one. Leased employees, employees covered under a collective bargaining agreement and “On Call” employees are not eligible to participate.

Vesting

Participants are immediately vested in all contributions and earnings thereon. Effective January 1, 2014, the vesting provision of the plan was amended to provide for vesting on the non-elective and matching contributions based on years of service. For employees hired on or after January 1, 2014, a participant is 100 percent vested in the matching

contributions after three years of service.

#### Contributions

Participants may contribute their entire eligible compensation, as defined, subject to certain Internal Revenue Service limitations. The Plan sponsor matching contributions are equal to 100% of the first 3% of elective deferral and 50% of the next 2% of elective deferral.

Additionally, the Plan sponsor may contribute amounts annually at the discretion of the Board of Directors based on a percentage of the total compensation of all eligible participants during any plan year. Participants are given the opportunity to elect to receive in cash that portion of their allocation, which the Board shall designate as eligible for cash election for the Plan year, or they may elect to allocate all or part to their plan account maintained on their behalf in the Plan. The Board approved a 4% and 3% contribution for 2013 and 2012, respectively.

#### Participant notes receivable

Participant notes receivable are measured and valued at their unpaid principal balance plus any accrued but unpaid interest. Loans may be made to participants for a maximum of \$50,000, but no more than 50% of the participant's vested account balance. The loans are secured by the balance of the participant's account and bear interest at the bank prime rate plus 1% at the time of the loan. Principal and interest is paid through payroll deductions over a term of one to five years, except loans used to purchase a participant's principal residence which may exceed five years.

TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2013 AND 2012

NOTE A: DESCRIPTION OF PLAN, Cont'd

Diversification and transfers

Under the Tompkins Financial Corporation Employee Stock Ownership Plan document, participants meeting certain age and service requirements may elect to diversify the eligible portion of the Company stock held in their account. The funds elected to be diversified are transferred to the Plan and invested into funds as chosen by the participant. During 2013 and 2012, participants transferred \$188,278 and \$227,713, respectively.

Participants' accounts

Each participant's account is credited with the participant's elective deferral, an allocation of the Company's matching and discretionary contributions and allocation of plan earnings. Allocations of company contributions are based upon the participant's compensation and the allocations of plan earnings are based upon participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Payment of benefits

Upon termination of service, the participant's account is either maintained in the Plan, transferred to an individual retirement account in the participant's name, directly rolled over into a qualified retirement plan or paid to the participant in a lump sum.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Investment valuation and income recognition

The Plan's investments are stated at fair value. Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividends are recorded on the ex-dividend date.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Tompkins Financial Corporation common stock

Tompkins Financial Corporation common stock is valued at the market value as listed on the American Stock Exchange for publicly traded securities.

Mutual funds

Mutual funds are valued at quoted market prices.

Pooled market value separate accounts

The funds are organized as pooled separate accounts of Prudential Retirement Insurance and Annuity Company (PRIAC), an ultimate wholly-owned subsidiary of Prudential Financial, Inc., as investment vehicles for qualified retirement plans.

TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2013 AND 2012

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

The value of each fund and of each unit of participation is determined at the close of each day in which PRIAC and the New York Stock Exchange are open for business or as determined by PRIAC ("Valuation Date"). Units of participation in each Fund are issued and redeemed only on a Valuation Date, at the value so determined.

Guaranteed income fund (GIF)

Under the group annuity insurance contract that supports this product, participants may ordinarily direct permitted withdrawal or transfers of all or a portion of their account balance at Contract Value within reasonable timeframes. Contract Value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees. The GIF is a benefit responsive annuity contract. This product is not a traditional guaranteed insurance contract and therefore there are not any known cash flows that could be discounted. As a result, the fair value shown is equal to Contract Value.

The average yield earned by the Plan and its participants was 2.25% and 2.60% for the years ended December 31, 2013 and 2012, respectively. Generally there are not any events that could limit the ability of the Plan to transact at Contract Value paid within 90 days or in rare circumstances, Contract Value paid over time. There are not any events that allow the issuer to terminate the contract and which require the Plan sponsor to settle at an amount different than Contract Value paid either within 90 days or over time.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Administrative expenses

The Plan sponsor has elected to pay certain administrative expenses of the Plan.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates and assumptions.

Payment of benefits

Benefits are recorded when paid.

Subsequent events

The Plan has evaluated subsequent events and determined no subsequent events have occurred requiring adjustments to the financial statements or disclosures.

TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2013 AND 2012

NOTE C: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used, as outlined in Note B, need to

maximize the use of observable inputs and minimize the use of unobservable inputs.

The following disclosures are required by FASB ASC 820-10-55 and FASB ASU 2009-12, “Investments in Certain Entities That Calculate Net Asset Value Per Share”:

The fair values of these funds have been calculated using the net asset value per share of the underlying investments. There are no unfunded commitments for the pooled market value separate accounts as of December 31, 2013 and 2012. There is no waiting period or other restrictions on redemptions from pooled market value separate accounts. The following are descriptions of the pooled market value separate accounts:

Large Cap Growth – MFS

This fund invests primarily in U.S. Stocks. The fund seeks to provide long-term growth of capital and to outperform the Russell 1000 Growth Index over the long-term.

- 10 -



TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2013 AND 2012

NOTE C: FAIR VALUE MEASUREMENTS, Cont'd

Core Plus Bond - Pimco Fund

This fund invests primarily in U.S. Bonds. The fund seeks to exceed the return of the Barclay's Capital U.S. Aggregate Bond Index, consistent with preservation of capital by investing in a diversified portfolio of fixed income securities.

Mid Cap Value – Systematic Fund

This fund invests primarily in U.S. Stocks. The fund seeks to provide capital appreciation and to outperform the Russell Midcap Value Index over the long-term. The securities of mid-capitalization companies involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements.

Mid Cap Growth - Frontier Fund

This fund invests primarily in U.S. Stocks. The fund seeks to provide capital appreciation and to outperform the Russell Midcap Growth Index over the long-term. The securities of mid-capitalization companies involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements.

Dryden S&P 500 Index Fund

This fund invests primarily in U.S. Stocks. The fund is constructed to reflect the composition of the S&P 500 Index. It seeks to provide long-term growth of capital and income.

Large Cap Blend – MFS Fund

This fund invests primarily in U.S. Stocks. The fund seeks to provide long-term growth of capital by investing in equity securities and equity securities convertible into common stocks traded on the U.S. exchanges and issued by large, established companies. The fund invests in both value and growth securities.

The preceding methods as described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

- 11 -

TOMPKINS FINANCIAL CORPORATIONINVESTMENT AND STOCK OWNERSHIP PLANNOTES TO FINANCIAL STATEMENTS, Cont'dDECEMBER 31, 2013 AND 2012NOTE C: FAIR VALUE MEASUREMENTS, Cont'd

The following table sets forth by Level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2013 and 2012:

	Level 1	Level 2	Level 3	Total
December 31, 2013				
Tompkins Financial Corporation common stock	\$10,551,163	\$—	\$—	\$10,551,163
Mutual funds:				
Mid cap growth fund	982,202	—	—	982,202
Foreign large blend fund	13,701,512	—	—	13,701,512
Large cap value fund	8,515,022	—	—	8,515,022
Pooled market value separate accounts:				
U.S. bond	—	12,178,641	—	12,178,641
Large cap growth stock	—	9,361,809	—	9,361,809
Mid cap value stock	—	5,188,822	—	5,188,822
Mid cap growth stock	—	6,332,624	—	6,332,624
Index fund stock	—	2,185,254	—	2,185,254
Large cap blend stock	—	1,971,602	—	1,971,602
Guaranteed Income Fund	—	—	13,413,435	13,413,435
Total assets at fair value	\$33,749,899	\$37,218,752	\$13,413,435	\$84,382,086
December 31, 2012				
Tompkins Financial Corporation common stock	\$7,736,285	\$—	\$—	\$7,736,285
Mutual funds:				
Small blend fund	660,321	—	—	660,321
Foreign large blend fund	10,787,301	—	—	10,787,301
Large cap value fund	6,544,892	—	—	6,544,892
Pooled market value separate accounts:				
U.S. bond	—	10,809,430	—	10,809,430

Edgar Filing: TOMPKINS FINANCIAL CORP - Form 11-K

Large cap growth stock	—	7,414,079	—	7,414,079
Mid cap value stock	—	3,860,073	—	3,860,073
Mid cap growth stock	—	4,841,836	—	4,841,836
Index fund stock	—	1,359,280	—	1,359,280
Large cap blend stock	—	1,413,445	—	1,413,445
Guaranteed Income Fund	—	—	11,919,560	11,919,560
Total assets at fair value	\$25,728,799	\$29,698,143	\$11,919,560	\$67,346,502

- 12 -

TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2013 AND 2012

NOTE C: FAIR VALUE MEASUREMENTS, Cont'd

The following is a reconciliation of the beginning and ending balances for assets measured at fair value, on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2013 and 2012:

	December 31,	
	2013	2012
Guaranteed income fund:		
Balance at beginning of year	\$ 11,919,560	\$ 7,203,756
Purchases	3,740,751	5,238,995
Sales	(2,527,928 )	(754,212 )
Interest	281,052	231,021
Balance at end of year	\$ 13,413,435	\$ 11,919,560

TOMPKINS FINANCIAL CORPORATIONINVESTMENT AND STOCK OWNERSHIP PLANNOTES TO FINANCIAL STATEMENTS, Cont'dDECEMBER 31, 2013 AND 2012NOTE D: INVESTMENTS

The following presents the fair value of investments and the net appreciation in fair value. Investments that represent 5% or more of the Plan's net assets available for benefits are separately identified:

	December 31,	
	2013	2012
	Fair value at end of year	Fair value at end of year
Tompkins Financial Corporation common stock	\$10,551,163	\$7,736,285
Mutual funds:		
American – Europacific Growth R4	13,701,512	10,787,301
Eaton Vance Large Cap Value A	8,515,022	6,544,892
Other	982,202	660,321
	23,198,736	17,992,514
Pooled market value separate accounts:		
Large Cap Growth – MFS	9,361,809	7,414,079
Core Plus Bond – Pimco	12,178,641	10,809,430
Mid Cap Value – Systematic	5,188,822	3,860,073
Mid Cap Growth – Frontier	6,332,624	4,841,836
Other	4,156,856	2,772,725
	37,218,752	29,698,143
Group Annuity Contract:		
Guaranteed Income Fund	13,413,435	11,919,560
	\$84,382,086	\$67,346,502

The investments appreciated in fair value as follows:

	Year ended December 31,	
	2013	2012
Tompkins Financial Corporation common stock	\$2,395,009	\$173,438
Mutual funds	3,815,292	2,047,974
Pooled market value separate accounts	6,416,534	2,123,408
	\$12,671,835	\$4,344,820

- 14 -

TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2013 AND 2012

NOTE E: TAX STATUS

The Internal Revenue Service has determined and informed the Plan sponsor by a letter dated March 31, 2008, that the prototype plan under which the Plan was adopted is designed in accordance with the applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's legal counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of IRC.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by tax jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to December 31, 2010.

NOTE F: PLAN TERMINATION

Although it has not expressed any intent to do so, the Plan sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants have a fully vested interest in their accounts and their accounts will be paid to them as provided by the Plan document.



NOTE G: TRANSACTIONS WITH PARTIES-IN-INTEREST

The Plan invests in shares of the Guaranteed Income Fund, mutual funds and pooled market value separate accounts managed by affiliates of Prudential Retirement. Prudential Retirement acts as trustee for only those investments as defined by the Plan. Transactions in such investments qualify as party-in-interest transactions which are exempt from the prohibited transactions rules.

The Plan invests in Tompkins Financial Corporation common stock which represents approximately 12% and 11% of net assets available for benefits at December 31, 2013 and 2012, respectively.

NOTE H: RISKS AND UNCERTAINTIES

The Plan invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the accompanying statements of net assets available for benefits.

TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2013 AND 2012

NOTE I: TRANSFER FROM OTHER PLAN

In September 2012, net assets of \$16,812,685 from the VIST Financial Corp. 401(k) Retirement Savings Plan were merged into the Plan. Additionally, employees of VIST Financial Corp. were eligible to participant in the Plan.

NOTE J: RECONCILIATION OF THE FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for plan benefits per the financial statements to Form 5500:

	December 31,	
	2013	2012
Net assets available for benefits per the financial statements	\$86,708,077	\$69,745,576
Less: employer contributions receivable	(486,394 )	(429,439 )
Net assets available for benefits per Form 5500	\$86,221,683	\$69,316,137

The following is a reconciliation of participant contributions per the financial statements to Form 5500:

	December 31,	
	2013	2012
Participant contributions per the financial statements	\$4,767,348	\$3,998,647

Edgar Filing: TOMPKINS FINANCIAL CORP - Form 11-K

Add: prior year employer contributions receivable	429,439	408,206
Less: current year employer contributions receivable	(486,394 )	(429,439 )
Participant contributions per the Form 5500	\$4,710,393	\$3,977,414

As discussed in Note A, participants are given the opportunity to elect to receive in cash that portion of their profit sharing allocation which the Board of Directors shall designate as eligible for cash election for the Plan year or they may elect to allocate all or part to their plan account maintained on their behalf in the Plan. These elective deferrals are not made by the participant until the year subsequent to the year in which the profit sharing percentage is approved. Therefore, these elective deferrals are accrued as a receivable to the Plan in the Plan year that the profit sharing amount is approved. However, these elective deferrals are considered in the relevant non-discrimination testing in the year that they are received by the Plan.

**TOMPKINS FINANCIAL CORPORATION**

**INVESTMENT AND STOCK OWNERSHIP PLAN**

**SUPPLEMENTAL SCHEDULE**

TOMPKINS FINANCIAL CORPORATIONINVESTMENT AND STOCK OWNERSHIP PLANEIN: 15-0470650PLAN #: 002FORM 5500 – SCHEDULE H – PART IVITEM 4i - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSESAT END OF YEAR - DECEMBER 31, 2013

(a)	(b)	(c)	(e)
Party in interest	Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Current Value
*	Prudential Retirement Insurance and Annuity Company	471,836.2096 units Guaranteed Income Fund	\$ 13,413,435
*	Prudential Retirement Insurance and Annuity Company	477,626.3454 units Large Cap Growth/MFS	9,361,809
*	Prudential Retirement Insurance and Annuity Company	646,229.8940 units Core Plus Bond/Pimco	12,178,641
*	Prudential Retirement Insurance and Annuity Company	312,023.5615 units Mid Cap Value/Systematic	5,188,822
*	Prudential Retirement Insurance and Annuity Company	378,003.7578 units Mid Cap Growth/Frontier	6,332,624
*	Prudential Retirement Insurance and Annuity Company	17,111.6985 units Dryden S&P 500 Index Fund	2,185,254
*	Prudential Retirement Insurance and Annuity Company	122,303.3427 units Large Cap Blend/MFS	1,971,602
*	Prudential Mutual Funds	29,836.0323 units Neubrgr Brmn Genesis Adv	982,202
*	Prudential Mutual Funds	284,381.7359 units Amer:Europacific Growth R4	13,701,512
*	Prudential Mutual Funds	356,128.0308 units EatonVance Lg Cap Val A	8,515,022

Edgar Filing: TOMPKINS FINANCIAL CORP - Form 11-K

*	Tompkins Financial Corporation	205,315.4859 units Tompkins Financial Corporation Common Stock	10,551,163 84,382,086
*	Participant notes receivable	3.25% - 8.25%	1,839,597 \$86,221,683

Note: Certain cost information in column (d) is not required to be disclosed as investments are participant directed under an individual account plan.

- 18 -

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Trustees (or other persons who administer the Plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**TOMPKINS FINANCIAL CORPORATION INVESTMENT AND STOCK OWNERSHIP PLAN**

Administrator: **TOMPKINS TRUST COMPANY**

Date: June 27, 2014 By: /s/ Francis M. Fetsko  
Francis M. Fetsko  
Executive Vice President and  
Chief Financial Officer

<b>Exhibit Number</b>	<b>Description</b>	<b>Page</b>
-----------------------	--------------------	-------------

<u>23.1</u>	<u>Consent of Mengel, Metzger, Barr &amp; Co. LLP</u>	
-------------	---	--

---