

TOMPKINS FINANCIAL CORP
Form 11-K
June 27, 2016

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, 2015

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, 2015 AND 2014

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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, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. 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, 2015 and 2014, and the changes in net assets available for benefits for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying Schedule of Assets Held for Investment Purposes At End of Year – December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of Tompkins Financial Corporation Investment and Stock Ownership Plan’s financial statements. The supplemental schedule is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

Elmira, New York

June 27, 2016

TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2015	2014
ASSETS		
Investments, at fair value:		
Tompkins Financial Corporation common stock	\$ 11,888,868	\$ 11,546,867
Pooled market value separate accounts	68,187,860	65,180,516
Guaranteed Income Fund	15,086,275	13,954,136
TOTAL INVESTMENTS	95,163,003	90,681,519
Receivables:		
Notes receivable from participants	2,174,542	2,122,718
Contributions	590,839	595,349
TOTAL RECEIVABLES	2,765,381	2,718,067
NET ASSETS AVAILABLE FOR BENEFITS	\$97,928,384	\$93,399,586

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

TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year ended December 31, 2015
<u>ADDITIONS</u>	
Additions to net assets attributed to:	
Investment income:	
Interest and dividends	\$639,530
Net appreciation in fair value of investments	727,216
	1,366,746
Participant note interest	85,263
Contributions:	
Employer	2,289,986
Participant	5,461,350
Rollover	453,795
	8,205,131
TOTAL ADDITIONS	9,657,140
<u>DEDUCTIONS</u>	
Deductions from net assets attributed to:	
Benefits paid to participants	5,335,451
TOTAL DEDUCTIONS	5,335,451
NET INCREASE	4,321,689
Net assets available for benefits at beginning of year	93,399,586
Transfer from Tompkins Financial Corporation Employee Stock Ownership Plan	207,109
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	\$97,928,384

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, 2015 AND 2014

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

For employees hired prior to January 1, 2014, a participant is 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% contribution for 2015 and 2014.

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, 2015 AND 2014

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 2015 and 2014, participants transferred \$207,109 and \$303,061, 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, 2015 and 2014.

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.

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, 2015 AND 2014

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 1.90% and 2.05% for the years ended December 31, 2015 and 2014, 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.

TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2015 AND 2014

New accounting pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). The amendments in this update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. However, sufficient information must be provided to permit reconciliation of the fair value of assets categorized within the fair value hierarchy to the amounts presented in the statement of financial position. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2015. For all other entities, the amendments in this update are effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. Upon adoption, the amendments shall be applied retrospectively to all periods presented. The Plan is currently evaluating the effect of the ASU No. 2015-07 amendments on its financial statements.

In July 2015, the FASB issued ASU No. 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health And Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient – consensus of the Emerging Issues Task Force. The amendments in this update (1) requires a pension plan to use contract value as the only measure for fully benefit-responsive investment contracts, (2) simplifies and increases the effectiveness of the investment disclosure requirements for employee benefit plans, and (3) provides benefit plans with a measurement-date practical expedient similar to the practical expedient provided to employers in ASU 2015-04, Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets. The amendments in this Update are effective for fiscal years beginning after December 15, 2015. Early adoption is permitted. Upon adoption, the amendments in Part I and Part II shall be applied retrospectively to all periods presented, while the amendments in Part III shall be applied prospectively. The Plan is currently evaluating the effect of the ASU No. 2015-12 amendments on its financial statements.

Subsequent events

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

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TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2015 AND 2014

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, 2015 and 2014. 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:

International Blend - Wellington

This fund invests primarily in international stocks. The fund seeks to provide capital appreciation and to outperform the Custom Blend International Stock Index over the long-term.

TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2015 AND 2014

NOTE C: FAIR VALUE MEASUREMENTS, Cont'd

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

Large Cap Value - LSV Asset Management

This fund invests primarily in U.S. Stocks. The fund seeks to provide capital appreciation and to outperform the Russell 1000 Value and S&P 500 Indexes over the long-term

Core Plus Bond - PIM 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.

Small Cap Blend - Glenmede

This fund invests primarily in U.S. Stocks. The fund seeks to provide capital appreciation and to outperform the Russell 2000 Growth Index over the long-term

Mid Cap Value - QMA 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.

TOMPKINS FINANCIAL CORPORATIONINVESTMENT AND STOCK OWNERSHIP PLANNOTES TO FINANCIAL STATEMENTS, Cont'dDECEMBER 31, 2015 AND 2014NOTE 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, 2015 and 2014:

	Level 1	Level 2	Level 3	Total
<u>December 31, 2015</u>				
Tompkins Financial Corporation common stock	\$ 11,888,868	\$—	\$—	\$ 11,888,868
Pooled market value separate accounts:				
International blend fund	—	15,191,757	—	15,191,757
Large cap growth stock	—	11,144,625	—	11,144,625
Large cap value fund	—	9,723,696	—	9,723,696
U.S. bond	—	12,667,971	—	12,667,971
Small cap blend fund	—	935,360	—	935,360
Mid cap value stock	—	5,655,183	—	5,655,183
Mid cap growth stock	—	7,546,264	—	7,546,264
Index fund stock	—	3,123,036	—	3,123,036
Large cap blend stock	—	2,199,968	—	2,199,968
Guaranteed Income Fund	—	—	15,086,275	15,086,275
Total assets at fair value	\$ 11,888,868	\$ 68,187,860	\$ 15,086,275	\$ 95,163,003
<u>December 31, 2014</u>				
Tompkins Financial Corporation common stock	\$ 11,546,867	\$—	\$—	\$ 11,546,867
Pooled market value separate accounts:				
International blend fund	—	14,320,586	—	14,320,586
Large cap growth stock	—	10,280,463	—	10,280,463
Large cap value fund	—	9,417,736	—	9,417,736
U.S. bond	—	12,321,491	—	12,321,491

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Small cap blend fund	—	993,879	—	993,879
Mid cap value stock	—	5,663,307	—	5,663,307
Mid cap growth stock	—	7,060,398	—	7,060,398
Index fund stock	—	3,006,057	—	3,006,057
Large cap blend stock	—	2,116,599	—	2,116,599
Guaranteed Income Fund	—	—	13,954,136	13,954,136
Total assets at fair value	\$11,546,867	\$65,180,516	\$13,954,136	\$90,681,519

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TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2015 AND 2014

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, 2015 and 2014:

	December 31,	
	2015	2014
Guaranteed income fund:		
Balance at beginning of year	\$ 13,954,136	\$ 13,413,435
Purchases	3,343,677	3,045,276
Sales	(2,494,752)	(2,778,420)
Interest	283,214	273,845
Balance at end of year	\$ 15,086,275	\$ 13,954,136

TOMPKINS FINANCIAL CORPORATIONINVESTMENT AND STOCK OWNERSHIP PLANNOTES TO FINANCIAL STATEMENTS, Cont'dDECEMBER 31, 2015 AND 2014NOTE 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,	
	2015	2014
	Fair value at end of year	Fair value at end of year
Tompkins Financial Corporation common stock	\$11,888,868	\$11,546,867
Pooled market value separate accounts:		
International Blend - Wellington	15,191,757	14,320,586
Large Cap Growth - MFS	11,144,625	10,280,463
Large Cap Value - LSV Asset Mgmt	9,723,696	9,417,736
Core Plus Bond - PIM	12,667,971	12,321,491
Mid Cap Value - QMA	5,655,183	5,663,307
Mid Cap Growth - Frontier	7,546,264	7,060,398
Other	6,258,364	6,116,535
	68,187,860	65,180,516
Group Annuity Contract:		
Guaranteed Income Fund	15,086,275	13,954,136
	\$95,163,003	\$90,681,519

The investments appreciated in fair value as follows:

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	Year ended December	
	31,	
	2015	2014
Tompkins Financial Corporation common stock	\$ 194,860	\$ 823,998
Mutual funds	—	1,316,393
Pooled market value separate accounts	532,356	2,152,554
	\$ 727,216	\$ 4,292,945

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TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2015 AND 2014

NOTE E: TAX STATUS

The Internal Revenue Service has determined and informed the Plan sponsor by a letter dated April 29, 2014, 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, 2015, 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.

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% of net assets available for benefits at December 31, 2015 and 2014.

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, 2015 AND 2014

NOTE I: 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,	
	2015	2014
Net assets available for benefits per the financial statements	\$97,928,384	\$93,399,586
Less: contributions receivable	(590,839)	(595,349)
Net assets available for benefits per Form 5500	\$97,337,545	\$92,804,237

The following is a reconciliation of net increase during the year per the financial statements to net income per the Form 5500:

	December 31, 2015
Net increase during the year per the financial statements	\$4,321,689
Add: prior year contributions receivable	595,349
Less: current year contributions receivable	(590,839)
Net income per the Form 5500	\$4,326,199

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.

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TOMPKINS FINANCIAL CORPORATION

INVESTMENT AND STOCK OWNERSHIP PLAN

SUPPLEMENTAL SCHEDULE

TOMPKINS FINANCIAL CORPORATIONINVESTMENT AND STOCK OWNERSHIP PLANEIN: 15-0470650PLAN #: 002

FORM 5500 – SCHEDULE H – PART IV

ITEM 4i - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSESAT END OF YEAR - DECEMBER 31, 2015

(a) Party in interest	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(e) Current Value
*	Prudential Retirement Insurance and Annuity Company	509,703.0171 units Guaranteed Income Fund	\$ 15,086,275
*	Prudential Retirement Insurance and Annuity Company	631,901.1374 units Int'l Blend/Wellington	15,191,757
*	Prudential Retirement Insurance and Annuity Company	483,755.1858 units Large Cap Growth/MFS	11,144,625
*	Prudential Retirement Insurance and Annuity Company	318,504.3470 units Large Cap Val/LSV Asset Mgmt	9,723,696
*	Prudential Retirement Insurance and Annuity Company	628,137.8470 units Core Plus Bond/PIM	12,667,971
*	Prudential Retirement Insurance and Annuity Company	36,717.9429 units Small Cap Blend/Glenmede	935,360
*	Prudential Retirement Insurance and Annuity Company	343,923.4419 units Mid Cap Value/QMA	5,655,183
*	Prudential Retirement Insurance and Annuity Company	394,734.3631 units Mid Cap Growth/Frontier	7,546,264
*	Prudential Retirement Insurance and Annuity Company	21,154.7333 units Dryden S&P 500 Index Fund	3,123,036
*	Prudential Retirement Insurance and Annuity Company	36,369.2363 units Large Cap Blend/MFS	2,199,968

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*	Tompkins Financial Corporation	211,696.3730 units	
		Tompkins Financial	
		Corporation Common Stock	11,888,868
			95,163,003
*	Participant notes receivable	3.25% - 5.50%	2,174,542
			\$ 97,337,545

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

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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, 2016 By: /s/ Francis M. Fetsko
Francis M. Fetsko
Executive Vice President
and
Chief Financial Officer

Exhibit Number	Description	Page
23.1	<u>Consent of Mengel, Metzger, Barr & Co. LLP</u>	

