

TOMPKINS FINANCIAL CORP
Form 11-K
June 26, 2009

**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, 2008

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, 2008 AND 2007

CONTENTS

| | PAGE |
|---------------------------------------------------------------------------------------------------------|------|
| <u>AUDITED FINANCIAL STATEMENTS</u> | |
| <u>Report of Independent Registered Public Accounting Firm</u> | 3 |
| <u>Statements of Net Assets Available for Benefits</u> | 4 |
| <u>Statements of Changes in Net Assets Available for Benefits</u> | 5 |
| <u>Notes to Financial Statements</u> | 6 |
| <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, 2008</u> | 12 |

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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, 2008 and 2007, 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, 2008 and 2007, 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 supplemental Schedule of Assets Held for Investment Purposes At End of Year December 31, 2008 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. This 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 2008 financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic 2008 financial statements taken as a whole.

Elmira, New York
June 19, 2009

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TOMPKINS FINANCIAL CORPORATION
INVESTMENT AND STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, | |
|---------------------------------------------|---------------|---------------|
| | 2008 | 2007 |
| <u>ASSETS</u> | | |
| Investments, at fair value: | | |
| Tompkins Financial Corporation common stock | \$ 6,981,294 | \$ 5,811,115 |
| Mutual funds | 22,269,687 | 28,829,566 |
| Participant notes receivable | 993,663 | 878,413 |
| TOTAL INVESTMENTS | 30,244,644 | 35,519,094 |
| Cash | | 8,273 |
| Accrued income receivable | 5,787 | 15,554 |
| Participant contributions receivable | 381,778 | 316,988 |
| TOTAL ASSETS | 30,632,209 | 35,859,909 |
| <u>LIABILITY</u> - cash overdraft | | 153 |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 30,632,056 | \$ 35,859,909 |

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

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TOMPKINS FINANCIAL CORPORATION
INVESTMENT AND STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

| | Year ended December 31, | |
|--------------------------------------------------------------|-------------------------|----------------------|
| | 2008 | 2007 |
| <u>ADDITIONS</u> | | |
| Additions to net assets attributed to: | | |
| Investment income: | | |
| Dividends | \$ 1,101,773 | \$ 2,003,912 |
| Net (depreciation) appreciation in fair value of investments | (8,336,396) | 383,748 |
| Participant note interest | 62,555 | 56,398 |
| | (7,172,068) | 2,444,058 |
| Contributions: | | |
| Employer | 1,184,500 | 1,122,873 |
| Participant | 2,846,785 | 2,730,308 |
| Rollover | 1,039,512 | 422,955 |
| | 5,070,797 | 4,276,136 |
| Transfer from Tompkins Financial Corporation | | |
| Employee Stock Ownership Plan | 523,840 | 311,487 |
| Transfer from AM&M Retirement and Savings Plan | | 2,370,955 |
| TOTAL NET ADDITIONS | (1,577,431) | 9,402,636 |
| <u>DEDUCTIONS</u> | | |
| Deductions from net assets attributed to: | | |
| Benefits paid to participants | 3,650,422 | 3,776,810 |
| TOTAL DEDUCTIONS | 3,650,422 | 3,776,810 |
| NET (DECREASE) INCREASE | (5,227,853) | 5,625,826 |
| Net assets available for benefits at beginning of year | 35,859,909 | 30,234,083 |
| NET ASSETS AVAILABLE FOR BENEFITS | | |
| AT END OF YEAR | \$ 30,632,056 | \$ 35,859,909 |

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, 2008 AND 2007

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). The Trust Department of Tompkins Trust Company is the Plan's Trustee. 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.

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 2008 and 2007, respectively.

Participant notes receivable

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 current prime rate published by the Wall Street Journal 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. Participants are limited to having no more than two loans outstanding at any given time.

TOMPKINS FINANCIAL CORPORATION
INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont d

DECEMBER 31, 2008 AND 2007

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 2008 and 2007, participants transferred \$523,840 and \$311,487, 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. Mutual funds are valued at quoted market prices. The investment in Tompkins Financial Corporation's common stock is valued at December 31, 2008 and 2007 at the market value as listed on the American Stock Exchange for publicly traded securities. Participant notes receivable, which are classified as Level 3 investments, are valued at cost which approximates 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.

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.

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TOMPKINS FINANCIAL CORPORATION
INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont d

DECEMBER 31, 2008 AND 2007

NOTE C: FAIR VALUE MEASUREMENTS

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157 *Fair Value Measurements*. Effective January 1, 2008, the Plan adopted SFAS No. 157 which establishes 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 under FASB Statement No. 157 are 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by Level, within the fair value hierarchy, the Plans assets at fair value as of December 31, 2008:

| Assets at fair value as of December 31, 2008 | | | | |
|----------------------------------------------|---------------|---------|------------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Common stock | \$ 6,981,294 | \$ | \$ | \$ 6,981,294 |
| Mutual funds | 22,269,687 | | | 22,269,687 |
| Participant notes receivable | | | 993,663 | 993,663 |
| Total assets at fair value | \$ 29,250,981 | \$ | \$ 993,663 | \$ 30,244,644 |

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TOMPKINS FINANCIAL CORPORATION
INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont d

DECEMBER 31, 2008 AND 2007

NOTE C: FAIR VALUE MEASUREMENTS, Cont d

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2008:

| <u>Participant loans</u> | |
|--------------------------------------------------|------------|
| Balance at beginning of year, January 1, 2008 | \$ 878,413 |
| Purchases, sales, issuances and settlements, net | 115,250 |
| Balance at end of year, December 31, 2008 | \$ 993,663 |

NOTE D: INVESTMENTS

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

| | December 31, | |
|---------------------------------------------|---------------------------------|---------------------------------|
| | 2008 | 2007 |
| | Fair value at end of year | Fair value at end of year |
| Tompkins Financial Corporation common stock | \$ 6,981,294 | \$ 5,811,115 |
| Mutual funds: | | |
| Wright Major Blue Chip | 1,951,809 | 2,918,699 |
| Wright International Blue Chip | 1,302,722 | 2,455,703 |
| Federated Prime Obligations | 3,250,380 | 2,681,930 |
| Federated Kaufmann | 3,755,732 | 6,532,287 |
| Janus Advisory Forty | 1,423,309 | 2,304,013 |
| Other | 10,585,735 | 11,936,934 |
| | 22,269,687 | 28,829,566 |
| Participant notes receivable | 993,663 | 878,413 |
| | \$ 30,244,644 | \$ 35,519,094 |

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TOMPKINS FINANCIAL CORPORATION
INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont d

DECEMBER 31, 2008 AND 2007

NOTE D: INVESTMENTS, Cont d

The investments (depreciated) appreciated in fair value as follows:

| | Year ended December 31, | |
|---------------------------------------------|-------------------------|--------------|
| | 2008 | 2007 |
| Tompkins Financial Corporation common stock | \$ 2,541,569 | \$ (915,878) |
| Mutual funds | (10,877,965) | 1,299,626 |
| | \$ (8,336,396) | \$ 383,748 |

NOTE E: TAX STATUS

The Internal Revenue Service has determined and informed the Plan sponsor by a letter dated January 13, 2005, that the Plan and related trust are 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.

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

Tompkins Financial Corporation is the Plan sponsor and the Trust Department of Tompkins Trust Company acts as trustee for the Plan's assets. In addition, the Plan invests in Tompkins Financial Corporation common stock which represents approximately 23% and 16% of net assets available for benefits at December 31, 2008 and 2007, 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.

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TOMPKINS FINANCIAL CORPORATION
INVESTMENT AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS, Cont d

DECEMBER 31, 2008 AND 2007

NOTE I: TRANSFER FROM OTHER PLAN

On February 2, 2007, net assets of \$2,370,955 from the AM&M Financial Services, Inc. Retirement and Savings Plan were merged into the Plan. Additionally, effective January 1, 2007, all employees of AM&M Financial Services, Inc. were eligible to participate 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, | |
|----------------------------------------------------------------|---------------|---------------|
| | 2008 | 2007 |
| Net assets available for benefits per the financial statements | \$ 30,632,056 | \$ 35,859,909 |
| Less: participant contributions receivable | (381,778) | (316,988) |
| Net assets available for benefits per Form 5500 | \$ 30,250,278 | \$ 35,542,921 |

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

| | Year ended December 31, | |
|---------------------------------------------------------|-------------------------|--------------|
| | 2008 | 2007 |
| Participant contributions per the financial statements | \$ 2,846,785 | \$ 2,730,308 |
| Add: prior year participant contributions receivable | 316,988 | 303,949 |
| Less: current year participant contributions receivable | (381,778) | (316,988) |
| Participant contributions per the Form 5500 | \$ 2,781,995 | \$ 2,717,269 |

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 of when 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 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

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TOMPKINS FINANCIAL CORPORATION
INVESTMENT AND STOCK OWNERSHIP PLAN
EIN: 16-1601018
PLAN #: 002

FORM 5500 SCHEDULE H PART IV

ITEM 4i - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
AT END OF YEAR - DECEMBER 31, 2008

| (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 |
| * | Tompkins Financial Corporation | 120,471 shares of common stock | \$ 6,981,294 |
| | Mutual funds: | | |
| | Federated Prime Obligations Fund | 3,250,380 units | 3,250,380 |
| | Pimco Commodity Real Return | 63,583 units | 402,478 |
| | Amer Fds Capwld Gr Fd | 16,115 units | 427,370 |
| | Amer Europac Gr Fd | 22,296 units | 614,476 |
| | Russell Emerging Markets S | 30,497 units | 301,312 |
| | Amer Fds Small Cap World Fd | 18,966 units | 389,947 |
| | Wright Intl Bl Chip Eq Fd | 120,511 units | 1,302,722 |
| | Federated Kaufmann Cl K | 1,043,259 units | 3,755,732 |
| | Neuberger Berman Genesis Adv | 17,524 units | 317,538 |
| | Amer Beacon Large Cap Value Fd | 71,073 units | 931,763 |
| | Calamos Market Neutral CL A | 42,646 units | 442,661 |
| | Goldman Sachs Lrg Cap Value | 39,457 units | 336,174 |
| | Amer Growth Fund | 51,249 units | 1,041,377 |
| | Amer Fds Investment Co of Amer | 46,164 units | 966,204 |
| | Janus Advisory Forty Fund | 64,814 units | 1,423,309 |
| | Wright Major Blue Chip | 208,973 units | 1,951,809 |
| | Russell Real Estate S | 17,523 units | 423,354 |
| | Federated Total Return Bond Fund | 75,519 units | 768,783 |
| | Pimco Foreign Bond Hedged | 58,942 units | 535,194 |
| | Pimco Total Return Fund | 64,178 units | 650,766 |
| | Pimco Low Duration Fd Admin | 4,622 units | 43,538 |
| | Western Asset Core Pl Bd PTF | 59,472 units | 516,217 |
| | Pimco Real Return Bond Admin | 65,443 units | 618,434 |
| | Wright Current Income Fund | 88,469 units | 858,149 |
| | Participant notes receivable | 4.0% - 8.25% | 993,663 |
| | | TOTAL INVESTMENTS | \$ 30,244,644 |

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

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 26, 2009

By: /s/ Francis M. Fetsko

Francis M. Fetsko
Executive Vice President and
Chief Financial Officer

| Exhibit Number | Description | Page |
|-----------------------|--------------------------------------------|-------------|
| 23.1 | Consent of Mengel, Metzger, Barr & Co. LLP | |
