



Trust News

Place Your Trust In Us

3rd Quarter 2008

THE SKY HAS NOT YET FALLEN!

Remember the old fable that went like this: “Henny Penny the Sky is Falling!”?

That’s what it sounded like last Winter and this Spring in the investment community. The talk of the sub-prime lending debacle and the near-failure of some Wall Street investment firms sent shivers down many people’s backs.

As we look at the Summer sun, it seems that the sky didn’t fall after all. Cooler heads knew that last year, but the air in the investment world was definitely tepid.

The first weekend of May, Warren Buffet, CEO of Berkshire Hathaway, at their annual meeting had some interesting comments, that we believe apply to our clients, so we share them with you.

He suggests you should not expect to

earn returns greater than 7% to 10% in the foreseeable future. He says “think small”, maybe in the 6% to 8% range.

He further suggests that you do not need to particularly concern yourself with the economic cycle—that becomes the very uncertain “art” of fortune telling and few economists are good at it. He suggests that you simply pick good individual businesses and buy their stocks. Or if you don’t want to do that, just buy the entire market in the form of an index fund. Then go back to doing what you do and don’t worry about it.

He also suggests that buying into companies that are traded in Euros or British Pounds is good in today’s global market.

We would be happy to help you. Call John McNee at 985-4032 for information on investment options.

CONSIDER INTERNATIONAL

With the U.S. dollar trading at a 16-year low against the British Pound, at a par with the Canadian Dollar and at historical lows since the inception of the Euro, a prudent investor should consider investments that are traded in strong foreign currencies to balance those he has in investments traded in U. S. Dollars.

John McNee can help you sort through the maze of opportunities and locate just the right investment to help you balance your portfolio.

There are excellent international funds available that will help you round out your investments and hedge against a weak dollar.

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Special points of interest:

- *Take advantage of your 401(k) matching provisions to significantly increase the return on your contribution.*
- *Get free copies of your own credit reports every year to insure that your information is correct and that it is not being stolen.*

MAXIMIZE YOUR 401(k)

If you ask whether you should continue to contribute to your 401(k) retirement plan during a weak, soft, or down market, the answer is a resounding “YES”.

Many plan participants seem to think that when the market weakens they should hold back money. That is much like refusing to buy merchandise at a retail store that is all marked down 40% and wanting to wait until it is back up to full retail price. That approach just doesn't make sense.

What is important is that your investment options be considered thoroughly, make good choices that you can live with, and that you not worry about the market's invariable ups and downs.

If you have 20-30 years left in the work force, you have plenty of time to watch your retirement

fund grow. This is especially true if your employer's plan offers a match (perhaps 50 cents for every dollar you contribute) and that match goes up to perhaps 5% or 6% of your gross earnings. On that amount you get an immediate 50% return on your investment every pay day.

Then, if your plan has a profit-sharing provision, then there is even more “free” money to be had. It doesn't get better than that.

If you have only five years until retirement, then you might want to consider making your investments more conservative: money market funds or bond funds. Happy retirement!



THE PRICE OF GAS!?

If you live where public transportation is available you may be able to more easily combat the escalating costs by changing how you get places: ride the bus or light rail instead of drive.

If you must drive, when you decide it is time to buy a new vehicle, then consider the small vehicles now being introduced to the American market. There are even two-person vehicles that have been used in Italy

for many years quite effectively. Maybe you can consider a motor scooter or a motorcycle.



The automobile manufacturer Tata of India is introducing a “smart car” selling for less than \$3,000.

It's probably time to re-think how we live and drive.

HASSLES OF AIR TRAVEL

If you feel hassled by the Transportation Safety Administration (TSA) when you go to an airport to try to get to your gate so you can get on the plane, then there is hope.

A private agency works with the Department of Homeland Security and the TSA to help speed part of the process along. You can buy a year's membership for \$100 after your personal information is vetted to in-

sure that you are not a terrorist or suspicious person. An image of the iris of your eye will be taken and stored, as well as fingerprints. Then when you approach airport security you can go to the CLEAR lane, show your card and have your finger prints and/or iris verified, and go straight to physical security. You avoid the long lines for waiting. Available in some airports.

For details go to www.flyclear.com

GET YOUR FREE CREDIT REPORT

The Fair and Accurate Credit Transactions Act (FACT Act) requires the three major credit-reporting agencies to provide consumers with a free copy of their own credit report annually upon request.

This is an important opportunity to check your own credit report to insure that false or erroneous information is not contained in it.

The three major bureaus are:

Equifax (www.equifax.com) or (800) 685-1111

Experian (www.experian.com) or (888) 397-3742

TranUnion (www.transunion.com) or (800) 888-4213

The simplest way to get a report from each reporting bureau is to go to call (877)322-8228 or go to www.annualcreditreport.com.

Incorrect or fraudulent information on your credit report can affect your ability to get a loan or the rate of interest that will be charged for financing a purchase if it is granted.

This is also an important step to do to protect yourself against identity theft. If you see activity such as purchases or lines of credit or credit cards that are not yours, you must call the appropriate credit bureau (or all three) and be proactive in seeing that this information is corrected or removed. It can also serve as a warning that someone is trying to steal your identity.

PREVENTING IDENTITY THEFT

It seems that in this day and age it is difficult to keep ahead of those who might do us harm. Many people across the country have been subjected to identity theft. Stolen Social Security account numbers, credit card numbers and bank account numbers can be a very serious problem and takes a lot of time and sometimes money to resolve.

There is a reputable service that seems to be having good results that you might be interested in. You might want to visit the web site at www.lifelock.com or call toll free to (800) 543-3562.

This company charges \$10 per month for the service and there appears to be no contract involved. The package will pay expenses up to \$1,000,000 for you in the event of identity theft.

Some of the services include;

1. LifeLock asks each of the three major credit bureaus to set free fraud alerts on your behalf. This happens usually within the first hour after signing up.
2. LifeLock repeats the above process every 90 days to keep the alert active.
3. They request your name be removed from pre-approved credit card and junk mail lists and

keep doing this until your name expires.

4. LifeLock orders and annual free credit report from each of the three credit bureaus and they are sent direct to you.
5. If your identity is stolen while a member of LifeLock, they will do whatever is necessary to clear your name and credit, including hiring attorneys in your behalf. The limit of this covered expense is \$1,000,000.

There are other benefits, but this will give you an idea of what they do for you. Some of the things LifeLock does for you are things you can do for yourself. But, just as most people have someone change the oil in their car even though they can actually do it themselves, we just usually have it done. So it is with the services provided by LifeLock.

You might want to look into this service and determine whether it would be beneficial to you.



YOUR TRUST DEPARTMENT

FIRST ARKANSAS BANK & TRUST has a long and proud history of service in central and north central Arkansas. We are a state-chartered bank, chartered by the State of Arkansas, and regulated by the State Bank Department and the Federal Deposit Insurance Corporation (FDIC). We have a full-service Trust Department, a brokerage office, and a mortgage company, First Arkansas Mortgage Company, a wholly owned subsidiary of the bank.

The **Trust Department** was granted trust powers in 1972, and provides investment and trust services to individuals (Personal Trust), businesses (Employee Benefit Plans), and Corporate Trust in the form of servicing bond issues. The **Trust Department** manages approximately \$120 million in assets for its clients. **Assets under management have grown over 60% during the past ten years.** The service provided is professional, confidential, personal, and utilizes the finest resources available in market research, investment information, and administrative systems. **For the past 10 years we have had virtually no changes on our staff — stability! Because we utilize technology, we are able to do more with less. You can depend on us.**

The **Trust Department** of **First Arkansas Bank & Trust** is large enough to provide the quality of service its clients deserve, and small enough to provide a level of **personal** service appreciated by people who have accumulated some wealth.

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