



1st Quarter 2009

INDIVIDUAL RETIREMENT ACCOUNTS

This is the time of year to be certain that you fund your Individual Retirement Account (IRA) for 2008, if you haven't done so already. You have until 15 April 2009 to fund your IRA for Tax Year 2008.

You are allowed to contribute up to \$5,000 in 2008 if you are age 50 or younger. Should you be age 51 or above you are allowed to contribute up to \$6,000.

Beyond 2008 the amount allowed to be contributed will be adjusted annually by indexing for inflation. This begins for your Tax Year 2009 contribution.

If you have already contributed for 2008, this is good time to make your 2009

contribution. You will get a full year of earning on your IRA rather than waiting until the last minute this time next year.

If yours is a self-directed IRA invested in stocks, bonds, or mutual funds, this is probably a good time to invest and ride the market up in the much-anticipated recovery. If your IRA is invested in fixed-rate CD's, you might want to begin earning the interest now rather than later.

Whatever your situation and needs, this is the time to plan and act. Please feel free to call Anne Brittingham at 985-4033 to discuss the possibilities and when to take action. Happy New Year!

INTERNET ACCESS TO YOUR ACCOUNT STATEMENT

You are now able to access your account statement via the Internet at any time. Instructions for doing this are on a single sheet enclosed with your statement.

We will update the values of your holdings approximately once each week, usually on Friday so that the most current values will be available on the weekend.

At some point we hope to be able to post

daily closing values, but that is still in the future.

In order to help us communicate better with you, you might want to e-mail us at one of the e-mail addresses listed on the back of this newsletter. We hope to develop more frequent news items to be sent to our clients via e-mail.

Enjoy!

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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.



THE PERFECT ECONOMIC STORM!

Who would have predicted the perfect economic storm we are going through just one year ago?

Inflation was the underlying fear, but last

October we had the largest drop in the Consumer Price Index (CPI) in the history of such recordkeeping! That was, of course, due to the plummeting price of crude oil, hence gasoline, food and transportation costs.

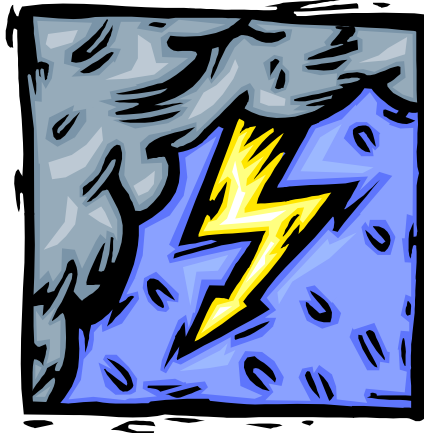
Now the largest question is when will the economy bottom out and begin its recovery. If anyone tells you he knows the answer to that one, he doesn't!

It has become increasingly

difficult to determine what stocks and mutual funds are healthy. We still depend on those who closely follow companies and analyze their financial statements to guide us into healthy investments.

Over 50 years ago Charles Wilson, President of General Motors, reportedly said "What's good for General Motors is good for the country". How times change!

Quality investments and diversification are still the key to surviving this perfect economic storm. Please call John McNee for further discussion. 985-4032.



ACCOUNT INSURANCE

The money market funds that we use from Federated Investors are insured by the U. S. Treasury Department.

These Federated money market funds are regulated by Rule 2a-7 and can participate in the Treasury Department's new insurance program. So your money market funds invested in Federated funds are safe!

The Federal Deposit Insurance Corporation (FDIC) enacted new rules of account insurance for both trust and bank accounts in October 2008.

Insurance was increased from \$100,000 to \$250,000. However, instead of an account being insured, the owner (or beneficiary) is insured. This makes a big difference.

This means that one can be insured in bank products for much more than previously. Call us at 985-4030 for more information.

STRENGTH OF FAB&T

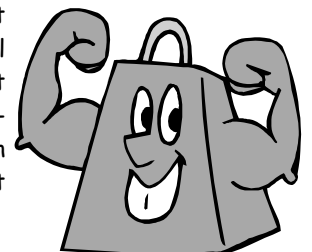
First Arkansas Bank & Trust is an extremely safe and sound bank. During the last quarter of 2008 three different newspaper ads were run in markets we serve explaining the safety and soundness of FAB&T.

There were four different TV commercials that provided information to viewers about the strength of the bank. Response to these ads was very favorable.

In step with the soundness of the bank, our Trust Department is equally sound and experienced. We were

granted trust powers in 1972 (36 years ago) and have been handling investments, trusts and estates ever since.

Your Trust Department staff has had **only one** personnel change (a retirement) in the past 10 1/2 years, so you have experience and stability to depend on for your investment and trust needs.



GREATEST STOCK MARKET LOSSES

What is really most important is what **percentage** of the market's value was lost. The figures below are very interesting!

<u>Rank</u>	<u>Date</u>	<u>Percent</u>	<u>Points</u>
1.	19 OCT 1987	- 22.61	- 508
2.	28 OCT 1929	- 12.82	- 38
3.	29 OCT 1929	- 11.73	- 31
4.	6 NOV 1929	- 9.92	- 26
5.	18 DEC 1899	- 8.72	- 6
6.	12 AUG 1932	- 8.40	- 6
7.	14 MAR 1907	- 8.29	- 7
8.	26 OCT 1987	- 8.04	- 157
9.	15 OCT 2008	- 7.87	- 733
10.	21 JUL 1933	- 7.84	- 8

CHECK YOUR ESTATE PLANNING DOCUMENTS

This is the time of year to check your estate planning documents to see if anything should be modified.

Check your Will, Trust, General Durable Power of Attorney, Health Care Power of Attorney, Living Will and any other documents you might have had drawn up.

You should check to see that beneficiaries are still the same and successor trustees named are still appropriate.

Our Trust Department would be happy to discuss your estate plans with you. We would also consider it an honor to serve as your Trustee or Successor Trustee. Please call Pat Teague at 985-4039 to discuss your desires or concerns.

If you have not yet drawn up these documents, we urge you to start making your plans now. We will be able to help you as you begin the planning process with your attorney.

CURRENT NEWS ON WEB PAGE

We are now posting current financial planning information to the first Trust Department web page:

<http://www.firstarkansasbank.com/trust-and-investments/trust-services-department>

The intent is to provide up-to-date and pertinent financial information to our clients by posting it on the web site. During the last quarter of 2008 we continually updated information pertaining to IRA owners over age 70

1/2 having to take the Required Minimum Distribution (RMD) in a down-market environment. It also addressed the extension of RMD being able to be donated to a qualified charity.

Please check the site periodically for such information.



YOUR TRUST DEPARTMENT

First Arkansas Bank & Trust (FAB&T) 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 only one personnel change in our staff—stability! Because we utilize gechnology, we are able to do more with less and thus keep costs low. 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 its clients.

CONTACT US VIA E-MAIL OR TELEPHONE

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