

1st Quarter 2010

CONSIDER A ROTH IRA!

A Roth Individual Retirement Account (IRA) is one that allows **nondeductible contributions** but features **tax-free** withdrawals for certain distribution reasons after a five-year holding period. The term "tax-free" means free from federal income taxes.

There are limitations to the amount you can contribute, but generally you can contribute \$5,000 per year for 2009 and 2010. If you are age 50 or older you can contribute an additional \$1,000 (called a "catch-up" contribution making your limit \$6,000.

You have until your tax filing deadline to make your 2009 contribution (normally April 15th). You can make your 2010 contribution

anytime after January 1, 2010.

If you already have a Traditional IRA and want to convert it to a Roth IRA to take advantage of the fact that Roth IRA earnings are tax-free, you can convert part or all of your Traditional to a Roth. You will not be subject to a premature penalty tax. You will have to pay taxes on the entire amount you convert, but all further earnings will be tax-free.

There may be some good reasons to consider such a move. Please call Barbara von Wald at (501) 985-4033 or (800) 982-4511 for further information.

POWER OF ATTORNEY

Under our system of law a Power of Attorney is simply your authorization for someone else to act in your behalf in a legal or business matter. The person named is sometimes known as the "attorney-in-fact".

This granted power should be placed in writing because many business or agencies such as hospitals, banks and the Internal Revenue Service require this in order to act. These businesses/

agencies will usually want to keep a copy of the document in file.

A Power of Attorney can be either "limited" or "durable". The type of power granted will depend on the needs of the grantor. A General Durable Power of Attorney remains in effect even if the grantor becomes physically or mentally incapacitated.

Please call John McNee at 985-4032 for further information.

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Special points of interest:

- *The 2010 census form is only 10 questions long!*
- *Barbara von Wald has worked at FAB&T for 24 years.*
- *A trust lets you control your assets beyond your lifetime.*

2010 CENSUS

The 2010 United States census begins April 1, 2010. This national census happens every ten years. Most people will receive a form in the mail to fill out and return.

In the last census every sixth person was asked to answer a very long form which some citizens found offensive or intrusive. This year, everyone will be given a 10-question form to fill out. The only really personal information requested is name, address, and telephone number, date of birth, sex and ethnic, racial origin. All of this information is generally available in the public domain.

Should you receive a form, an e-mail or a personal visit from someone



who claims to be a "census taker" asking for such information as Social Security Number, bank account number, or other such sensitive information, politely decline to answer. The U. S. Census Bureau is not asking for this information. That request will be bogus and you should not provide that information.

The results of the 2010 census will determine the number of seats each state receives in the U. S. House of Representatives. Consequently, this will also affect the number of votes that states receive in the Electoral College for the 2012 presidential election. The state that will likely lose the most number of representatives (2) is Ohio. Arkansas should not be affected.

LONG TERM CARE INSURANCE

Some people think that if they need to go to an assisted living facility or a skilled nursing care (nursing home) facility it will be paid by Medicare. That is a misconception that can be very dangerous to one's financial well being.

Medicare will pay for up to 100 days of rehabilitation in a nursing home following surgery or a serious illness that requires the restoration of primary living skills.

There is a way around this health and living problem that will help preserve one's estate. A relatively new

insurance product is Long Term Care Insurance. This is a "building block" product that can be tailored to the individual's needs.

This coverage can include in-home care, adult day care, assisted living facility or skilled nursing facility. You can buy coverage for part or all of these types of care.

One should consider buying this type coverage sometime at age late 50's or early 60's. This might occur about the time when life insurance coverage is not as important as it once was. Please feel free to call us to talk.

OUR NEWEST STAFF MEMBER

We now have a new IRA Specialist on our staff. Anne Brittingham has moved out-of-state, so we have been able to bring Barbara von Wald to the Trust Department to fill that role for our clients.

Barbara has worked at First Arkansas Bank and Trust for over 24 years. She has in-depth experience as a teller and as a Customer Service Representative in bank branch operations.

She has worked with many customers who are also

clients of the Trust Department, so there will still be a friendly, knowledgeable individual to work with you on IRA matters.

Here is a picture of Barbara. Her telephone number will be (501) 985-4033 and can receive e-mails at bvonwald@fabandt.com.



ESTATE PLANNING

The holidays are over, decorations have been packed away and winter is setting in. This is the perfect time to gather all your personal financial information together and decide how you want it to be handled at your death. If you have already done this, this is a perfect time to review your documents to be sure they are still appropriate to your current family situation.

Depending on your personal financial situation, you may want to consider setting up a living trust. This will allow you to determine who gets what and when. This is more than a will can do ("when" is the big difference). If you have a trust in force and all assets re-titled in the trust's name, your family does not have to wait for the normal events that go along with probating an estate: advertising in local papers, writing all potential heirs or vendors to whom money is owed, mandated waiting time, attorney and court costs. If you have a trust, your family and/or other beneficiaries can immediately receive the assets you want them to have—no waiting for courts. And it is all totally private. It is not a matter of public filing at the court house.

With a trust you can handle your affairs as long as you are able, then you will designate a Successor Trustee to act in your stead. You should consider a Living Will (how you want your medical care to be handled), a Health Care Power of Attorney (empowering a trusted person to tell medical personnel your wishes when you are unable to do so), a Will (usually directs that assets be handled under terms of the trust),

Please feel free to talk with us and we will help you find a reputable Estate Planning Attorney to write the document.

BE A PROACTIVE PATIENT

When visiting your physician be sure to ask questions. Your doctor is a mere human who has trained in some medical specialty. You are the paying patient and you have not only a right, but an obligation to ask "what is this for?", "how long will I have to take this?", "will this medication interact with another medication I am taking?" and many other questions.

The same principle applies when in an outpatient surgical center or a hospital. If you are unable to ask

questions in your own behalf, be sure you have someone with you who can ask questions. If something is out of the ordinary (a different color pill than this morning) or just doesn't "feel" right, ask "Why?".

Not only does this approach provide you with more information, it lets the medical professionals working with you know that you are alert and interested in what they are doing with and for you. Be a proactive patient.

LET US HELP YOU START PLANNING

If you have not undertaken a complete estate planning exercise, it can be pretty daunting and time consuming. Before you start wandering in a "sea of uncertainty", just call or come visit one of our financial specialists.

We have a Personal Asset Questionnaire that we will provide to you as a guide to help you take inventory of your assets and liabilities. This will include cash, investments, real estate, notes payable, and anything else that

will affect your financial affairs. This questionnaire also goes into personal information for you and your potential beneficiaries. It will also address the "gray" areas of not only who, but when you want which assets distributed.

This exercise can save you time and money when you visit your attorney.



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 \$100 million in assets for its clients. Assets under management have grown over 40% 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 11 years we have had only one personnel change in our staff—stability! Because we utilize technology, 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

PAT TEAGUE

Senior Vice-President
Manager—Trust Department
(501) 985-4039
pteague@fabandt.com

JOHN McNEE

Vice-President
Trust Officer & Investment Officer
(501) 985-4032
jmcnee@fabandt.com

ROBIN BOYKIN

Vice-President
Assistant Trust Officer
(501) 985-4031
rboykin@fabandt.com

GAIL PERRY

Operations Specialist
Bonds / Disbursements
(501) 985-4030
gperry@fabandt.com

BARBARA von WALD

IRA Specialist /New Accounts
(501) 985-4033
bvonwald@fabandt.com



First Arkansas Bank & Trust

600 West Main Street P.O. Box 827 Jacksonville, AR 72078

501.985.4030 or 800.982.4511

www.firstarkansasbank.com