

THE FUTURE?

The business climate this year will remain uncertain until the issues in the Middle East clarify somewhat. How goes the “Second Gulf War”? Al Qaeda’s threats to inflict serious wounds on the West—the United States, especially, continue to be of concern.

Until there is some kind of clear military/political direction in the Middle East, world-wide financial markets will probably continue to be unstable.

In this country we have experienced the poorest financial market conditions during the past three consecutive years that we have had since the Great Depression of the 1930’s. Yet, we have had an incredibly strong housing market, due to low interest rates.

We are seeing record highs and record lows in various areas: interest rates, housing starts, market indexes, fuel costs, etc.

Instability and wild swings are certainly the norm at this time. It will

likely remain this way for awhile.

Then the question comes “When will the economy improve?”. If any among us knew the answer to that one, we would not only be recognized as a genius, but also become a very wealthy person. Failing that, when might we ever expect relief?

Certainly the removal of political and military uncertainty will foster financial relief. The investor is more comfortable with the certain (war) than the uncertain (rumors of war). Please feel free to substitute your own words in the parentheses in the preceding sentence.

Three years of a falling financial market is a long time. In the long, historical view relief is due. The decision to wage war will remove some uncertainty. During the First Gulf War the markets went up once the attack began. When the collective mind of the world realizes that fuel will still be available, its price will drop again to more normal levels.

At any rate we might expect real relief during the third and fourth quarters of 2003, providing the war in Iraq goes favorably for this country.

GOING ON A CRUISE ?

Have you wondered what has happened to the cruise ships that were experiencing outbreaks of illness?

If you plan to go on a cruise, you can go to the company’s web site and check on the instances of outbreaks of illness and when they happened. By doing this you can give yourself a measure of confidence. As always, personal cleanliness is the first line

of defense when it comes to avoiding illness. This is a good time to check with your travel agent for bargains. Capacity is at an all time high and many people are having second thoughts about travel, due to the fear of terrorism.

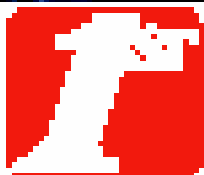
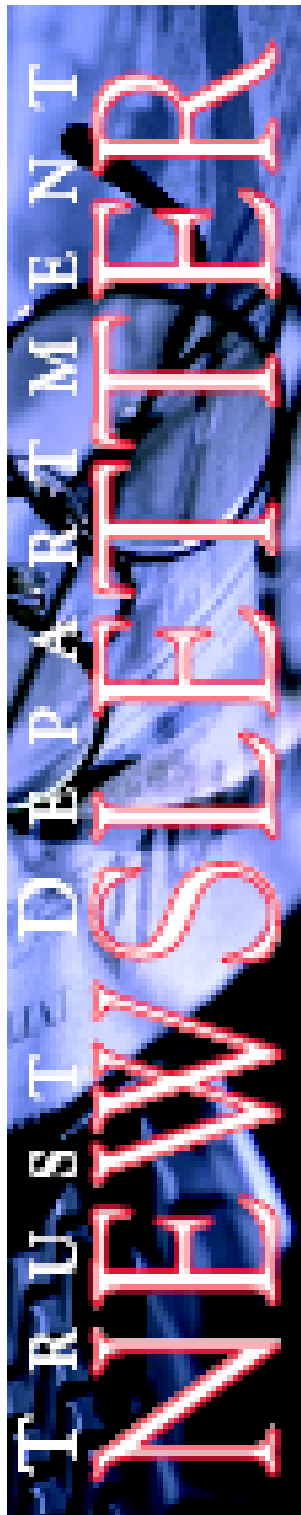
If you are not worried about these things, this is a perfect time to book a cruise! Aloha.

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Special points of interest:

- *IRA Contribution Time*
- *Tell About Yourself*
- *Weight—What to Do?*
- *Travel Tips*



Trust Department
News & Report

STILL TIME TO CONTRIBUTE TO YOUR IRA !

You have until April 15, 2003 to make a contribution to your Individual Retirement Account (IRA) for the tax year 2002. If you go ahead and contribute now for the tax year 2003, you will have additional earnings for this year, as opposed to waiting until this time next year.

Here's what you can contribute

	<u>Under Age 50</u>	<u>Over Age 50</u>
2002	\$3,000	\$3,500
2003	\$3,000	\$3,500
2004	\$3,000	\$3,500
2005	\$4,000	\$4,500
2006	\$4,000	\$5,000
2007	\$4,000	\$5,000
2008	\$5,000	\$6,000

Beyond 2008: Indexed for inflation

The revised rules give you the opportunity to contribute to and save more money for your retirement years. For details on whether your contributions will be advantageous to you for tax purposes, call Jo Anderson at 985-4033 to arrange a visit. She will help you figure out the best actions to take.

Remember, our Trust Department will help you with the details of making contributions and then with the process of taking distributions when you reach the appropriate age. Each year we will re-calculate the amount you are required to withdraw under current rules. We will take the guess work out of how much and how frequently you should/can take money from your IRA. Call Jo at 985-4033 to plan a visit.



BUYING SAVINGS BONDS ?

There are some new rules for savings bonds that you should know. You must now keep them for one year. The minimum holding period was changed effective February 1, 2003 from six months to one year. Too many people were "churning" them hoping for a rise in interest rates.

Savings bonds have always been intended to be vehicles for long-term savings. Many savers had begun to use them as a safe place to park money until something better could be found. That loophole has now been closed.

Savings bonds are an excellent means of saving money, but there are alternatives. We would be happy to discuss those alternatives with you. Please call John McNee at 985-4032 to set up a time to visit and learn more about your options. John is available for consulting on Tuesday, Wednesday and Thursday each week.



There are good options. Let John help you.

U. S. HEALTH SYSTEM IN CRISIS

We live in a society where medical science is highly advanced and the equipment used is very advanced. The quality of medicine is truly world class. The ability to get service when needed is good, as compared to other locations in the world.

People who live in countries where state medicine is in place have a much more difficult time getting treatment when needed. Very often they have to go to an alternate level of "private" medicine which is sometimes quite expensive.

In spite of the excellent level of medical care in the United States, we find our system in a state of crisis. Health

insurance premiums are rising at an alarming rate. The pull between insurance carriers and medical providers often adversely affects the person seeking treatment. Unrestrained medical malpractice lawsuits and awards are pushing that insurance for providers to unprecedented levels.

It is important to constantly analyze your health insurance coverage.



TELL YOUR HEIRS ABOUT YOURSELF

You might want to consider starting a diary or notebook, telling of things you did when you were younger. Your children and/or grandchildren will find your remembrances very interesting.

For instance, tell about skates you used—you know, the kind that had four wheels on both feet! How you used a key to tighten the clamps on either side of the front of your foot. You might mention how the ankle straps sometimes cut into the skin!

If you are old enough, you might tell about the scooter you played with—sometimes the wheel were from an old pair of skates!

Remember, skates are now on-line, something like the blade on ice skates. The sport is usually called roller-blading! Scooters are back in vogue now in some Eastern



cities, and making their way into the interior as a “cheap” method of individual, motorized transportation.

Remember playing “Marbles” or “Jacks” or “Hop-Scotch”? Tell your heirs about that. You might be surprised how much they would enjoy it.

You might be able to find a book that guides your recollections through such subjects as “My Favorite Teacher” or “My Most Embarrassing Moment” or “My First Day at School”. This makes an excellent Christmas or Birthday gift.

If the prospect of that much writing memories by hand is daunting, try using a small tape recorder. Just tell your memories and record them onto a cassette tape. This makes an excellent “hand made” gift! Try it. Your family will love it.

GOOD LIVING THROUGH WEIGHT CONTROL

It’s a known fact that excess weight creates a number of physical problems: deteriorating knee or hip joints, shortness of breath, Diabetes, high blood pressure, dizziness, and “tight clothes”!

It’s also known that each individual has certain genetic predispositions that make him/her short, tall, blond, red-headed, full-faced, thin, and every other conceivable physical characteristic. Most of these we have little control over, but we are able to have some impact on weight. Nothing tastes as good as being thinner!

Eating too much “low-fat” food is about the same as eating just a little bit less in “high-fat” foods. In other words, moderation is important. Try substituting fruit for chips, water for soft drinks, fish for beef, steamed vegetables for French fries, etc.

“Nothing tastes as good as being thinner!”

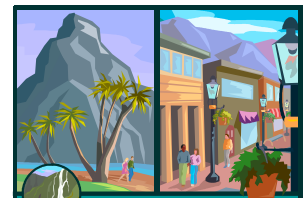
It does not mean that the “fun” foods can never be eaten again, but it does mean moderation is important.

TRAVEL TIPS

Are you planning to take a trip? Regardless of whether you plan to travel by cruise ship, plane, or private automobile, there are some simple things you can do to conserve space and make it easier to get your belongings where you want them.

If you are traveling by public transportation, take a carry-on or a back pack with a couple of days change of clothing, as well as toilet articles and any medication that you might take. That way, if your luggage doesn’t get to your destination at the same time you do, you’ll at least have the necessary items to begin enjoying your trip with.

Roll clothing and place a rubber band around it's is easier to pack and doesn't wrinkle as easily. It's easier to re-pack if your luggage is selected for inspection at the airport. Wear sneakers when traveling. They are easier on your feet and some airports won't make you take them off for inspection. Take lots of zip lock bags for liquid items, wet items, etc. Happy traveling!





First Arkansas Bank & Trust

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YOUR TRUST DEPARTMENT

FIRST ARKANSAS BANK & TRUST has a long and proud history of service in 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, which is 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. The service provided is professional, confidential, personal, and utilizes the finest resources available in market research, investment information, and administrative systems.

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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