



**First Arkansas
Bank & Trust**

**TRUST
DEPARTMENT**



PLANNING YOUR RETIREMENT

The obvious time to start planning for retirement income needs is long before that time comes. Human nature being what it is, people often wait until mid-life to consider retirement needs.

Often when people begin planning, they don't know what to plan for. What will living expenses be? What will medical expenses be? Will we be able to travel?

While no one claims to have a crystal ball through which to see the future, there are some basic steps to take that will put the planning process on track.

It will be fairly easy to determine when the home mortgage will be paid off. Can it be paid off five years earlier by simply paying additional principal each month? This simple tactic may make the retirement years more enjoyable.

Of course, it is important to save for the retirement years. Consider the projected value of your 401(k) or IRA accounts. Investments in stocks, bonds, or mutual funds will play an important role in

the equation. It is wise to be conservative in your projection of the growth of your investments. Conventional wisdom says that it is acceptable to plan for an 8% growth. The validity of that assumption depends on the individual's level of risk tolerance. In other words, if one prefers to invest only in CD's the assumption would have to be considerably lower than 8%. If someone tolerates risk well and chooses to invest in growth stocks and funds, then 8% may be too little. Each individual has to evaluate his/her portfolio and make a reasonable and realistic estimate.

There is a very nice web site where a pre-retirement planning program can be found and downloaded free of charge. The only requirement is that the user must have Microsoft Excel 97 or later. The downloaded program will be an Excel file. It is very easy to use. Go to www.analyzenow.com. Click on "free Programs" and you will find the pre-retirement planning software.

While you are at that site, you may want to download another free program called the "Free Return Calculator" which uses Excel and walks you through calculating your investments rate of return.

"PROTECTING YOUR MOST VALUABLE ASSETS"

Please note our new masthead on the left side and at the top of the back page. We believe this is not only attractive, but that it tells a story.

We all want to save and grow assets for our children, our grandchildren, other family members, or perhaps our favorite charity. Whatever your purpose in investing and growing your assets, we are

convinced that it is our job to help you "protect your most valuable assets".

It is our responsibility to provide our clients with information that they can use to make good investment decisions. In the case of a trust or guardianship, we step up to the plate to distribute funds according to the wishes and/or requirement of the grantor. Let us help you protect your assets.

Inside this issue:

Filing Taxes for 2003	2
Investing in 2004	2
When Do I Trade?	2
Medicare Drug Discount Card	3
Travel Tips	3
Buying a New House?	3
Your Trust Department	4

Special points of interest:

- *Easy Tax Return Filing*
- *What Will Investing Be Like This Year?*
- *Travel Ideas*
- *Change Your Mailing Address Online*
- *Contact Our Staff*

FILING FOR TAX YEAR 2003

If you have not yet filed your income tax returns for 2003, time is quickly running out. Even if you file for an extension, you must estimate the amount of taxes due and send a check for that amount.

If you want to contribute to your Individual Retirement Account (IRA) for 2003, you must do it by April 15, 2004. If you are under 50 years of age and want to contribute the maximum amount allowable by law, you may contribute \$3,000. If you are 50 years of age or more, you can contribute \$3,500.

If you are a resident of the State of Arkansas, there is a new provision in the law this year: you must file your state tax return by April 15, 2004, just as you must file your Federal return. That is a change because in the past Arkansas taxpayers had until May 15. That has changed, so you will not want to miss that deadline.

If you still file a paper tax return, we recommend that you send both the state and the Federal via Certified Mail, Return Receipt Requested. It will cost you more money, but you will

have evidence that you sent it. When the card returns, staple it to your tax return as signed evidence that someone in the processing center(s) received it. This is your legal evidence of filing.

If you haven't tried it yet, you might consider filing electronically for 2004. There are several ways to do this, but a common way of doing it is using Turbo Tax by Intuit. Ideally you keep all your check writing activity on Quicken, download it in January to Turbo Tax, post W-2's and 1099's as they come in, run check, and then file electronically. If you have a refund coming, it usually is deposited in your account within seven to 10 days. Since most audits are the result of mistakes in math and these types of programs catch that, your chances of visiting with the IRS are lessened.

Good luck!



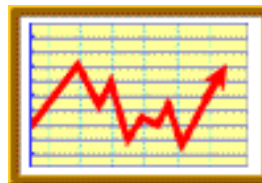
INVESTING IN 2004

The First Quarter of 2004 has already seen some of the investment gains of 2003 erode. Economists and those who study market trends predict that this market instability will continue through 2004.

While interest rates remain at near historical lows, the popular perception is that the job market is still weak. Even though new jobs have not increased as quickly as some economists predicted, we're not so sure that's an indictment of the economy as it is of the analysts' forecasting capabilities. But until the perception changes that the job market is improving, the

markets will probably continue to show some hesitation.

We tend to believe that slow, but steady growth is healthier than robust rushes up. We know what happened after the last one at the end of the 1990's.



If all goes well, we tend to agree with those who believe we will see both ups and downs in the market through 2004, with upward momentum developing in 2005. If we can help, call John McNee at 985-4032.

WHEN DO I TRADE?

We're not talking about what week or what month, but rather what time of day!

The Securities and Exchange Commission (SEC) is proposing that all fund trades be processed by 4 pm Eastern Time. This simply means that you will have to place your order earlier in the day to get the day's closing price.

We recommend that you call us not later than 1pm Central Time (local time). This will give us adequate time to receive and process your trade.

And while we're talking about time of day, we request that all Money Market trades be called in to our office not later than 11am Central Time (local time). This gives us time to process your trade before money funds stop accepting trades.

Trades in money funds happen immediately upon receipt of a request. The reason is that these trades are live and immediate and posted to your account at that time.



MEDICARE DRUG DISCOUNT CARD

If you have a family member who receives Medicare benefits, you should know of a change that takes effect in May 2004. The Medicare Prescription Drug Discount Card and Transitional Assistance Program was enacted into law on December 8, 2003. It is a voluntary program to give immediate relief on the cost of prescription drugs to seniors and disabled people covered under Medicare. This is a temporary program designed to bridge the time between now and the new drug benefit program due to begin on January 1, 2006.

In May of this year Medicare beneficiaries without any outpatient drug coverage may purchase discount drug cards that have been approved by Medicare. These card providers can charge no more than \$30 per year for the discount cards. Medicare will pay that cost for seniors who have a low income.

Any Medicare beneficiary is eligible for the drug dis-

count card program if they are enrolled under Medicare Part A or B, so long as the beneficiary is not receiving outpatient drug benefits through Medicaid.

Private sector discount card programs that meet standards set by Medicare can qualify for a Medicare approval or endorsement to provide discounts. Those who offer the cards will be insurance companies, health maintenance organizations (HMOs), preferred provider organizations (PPOs) and pharmaceutical companies. Medicare will make sure that beneficiaries have at least two choices of approved cards in each state.

It is important to read information during the next year that is published by Medicare. Many questions will be answered. For quick information go to Medicare's Web site at www.medicare.gov. There is a whole section on Frequently Asked Questions (FAQ).

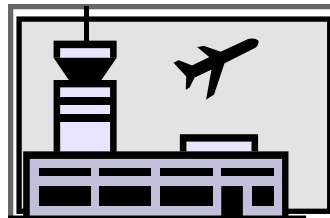


TRAVEL TIPS

If you are planning to travel outside the continental United States, then you should do some homework! The fastest way to get information is go to the web site: www.state.gov. This is the official web site of the U. S. Department of State. You will find information about any country you might want to visit. It will give you detailed information about the documents needed to enter (visas, passports, etc.) as well a other requirements.

Some countries require payment of entry and exit taxes and that information will be shown. You will also find cultural

information, currency information, and the most recent alerts or warnings. Even with unrest in the world there are still great buys and incentives to visit some interesting places. Always check the currency exchange rate!



It is important to be aware that heightened security requires certain rules be observed in packing as well as in dressing. Enjoy your trip.

BUYING A NEW HOUSE?

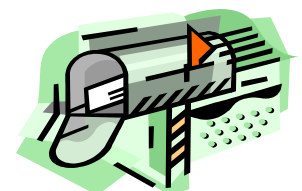
There are several good things about buying a new house today. With interest rates at near historical lows, it costs less. There are still good buys and good loans there. If you are in the market, check with our professionals at First Arkansas Mortgage Company. Call them at 985-4055.

It is believed that the pace of home sales will slip some in 2004, so the wait should be less than during the past couple of years.

Another great thing that is available when you do move to a new house is changing your address with the U. S. Postal

Service. You can do it without going to the post office! All you have to do is go the USPS web site and make the change. Go to www.usps.com and click on the "Change Address" tab. It's that simple. You can also call (888) 255-7982 to have your magazines forwarded for up to 60 days.

When you look at the web site you will find other helpful information about your mail. The really big advantage is that you can do it on your computer when you are able to do it. Happy moving!





First Arkansas Bank & Trust

FIRST ARKANSAS BANK & TRUST / 600 WEST MAIN STREET / P. O. BOX 827 / JACKSONVILLE, ARKANSAS 72078

Telephone: (501) 985-4030 or (800) 982-4511

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.

CONTACT US VIA E-MAIL OR TELEPHONE

PAT TEAGUE

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

JOHN McNEE

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

ROBIN BOYKIN

Assistant Vice-President
Assistant Trust Officer
Operations Manager
(501) 985-4031
rboykin@firstarkansasbank.com

GAIL CROWDER

Operations Specialist
Bonds / Disbursements
(501) 985-4030
gcrowder@firstarkansasbank.com

JO ANDERSON

IRA Specialist / New Accounts
(501) 985-4033
janderson@firstarkansasbank.com

BETH HEGARTY

Operations Specialist / Daily Processing
(501) 985-4036
bhegarty@firstarkansasbank.com