

# YEAR-END PLANNING

It is time to begin your year end planning for 2003. The Fourth Quarter is when you will want to do things to impact your 2003 tax return which you will file in April 2004.

If you want to gift assets to family members you can give up to \$11,000 per individual and not incur any gift tax. This effectively removes it from your estate as a future consideration. You and/or your spouse can give \$11,000 to as many individuals or causes as you wish (tax free). You can both give up to that amount to the same beneficiary without tax consequences.

If you have a favorite charity, this is the time to contribute to it. It is a good time to help the charity finish the year in good shape and it will show up on your tax return as a charitable contribution, thus presumably reducing your income tax liability.

This is a good time to consider buying an automobile if you are in the market to do so. The 2003 year models

will be closing out with better than usual prices and financing packages. It is also helpful to try to buy in the latter part of the month, since all automobile salesmen will be trying to meet a quota. Make this work to your advantage.

There are excellent travel packages available right now. Cruise lines have greater capacity each year that needs to be filled. If you are able to leave on somewhat short notice you may be able to "fill in" on a cruise for quite a bit less money. You will also find excellent buys in airline fares if you watch carefully. Many hotels have excess capacity, particularly during the off season. Check with your travel agent or try the Internet. You might look at [www.expedia.com](http://www.expedia.com).

It is important to start collecting receipts, letters, and anything else you might need to have when preparing your Form 1040 for 2002. It is much easier to organize for that task starting now, rather than waiting until April!

In short, the Fourth Quarter is a great time to contribute, gift to others, buy large ticket items, and to travel.

If we can help, please call 985-4030.

## ROLL OVER IRA

If you are changing your place of employment, you may need to know what to do with your retirement account or your 401(k) account dollars. You typically have three choices: (1) Take a cash distribution and pay taxes on it, (2) Roll it into your new employer's 401(k) plan if it allows a roll-over, (3) Roll it over to an Individual Retirement Account (IRA). The second and

third choices do not incur a tax liability at this time.

We can make it easy for you to roll your retirement dollars into an IRA. Simply bring us the paper work from your former employer and we will fill it out for you, you sign it, and we handle it from there. For more information call Jo Anderson at 985-4033.

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### Special points of interest:

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- *Mandatory IRA Distributions*
- *Retiree Prescriptions*
- *What Now That You're Suddenly "Rich"?*
- *Investment Climate is Improving*



**First Arkansas Bank & Trust**

# GIVE WISELY

Americans are probably the most generous people in the world. Just think how we typically react when there is a hurricane, tornado, or act of terrorism like what we witnessed on September 9, 2001 (9-11).

People band together and fill trucks full of food, blankets and clothing. Very often relief workers have to ask that no more be sent! That is evidence of a great and generous national heart.

That same generosity leads some givers to be naïve and give without knowing just what will be done with their contribution. There are some simple questions that should be considered before money is given to a charity.

1. What percentage of my gift goes to administrative overhead and fundraising costs? (In other words, how much of my money will actually go to the needy?)

2. How do I know this is a legitimate charity? (Be careful because some fraudulent fund raisers use a similar sounding name that the giver will mistake for the well known charity.)

3. Do I really want to give money to a person I don't know and will never see, but who simply calls me on my telephone at home? (You might ask them to send you information so you can study the possibility before committing to give.)

4. Would it be better to give to a nearby, local charity such as a church or local charitable or medical organization. (There are many opportunities to give to something with a low overhead that operates nearby.)

In short, ask questions and don't be afraid to deny funds to someone you never met who works for an organization you never heard of! It's your money, so give it wisely!

If we can help, please call us at 985-4030.



## DEVELOPMENTS IN MEDICAL CARE

Did you know? Some physicians are now charging for “no-show” patients—those who make an appointment but do not show. It's a little bit like airlines overbooking flights because some people do not show.

Did you know? So-called Medigap insurance policy costs can vary widely. In Florida a 65-year-old woman can pay anywhere from \$1,116 to \$3,886 for Plan C. For more information call Weiss Ratings at (800) 289-9222 or visit [www.weissratings.com](http://www.weissratings.com).

Did you know? There is a funny new book dealing with Type 2 Diabetes entitled “Help! My Underwear is Shrinking!”. It is issued by the American Diabetes Association for those diabetics who want to eat more sensibly. It can be purchased for \$15.00 in major bookstores or by calling the association at (800) 232-6733.



When visiting your physician, always ask questions!

## RAISING THE AGE OF MANDATORY IRA DISTRIBUTIONS

There is a bill before the House of Representatives (H.R. 1776) that proposes to raise the age of required minimum distributions from an Individual Retirement Account (IRA) from age 70 1/2 to age 75.

As with any proposed legislation, it isn't the law until both houses of Congress pass it and the President signs it.

At this time it looks like there is a good chance this proposal could become law during either 2003 or 2004.

In today's market many workers are staying in the

workplace longer than ever. This would allow him/her to contribute to the IRA longer and wait longer before having to take a distribution.

Given the past three years of “down” markets, this will give some additional recovery time for those workers who want to work longer and continue to contribute to their IRA's.

Call Jo Anderson at 985-4033.



# PRESCRIPTIONS FOR RETIREES

If you or a member of your family has reached age 65 and in on Medicare, you may find that medical care is still very expensive, even with a Medigap policy. The cost of prescription drugs can be very high.

While you wait for Congress to finally settle on a Medicare provision for prescription drugs, there is some help available in various discount plans. Below are listed companies, telephone numbers and web site addresses where you can get detailed information.

## GlaxoSmithKline

The Orange Card  
(888) 672-6436 or [www.gsk.com](http://www.gsk.com)

## Pfizer

Share Care  
(800) 239-1321  
[www.pfizerforliving.com](http://www.pfizerforliving.com)



## Eli Lilly

LillyAnswersSM  
(877) 795-4559 or [www.lillyanswers.com](http://www.lillyanswers.com)

## Pharmacia

RxMap  
(800) 242-7014  
[www.helpingpatients.org](http://www.helpingpatients.org)

## Together RX Card

(800) 865-7211  
[www.together-rx.com](http://www.together-rx.com)

These sites offer various programs and discounts ranging from 20% to 40% with various fees and co-pays.

Other sites you might find helpful:

[www.medicare.gov](http://www.medicare.gov)  
[www.needymeds.com](http://www.needymeds.com)  
[www.rxassist.org](http://www.rxassist.org)

## WHAT IF YOU WERE SUDDENLY “RICH”?

How many times have we heard the story of someone who won a large sum of money in a lottery, game show, or received an inheritance, but were soon found to be penniless? It's not only the NBA player or a rock star who sees large sums of cash slip through their fingers.

The sudden discovery that you are “rich” may quickly appear to be but a passing dream. Too many people who receive lump sums, even from retirement plans have no plan for using and preserving the money. This where our Trust Department can assist you in helping you devise a plan.

We will be pleased to devote time to helping you develop a financial plan which will help you get through your retirement years with assets still in tact. We can help you with your investments, planning through the use of computerized models, and looking with you at your life expectancy to help determine how much can be used each year. Call 985-4030 and ask for one of our trust professionals.



## TIMES ARE CHANGING!

If your investments have suffered during the past three years (and whose haven't?), then you can begin to breathe easier! The past several months have seen the stock market moving up and showing some strength. Perhaps you've notice that your investments are looking better.

Economists tell us that we can reasonably expect some better market conditions for the balance of 2003 and certainly into 2004. The communication and technology sector has seen remarkable gains during this year. But that sector had the most to regain anyway!

This Christmas appears to be coming on as a good buying season. Mortgage rates are still relatively low. Interest rates are at a 45-year low. While employment is still higher than we would like to see, it is not dropping at the rate it was a year ago.

So, as we go into the Fourth Quarter, you should look at your investments and be sure you continue to diversify between equities and bonds. Call John McNee at 985-4032 for more information.





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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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