



First Arkansas Bank & Trust

TRUST DEPARTMENT



4th Quarter 2005

# INVESTMENT REVIEW

Now that it's the 4th Quarter, it's time to review your investments.

If you have stocks or mutual funds that you think are underperforming, this is the time to sell them and buy something that you believe has a better chance of giving you an acceptable rate of return.

By making this move during the last three months of the year you can take advantage of any losses you might incur when you file your personal income tax return for 2005. At the same time, if you realize a gain (profit) by selling, you will have to report it when you file your 2005 tax return, thus increasing your tax liability. If it's a good

financial move, then it is wise to do it whether you realize a financial loss or a gain.

None of the preceding discussion applies if your investments are all within your Individual Retirement Account (IRA). There will be no tax consequences when filing your 2005 tax return since the taxable event on retirement accounts only occurs when the individual receives a distribution from the account.

Nevertheless, if it is a wise financial decision the 4th Quarter is a good time to do it. This is the time to "clean up" your investment portfolio(s) since this is usually a healthy quarter for business.

If you have questions, please call John McNee at 985-4032.

# DO NOT CALL REGISTRY

If you are tired of people calling on your cell phone to try to sell you something and "burning" up your minutes that you pay for, there is now help.

You can simply go to the web site: [www.donotcall.gov](http://www.donotcall.gov). You just

have to register your cell phone number and these annoying and expensive calls will eventually cease.

It is just one small protection against the unwanted intrusion by uninvited callers.

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### Special points of interest:

- *How to stop those pesky "Pre-Approved" mailings.*
- *Identity Theft*
- *Investing in 2006*
- *Be Careful Before Agreeing to Serve as the Executor of an Estate*

# STOP: "YOU ARE PRE-APPROVED" MAIL!

Did you ever receive a mailing from a credit card company or insurance company stating that "you are pre-approved" for an offer of credit? Has that become annoying? Do you know how they decide to send YOU a pre-approved offer?

The companies making these offers simply check your credit rating with the three major credit reporting companies: Equifax, Experian and TransUnion. This request for credit information then shows up on your record as a "hit" or a request, which it is! If you are wanting to borrow money for a legitimate purpose, the lender will always check and will then find numerous "hits" on your credit record. This could be interpreted as your effort to secure credit from numerous sources.

In order to prevent this you can now go online to [www.optoutprescreen.com](http://www.optoutprescreen.com) or call (888) 567-8688. You may then opt out for five years or permanently. It will take several month, but you will stop receiving these offers in the mail.

You will be asked for your name, date of birth, address and Social Security number.

You will still receive solicitations and offers from local charities or any other source that does not use credit reporting information to develop a mailing list.



## INVESTING / TERRORISM

It's fair to ask "What should I invest in to insulate my principal and interest from terrorist activity?" The most honest answer is "No one really knows."

We know that the financial markets react when there are major terrorism strikes such as London during July 2005. Many investment houses are asked to design an investment model to protect the investor during these times of uncertainty. No one has been able to



do this. The best protection is probably to carefully choose stocks, bonds and mutual funds of companies that have a good, solid history of growth, profitability and stability.

The next thing to consider is "Hold on—it's going to be a long, bumpy ride."

## AFRAID OF "IDENTITY THEFT"?

Identity theft is a serious issue that cannot be taken lightly. As always, there are people and companies seeking to profit from this legitimate concern. Recently one of our staff members received a call at home from a credit card company offering "Identity Theft Protection" for a mere \$12.95 per month.

This protection included one free credit report per year from the three major credit reporting agen-

cies. (Anyone call get that by calling or accessing the web sites!). Other than this, there was no protection.

Remember when checks were stolen from mail boxes? What about servers in restaurants stealing your credit card number? Just be careful.



# INVESTMENT OUTLOOK

A fair question is "What is the investment outlook for the next year?". It may be a fair question, but it's also one that's virtually impossible to answer with any degree of certainty.

Here are some observations: The economy is growing, though at a noticeably slower pace than in the 1990's. There are a lot of weekly ups and downs. Terrorism at home and abroad is a major factor still. Oil prices skyrocketed after Hurricane Katrina, and soon we will be hearing of higher heating oil prices because of "a severe winter". The Federal Reserve Bank appears not to be through increasing the Federal discount rate in an effort



to hold inflation in check without creating a downturn in the economy.

All of those observations are enough to make the market jittery and unstable.

Having said that, it is likely that the current Bull market which started in October 2002 will have enough stamina to continue. We just became accustomed to unrealistic gains during the 1990's which will not likely be repeated again soon.

As always: diversify and invest for the long term. Call John McNee at 985-4032.

## YOU ARE THE EXECUTOR!

So you just learned that you have been named the Executor or Personal Representative of someone's estate. Both terms apply to the same job: oversee the settlement of someone's estate, paying bills and distributing assets to the named heirs.

While it isn't "rocket science", it is a job not to be taken lightly. It will require both time and work. The Executor can become the object of anger if the heirs do not receive what or how much they think they deserve.

You will have to collect all the property: bank accounts, investments, real property, personal property and anything else of financial value. You will have to determine if the estate is to be subject to probate.

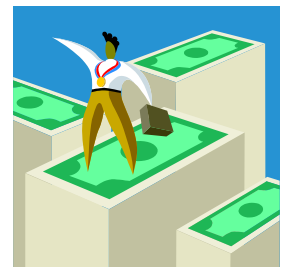
You will likely need the help of an attorney to make your way through this process. Even though it costs money it is important to do it right and within the provisions of law.

Your attorney will be able to help you as you determine if the property was owned solely by the decedent or he/she was a co-owner and the other co-

owner survives. If a co-owner survives, then that asset is not subject to probate. This follows with all assets and will determine whether the estate has to go to Probate Court.

If the estate is a small one then probate is not required. A "small" estate in Arkansas is defined as one that is worth less than \$50,000. The simple probate process just requires that an affidavit be filed with the Probate Clerk. Then an Executor or Personal Representative is not appointed.

For estates valued over \$50,000 the process is more complicated. The estate must be placed in the probate process and here is where an attorney is a virtual necessity. The Executor must (1) collect property and assets, (2) protect the estate's property, (3) pay valid debts and taxes, (4) determine who is entitled to a share of the state, (5) distribute assets to the proper beneficiaries. If asked to serve, think first!





[www.firstarkansasbank.com](http://www.firstarkansasbank.com)

## 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, 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 almost 50% during the past seven years.** 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

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