

Horizon



BAD WEATHER?
STAY HOME!

HOW BIG
IS YOUR NEST EGG?





A LETTER FROM GARY HUDSON

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All of us at Farmers and Merchants Bank hope that you are off to a prosperous start in 2011. As the days grow longer and spring emerges, we all get spring fever and share a

renewed excitement for the future. We are excited about 2011 in that we expect the economy to slowly continue to recover. Locally, optimism is abundant for the agricultural industry and its associated businesses. Commodity prices are at elevated levels and the possibility of a profitable season is anticipated.

In the financial industry, recovery also is at hand as the world economy slowly works out its problems. We expect to see further weakness in some areas of the country that were overbuilt. However, those seem to be a bit more isolated and not as surprising as a few months ago. We urge you to use caution in your financial

planning and make sure you understand what direction you are taking. Chasing a slightly higher yield usually involves more risk. Caution is a wise virtue in times of uncertainty.

We want you to know that we appreciate the opportunity to be your bank. Please contact one of our representatives about our new products and services. As our industry evolves we will continue to adjust what we offer you to make sure that we can meet your needs. Financial reform will impact the way that we present and deliver some of our products. We will try to make sure that you are made aware when any of these changes will affect your business with Farmers and Merchants.

Have a great 2011.

Gary Hudson
President and CEO
Farmers and Merchants Bank

We are proud to announce the

Glenn Bauman Memorial Agriculture Scholarship

Scholarships awarded to Stuttgart High School graduates majoring in any agriculture related field.



In memory of Glenn Bauman, Senior VP & Loan Officer, Farmers & Merchants Bank.

Contributions to Scholarship fund may be placed through the Farmers & Merchants Bank Trust Division.

Applications may be picked up from the Stuttgart High School Counselors office.



HOW BIG A NEST EGG DO YOU NEED TO RETIRE?

Your retirement may be in the distant future or right around the corner. But if you're like many Americans, you don't have a clear picture of how you'll spend your time – or money – when you leave the workaday world. That makes it difficult to estimate how much money you will need to live for perhaps two or three decades without a paycheck.

A new analysis by Hewitt Associates, a human resources consulting firm, provides a quick answer. It finds that Americans will need to accumulate an average of 11 times their preretirement pay in order to maintain their lifestyle during retirement.* That may be savings in your 401(k) or other retirement savings plan, pension benefits or personal savings.

For example, if you make \$40,000 at the end of your career, you would need a nest egg of about \$440,000 to last through retirement – assuming an average lifespan. If your salary is \$65,000, you would need to amass \$715,000.

Reaching Your Goal

It's a simple calculation to determine what 11 times your preretirement pay is, but not so easy to actually accumulate. Saving in a tax-advantaged account like your employer-sponsored retirement plan or an individual retirement account (IRA) is a good start. The tax benefits make it easier to grow your savings.

But you may also want to examine your spending habits to find areas you could trim in order to set aside more money for retirement. You may decide to cut back on small, everyday expenses like eating out for lunch or buying fancy coffee drinks. Or you could put a



critical eye to your big expenses like insurance, a mortgage or car payments and see if there's a way to spend less by refinancing or getting new quotes on insurance coverage.

Tailor for a Perfect Fit

An individualized assessment of your retirement income needs is going to be far more valuable than any one-size-fits-all formula. Estimating what your retirement expenses will be can give you a ballpark figure for the amount of savings you'll need. It will be imperfect because it requires making assumptions about factors such as how long you

will live, what the inflation rate will be and how your investments will perform. Nevertheless, making an estimate is a valuable exercise. Those who have done the calculation tend to be considerably more confident about their ability to reach their savings goal.**

Contact a reputable financial advisor to help you estimate how much you'll need to retire and to assist you in plotting a strategy to get there.

* Source: Hewitt Associates, "Retirement Income Adequacy at Large Companies: The Real Deal," 2010, www.hewittassociates.com.

** Source: 2010 Retirement Confidence Survey, Employee Benefit Research Institute and Mathew Greenwald & Associates, www.ebri.org.



MAKE YOUR FAVORITE RECIPES HEART-HEALTHY

HEALTHIER COUNTRY GARDEN ALFREDO

Serves 6

Ingredients

- 1 16-oz. package frozen mixed vegetables
- 12 oz. egg noodles
- 1 8-oz. package reduced fat cream cheese, cubed and softened
- 1 cup reduced-fat milk
- ½ cup sliced green onion
- 2 teaspoons garlic and herb seasoning

Directions

- Cook noodles according to package directions.
- In last 4 minutes of boiling, add frozen vegetables to boiling noodles.
- Drain noodles/vegetable mix; set aside and keep warm.
- In separate saucepan, add milk, cream cheese and seasonings.
- Heat until cream cheese is thoroughly melted.
- Toss hot noodles, green onions and sauce.

Source: www.fruitsandveggiesmorematters.org.

A steaming bowl of pasta alfredo for dinner followed by your mom's famous gooey chocolate chip cookies for dessert? Your favorite guilty-pleasure meal. You know you shouldn't eat those treats very often, or your waistline and health will pay the price. But what if there was a way to indulge in your favorite treats without all the sugar, fat ... and guilt?

Follow these simple tips to turn your favorite fattening recipes into healthy meals you can make every week, without sacrificing taste.

- **Lower the sugar.** You can usually reduce sugar by one-third without making a noticeable difference to the original recipe. So if a recipe says 1 cup sugar, use 2/3 cup. To enhance the flavor, spice things up with vanilla, cinnamon or nutmeg.
- **Reduce the fat.** For baking, use 2 tablespoons of fat per cup of flour. You can usually reduce the fat by a third without making significant changes to the recipe. Also, opt for heart-healthier fats when you can. Choose olive oil over butter. Skim milk will work in most recipes that call for whole milk.

- **Cut the salt.** Salt is crucial in baking, so don't cut it out there, but most other recipes can do with much less salt. Aim to cut your intake in half, and replace it with your favorite herbs and spices.
- **Make substitutions.** Replace some of the flour in a recipe with whole wheat flour (up to half). Use non-fat yogurt instead of sour cream, or non-fat ricotta cheese instead of cottage cheese. Instead of two whole eggs, use one whole egg and four egg whites. Bulk up pasta dishes with more vegetables and use less pasta and meat.

You don't have to give up on your favorites! Get into the kitchen and get creative. It's easy to give your recipes a heart-healthy makeover.

THE FARMERS AND MERCHANTS BANK

STUTT GART, ARKANSAS

DECEMBER 31, 2010

STATEMENT OF CONDITION

ASSETS

Cash and Sight Exchange	\$11,453,698.66
U. S. Government Bonds	\$97,388,182.94
State and Municipal Bonds	\$79,439,378.85
Other Investments	\$1,247,017.51
Fed Funds Sold	\$27,905,000.00
Net Loans	\$335,243,389.72
Income Earned – Not Collected	\$5,787,080.11
Furniture, Fixtures & Equipment	\$1,708,250.98
Banking House	\$5,249,975.28
Other Real Estate	\$2,244,801.35
Other Resources	\$40,367,270.42
Customer Liability Letter of Credit	\$716,800.00
TOTAL ASSETS	\$608,750,845.82

LIABILITIES

Accrued for Interest, Taxes and Other Expenses Not Due	\$3,421,819.19
Federal Reserve Note Account	\$420,852.41
Fed Funds Purchased,	
Other Borrowed Money	\$15,805,726.93
Deposits	\$494,886,943.23
Other Liabilities	\$21,637,479.29
Outstanding Letter of Credit	\$716,800.00
TOTAL LIABILITIES	\$536,889,621.05

STOCKHOLDERS' EQUITY

Capital and Surplus	\$41,462,079.03
Undivided Profits	\$32,259,840.91
Net unrealized gain on marketable securities	(\$1,860,695.17)
TOTAL STOCKHOLDERS' EQUITY	\$71,861,224.77
TOTAL LIABILITIES AND EQUITY	\$608,750,845.82

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