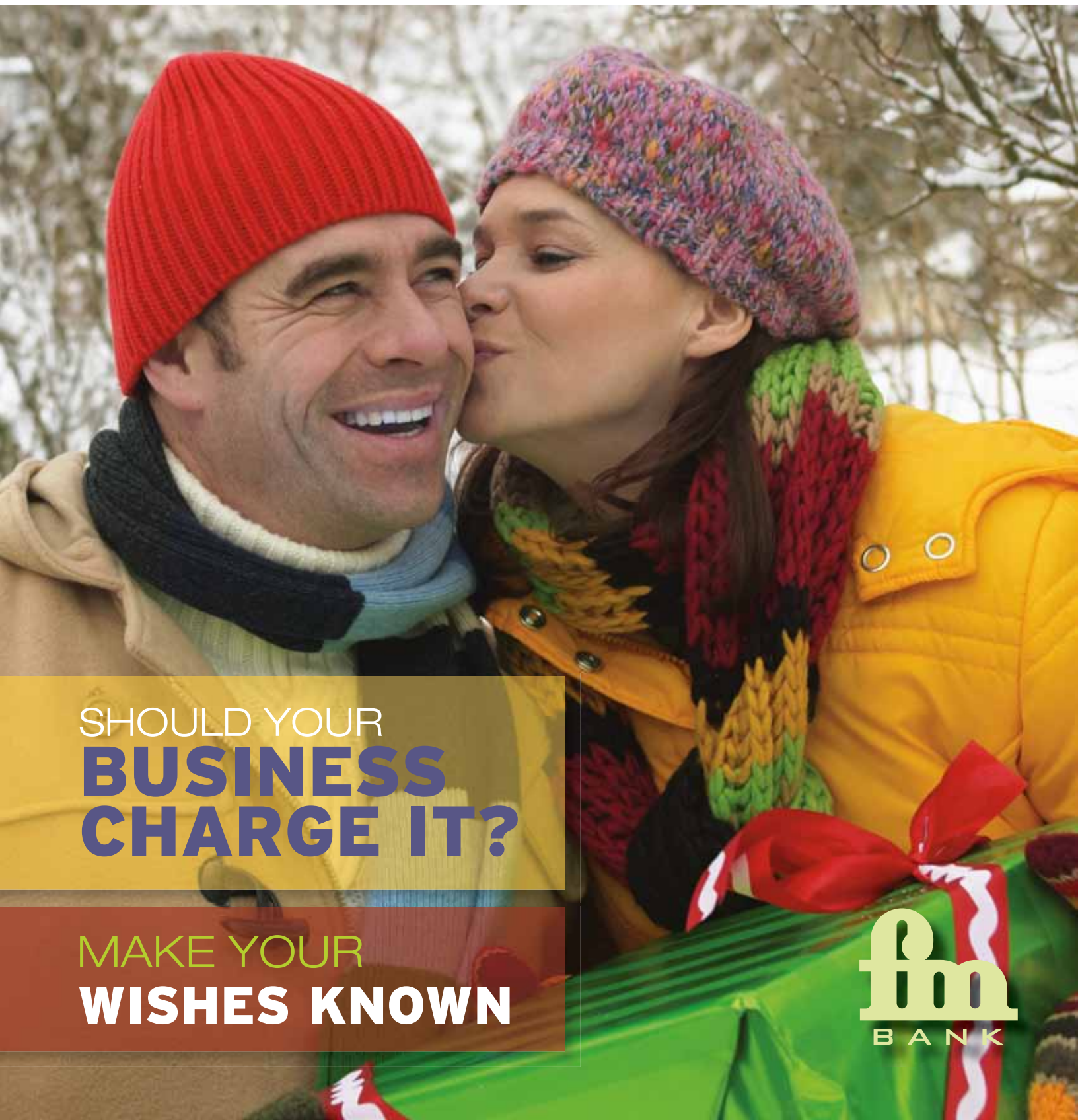


Horizon



SHOULD YOUR
BUSINESS
CHARGE IT?

MAKE YOUR
WISHES KNOWN





A LETTER FROM GARY HUDSON

FARMERS & MERCHANTS BANK LOCATIONS

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South Main & 22nd
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Holiday greetings to each of you!

This is the season when most of us spend at least some time reflecting on days gone by as well as setting goals

for the coming year, both personally and professionally. Since Farmers and Merchants Bank was founded in 1945, we've continued to work toward being the kind of financial institution that serves our customers well.

We know it is important to you to do business with people who treat you with respect, whether it's simply a friendly smile and sincere greeting, or honest, trustworthy advice.

No doubt the world is getting more complicated. That's why Farmers and Merchants Bank constantly looks for ways to offer you the most up-to-date financial technology while still making the one-on-one connection you can only get from a local bank. While headquartered in Stuttgart,

each of our branches works within the ten communities we serve to meet the needs of our customers individually and the community as a whole.

In 2011, Farmers and Merchants Bank will have contributed about \$100,000 to community development, youth programs, health care and charities. We know good banking and good communities go hand in hand.

Best wishes to each of you for a happy, healthy and prosperous new year!

Sincerely,

Gary Hudson
President and CEO
Farmers and Merchants Bank



Call us at 870.673.6911 or visit us online at www.mebanking.com.



SHOULD YOUR **BUSINESS CHARGE IT?**

Congratulations. Your company just signed a deal with an important new customer. Work must begin immediately, and you need to buy a considerable amount of materials to get started. But what if your cash flow is tight right now, and your lending partner is not loaning? Could the solution be to just say "charge it"?

Business credit cards function as a working capital line of credit. They are meant for short-term purchases and financing. The Federal Reserve reports that the number of businesses – now more than 80% – using credit cards to provide working capital is growing significantly.

Unlike traditional lines of business credit where you must pay the balance to zero per specified terms, a credit card lets you draw from the line and pay it back when it best suits you to do so – as long as you stay within your credit limit.

Here's a look at the pros and cons of using business credit cards for working capital.

The Pros

Fast and easy. Qualifying for a traditional line of credit may take months. Your business may be approved for a credit card in a matter of minutes.

No collateral needed. Because most business credit cards are unsecured, your business's financial assets aren't used as collateral – and aren't on the line.

Sharing the wealth. Your employees can conveniently carry a copy of the credit card to make business-related buys. You establish what can be purchased and the spending limits.



Quick buys. Business credit cards give you the flexibility to make quick buying decisions, purchase online or pay for routine costs of doing business (like your phone bill) that are no-nos with traditional credit lines.

Higher limits. Business credit cards have higher credit limits than consumer cards. This limit leeway comes in handy if you're purchasing capital equipment that has a hefty price tag.

Cons

Interest inches up. Business credit cards carry a higher interest rate than traditional lines of credit. However, if you use your credit card for short-

term working capital, interest accrual shouldn't be that much of an issue.

Perils of misuse. Any type of credit card, business or consumer, can become a problem if you don't use it responsibly.

The fine print. Accompanying many business credit cards is the issuer's right to, without notice, change rates, or impose unrestricted penalties or terms. The issuers say these restrictions are fair, considering the unknowns of advancing cash during uncertain financial times to small businesses with possibly shaky credit.

PURCHASING POWER AT YOUR FINGERTIPS

If you use business credit cards for short-term working cash and don't run large balances month to month, they may prove to be a useful tool for providing your business's working capital. Enjoy competitive rates with security, reliability and convenience. Apply for a Farmers & Merchants Bank corporate credit card today at your nearest branch or call **870.673.6911** for more information.

DON'T HAVE A WILL YET?

ESTATE PLANNING IS FOR EVERYONE!

Estate planning isn't just for the wealthy, the elderly or those with complex family situations. The unexpected and unthinkable can happen to anyone at anytime.

But I Have a Job, Not an Estate

Many people believe they don't own enough property or have enough money to need a will. But if you have a car and a bank account, you have assets. A quick mental inventory may reveal a few more, such as a retirement account through your employer or your grandmother's ring tucked away in the safe deposit box. Making a will is a great way to take stock of what you own and then ensure the right people can enjoy it when you no longer can.

My Next of Kin Will Inherit

For some, the family situation is simple enough to make drafting a will seem redundant. Without a will, your next of kin will likely inherit and that's who you would designate anyway, so why bother to make a will? Because dying intestate leaves the court to determine how to distribute your assets. Even if your expectations are carried out, your loved ones will have to spend time in a probate court sifting through your estate. They'll have to determine if there are any claims on your assets, identify all heirs and receive permission from the heirs to sell assets, such as a car or home. The process can take time, cost your loved ones money and cause them unnecessary anxiety as they do work you could already have done with an estate plan. Make a difficult situation easier for your loved ones by making a will.

We Can't Agree on a Guardian for the Kids

For married couples with children, the biggest stumbling block to estate planning is often deciding who will care for minor children if both parents die. If you don't make a decision about who will care for your children, the court will be left to decide. That can lead to squabbling among your family and an even more stressful environment for your children. To help settle the question, keep in mind:

- You can separate the functions of guardian and trustee, appointing different people to each role.
- The health, financial situation and lifestyle of the person you are considering as guardian will affect their ability to care for your children.
- Placing your children with someone who will love and care for them is your top priority.

I Can't Afford to Have a Will Made

A solidly drafted estate plan does typically require the work of an estate planning attorney, who can help you navigate inheritance and tax laws. But consider the significance to your loved ones. A well-crafted estate plan can help ensure a heartwarming legacy to those you love.

A will is just one of many estate planning tools that can ensure that you pass your assets to your heirs in a way that best benefits them. Our Trust Division can work closely with your attorney to establish the best estate plan for your needs. For more information, call **870.673.6911**.



ADVANCE HEALTH CARE DIRECTIVES MAKE YOUR WISHES KNOWN

End of life and life-threatening illness are not subjects we like to think about, much less discuss. But, if you were unable to speak or act on your own behalf, would anyone know about your health care wishes? Would family or health care providers know to what extent treatment should be administered or how invasive the treatments should be? Although it's probably one of the more difficult discussions to have with loved ones, advance health care directive planning will help ensure that the decisions you make about your care are followed.

Advance health care directives are legal documents that instruct family and health care professionals on your choices if you are unconscious, incapacitated or otherwise unable to communicate.

There are two main kinds of advance health care directives:

- Health care power of attorney
- Living will

Health Care Power of Attorney

The person you appoint as your health care power of attorney will become legally able to speak for you if you become incapacitated or unable to speak for yourself. He or she is considered your agent in administering the wishes you have established before a medical emergency. Generally the agent is a spouse, child or other close family member or friend who you believe will follow your wishes as outlined in your advance health care directive.

It's important to note that if you regain your ability to make your own decisions, the power of attorney no longer applies, and your agent will no longer act on your behalf.

Living Will

A living will is a document that outlines how much medical care and what kind of care you are willing to receive if you are terminally ill. It allows you to make your wishes for medical treatment at the end of life known to your doctors and your family. A living will may be used in the following situations:

- You are unable to make medical decisions.
- Your medical condition is specified in your state's living will law as terminal illness or permanent unconsciousness.
- Depending upon the state where you live, there may be other requirements.

Plan Ahead

By planning ahead and drawing up advance health care directives you'll take the anguish out of decisions your family may have to make on your behalf. Each state has different rules and regulations, so be sure to create and sign the correct documents for your state. In addition, review your advance directives periodically to make sure they still reflect your wishes.

Talk with your doctor about your plans as you write your advance directives. Because the doctor is familiar with medical interventions, he or she may have insight that will help you and your family decide and state clearly what you want. Contact us at **870.673.6911** if you have questions.

WHERE TO GET ADVANCE DIRECTIVE FORMS

If you want to create your advance directives but don't know where to start, here are some websites that offer information and allow you to download the necessary forms.

- Caring Connections offers information on advance directives in your state and how to download them. It also offers background on advance directives. www.caringinfo.org
- AARP's website includes information and tips about care giving, planning for end of life, how to start a conversation with family and spiritual guidance. www.aarp.org/relationships/caregiving-resource-center/endoflifecare/
- The National Healthcare Decisions Day website contains multiple resources to help you choose the advance health care directive information to suit your needs, as well as a brief description of the kinds of directives available. www.nhdd.org/p/resources.html

Websites not belonging to this organization are for information only. No endorsement is implied.

CARD SAFETY WHEN YOU'RE ON THE GO



Debit and credit cards are easy to use, but don't make them easy for thieves to steal! When you're out and about, use these tips to guard your card from fraud.

Don't display it face up. Flip your card over when you hand it to a cashier or pay a restaurant tab at the table. You never know when prying eyes or a cell phone camera could capture the number.

Cover the ATM keypad. When using your card to get cash, shield the keypad so others can't see you enter your PIN.

Use caution at the drive-through. You may lose sight of your card at a drive-through window, allowing time for someone to get your card number. Consider using cash or purchase gift cards at places you frequently visit to use as payment instead.

Farmers & Merchants Bank debit and credit cards help protect you in the event of unauthorized purchases, thanks to Visa's® zero liability policy for lost and stolen cards.

PERSON-TO-PERSON TRANSACTIONS

ZASHPAYSM LETS YOU PAY ANYONE

Like many people, you may not be in the habit of carrying much cash. With credit cards, debit/check cards and online bill pay, why bother? But, oops! How do you pay the baby sitter? Or repay that loan from your brother-in-law?

ZashPay makes it easy! Now you can send and receive money as easily as you send and receive email or text messages. Send money to anyone you know, using only their name and email address or mobile phone number. Payments are sent and received directly through Farmer's & Merchant's online banking site. You do not need to receive a bill from the person you want to pay. If the recipient doesn't have ZashPay at their bank, they can receive the money through ZashPay.com.

It's great for receiving payments, too. You don't need to share your account details with the person paying you, so you maintain the security of your private information.

With ZashPay, who needs cash? You can pay anyone anywhere with just a few clicks on your computer.

VELVETY YAM SOUP

This homemade soup is quick and easy to whip up, with a full serving of vegetables in every bowl.

Preparation time: 25 minutes

Number of servings: 4

Ingredients

2 medium yams or sweet potatoes
(about 8 ounces each)
2 medium leeks
2 tablespoons fat-free chicken stock
 $\frac{1}{2}$ teaspoon dried dill
 $1\frac{1}{2}$ cups evaporated skim milk

Directions

Peel the yams or sweet potatoes and slice into $\frac{3}{4}$ -inch chunks. Place in a $1\frac{1}{2}$ quart casserole dish. Trim the leeks, slit lengthwise and wash well. Coarsely chop and add to the dish. Stir in the stock and dill. Cover the dish with



vented plastic wrap and microwave on high for 5 minutes, or until the yams or sweet potatoes are just tender. Let stand for 4 minutes. Transfer the mixture to a blender. Pour the milk into a 2-cup

glass container and microwave on high for 2 minutes, or until warm. Add to the blender and puree. Serve warm.

Recipe courtesy of www.fruitsandveggiesmatter.gov.

SNIPPETS

SPOTLIGHT ON ... GOLD

The purity of gold is measured in carats; 100% pure gold is 24 carat. Alloys of gold have fewer than 24 carats; for example 14 carat gold is about 58% ($14/24^{\text{ths}}$) gold, and the remainder other materials.

The price of gold reached a record high of \$1,917 an ounce in August 2011.

Gold is prized for more than its beauty. It is unique among metals because it does not corrode, rust or tarnish. It is also one of the best conductors of electricity. Gold's many industrial uses include computer chip connectors and circuits of motor vehicles, satellites and aircraft.

Gold is extremely malleable. It can be formed into sheets so thin that they allow light to pass through.

The "Hand of Faith," the largest known gold nugget on display in the world today, weighs in at 61 pounds, 11 ounces. It was discovered in 1980 in Australia, and resides today at the Golden Nugget in Las Vegas.

Sources: factsaboutgold.com; *Journal of Economic History*, December 2008; wsj.com; goldennugget.com.



Farmers & Merchants Bank
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The word 'LOANS' is displayed in large, white, sans-serif capital letters. Each letter is contained within a colored square: 'L' in red, 'O' in blue, 'A' in green, 'N' in light green, and 'S' in lime green.

Home Equity ■ Auto ■ Home ■ Personal ■ Small Business ■ ATVs ■ Farm

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