

# FIRST BANK

*Doing great things together*

Summer 2010

## Some Things Never Change

A new coat of paint on a house can really brighten up the neighborhood. It's a surface change that reflects a sense of pride in ownership, but it doesn't change the character or values of the people who reside within.

First Bank Richmond is making a similar change by tweaking our "I Love My Bank" marketing campaign. You will notice a slight change in the look, but you'll definitely recognize the familiar theme and some familiar faces. Rest assured that while we have refreshed the design, the same quality of character and commitment remains in our policies and in our people.



Stephanie Hays-Mussoni, Executive Director for the Cope Environmental Center, and Sara Coulter, Marketing Director for First Bank, share some laughs at a recent photo shoot for the next First Bank billboards. Both women are "doing great things together" as volunteers for the Wayne County Foundation.

First Bank is fortunate to have a great staff made up of your neighbors and friends, just like we've always had. Those same people you see at the grocery store, in church, or at the ball diamond with their kids, are the ones who are working every day to help our individual and business customers achieve their goals and realize their dreams. We remain committed to our customers and to our community. We walk the walk of that commitment by offering personal attention, local decision-making, and focused effort to those we serve. We're invested in your success.

First Bank Richmond is your community bank, staffed with people you know and trust. We are proud and grateful that our customers say, "I Love My Bank." We believe by continuing to give our best, we strengthen the successful relationships that have brought us such a high level of customer loyalty.

We've given our look a new coat of paint, but our formula for service will never change. Our valued customers are our number one priority. Always have been, always will be.

## Ask Alan

Alan Spears, Sr. Vice  
President/Sr. Trust Officer



### Investing in a Volatile Market

When the stock market is rising, many investors become complacent. They generally ask just one question: "What should I buy?" When the market is declining, the questions become, "What should I do now? Should I hang in there? Sell everything and move to cash? Is this a buying opportunity? Should I temporarily move to the sidelines until the market turns around?"

So, what *should* you do? The answer - Nothing. An investor confronted with a declining market should do nothing that will upset his or her long-term investment program. Let's look at four basic investment fundamentals that can help you survive a down market.

#### Diversify

It's a good idea to spread your risk by investing in a carefully selected mix of mutual funds that invest in stocks, bonds and money market instruments. It's also wise to consider international or global funds. Different

countries move in different economic and market cycles. So while your U.S. stock funds may show losses, diversified international funds may lose less or even show a gain.

#### Keep a Long-Term Perspective

Remember that time in the market - not timing - is important. Even diversified investment portfolios can lose ground, and it's easy to be tempted to sell all your stock funds and move to money market accounts to wait for better times.

All you have to do then, the reasoning goes, is move back into stock funds on the day the stock market begins its recovery. The problem is, nobody can predict when that will happen. If you miss getting back in at the right time, you can lose a huge portion of your profits.

#### Invest in Bad Times and Good

Instead of seeing a down market as a disaster, view it as an opportunity to buy good companies at lower prices. To make this strategy work, you have to be willing to continue making investments when stock prices are declining and stock market news is negative.

#### Market Declines Are Natural

Since 1900, there have been 285 "routine declines" of 5% or more in the stock market, 91 "moderate corrections" of 10% or more, 43 "severe corrections" of 15% or more and 26 "bear markets" of 20% or more. Declines are part of being in the stock market.

At First Bank Richmond, we can help you design an investment strategy to get you through market declines and to stay on track to reach your long-term investment goals too.

For a free portfolio  
review, contact Alan at  
(765) 973-4209.

## The Beauty of Automatic Savings Plans

What is an Automatic Savings Plan? Your employer deducts a certain amount from each paycheck and deposits it into a specific account, or your financial institution moves a certain amount from your checking account into a savings account on a regular basis.

### How to put automatic savings plans to work

*Fund your 2010 IRA contribution.* A monthly automatic transfer of \$416.66 (\$500 if you are 50 or older) into a regular or Roth IRA will result in the maximum allowable contribution for the year.

*Fund a larger amount for your retirement.* If you already take advantage of your employer's retirement plan and an IRA, transfer more into a savings account each month. When the balance reaches a certain level, say \$5000, invest the funds in a Certificate of Deposit to earn higher rates.

*Save for your child's college education.* Establish a custodial account for the child and have a predetermined amount transferred each month. Just \$250 each month will accumulate to almost \$39,000 over 10 years at a 4% earnings rate.

Or combine an automatic savings plan with a Section 529 college savings plan. Earnings within a Section 529 plan are tax deferred and can be withdrawn tax-free if used for qualified educational expenses.

*Combine an automatic savings plan with your investment strategy.* Dollar cost averaging is a method of buying a constant dollar amount of an investment on a regular basis that works very well with mutual funds.

*Use an automatic savings plan for estate planning.* You may be interested in transferring funds to your heirs during their lifetimes to reduce your taxable estate and to provide them with more immediate funds. Over a short period, a great deal of money can be transferred to your heirs.

For information about automatic savings options with First Bank, call (765) 962-2581, or visit any of our nine branches.

## Financial Factoid

### Roth IRAs for Teens

Roth IRA contributions for a working teen can be the beginning of financial security. Contributions of up to \$5,000 can grow tax deferred and distributions from a Roth IRA, after age 59 ½, are not taxed.

A 16-year old making four contributions of \$4,000 would have over \$200,000 at age 65, assuming the funds earned 6%.

Consult a tax advisor for complete details.

# The Psychology of Financial Decision Making



Understanding how consumers make financial decisions has become a very popular topic recently. Companies from all industries are trying to better understand how their customers make buying decisions with hopes that this knowledge will help them to design products and set pricing policies with the customers' preferences in mind.

In the book *Why Smart People Make Big Money Mistakes – And How to Correct Them* by Gary Belsky and Thomas Gilovich, two basic principles are discussed.

## Mental Accounting

Our views of different “types” of money are often based on their source, relative size and expected use. In one MIT experiment, students with credit cards would pay twice as much for basketball tickets than students using cash. Casino winnings are often bet more aggressively than gamblers' “own” money. A \$150 option on a \$30,000 car seems cheaper than a \$150 sweater.

Making it easy for customers to pay with credit cards would seem to be a logical implication of this concept. Along with the convenience of a credit card purchase, the actual delay in payment (once the credit card statement is received) lessens a buyer's resistance to make a purchase decision.

## Prospect Theory

We tend to put a greater emphasis on losses than gains. It seems that the pain of a \$1000 loss is about twice as great as the joy of a \$1000 gain. We also tend to be more aggressive when facing losses than when facing gains. Investors often hold losing positions too long, hoping for a rebound in the stock price, and sell profitable positions too early.

We are also generally resistant to change, resulting in missed opportunities and the anguish of regret. Reviewing your investment portfolio, setting up an estate planning meeting with your attorney, updating your business plan or agonizing over the prospect of creating a household budget are all things we know we should do, but find easy to put off.

Overcoming the resistance to change is easier when barriers to change are lowered and the human, and financial benefits of change (including making the decision) are great enough to overcome the natural tendency toward preserving the status quo.

## Employee Happenings

### Anniversaries

#### 30 Years

**Scott George**  
Vice President  
Chief Technology Officer

#### 10 Years (cont.)

**Rhonda Haisley**  
Tax Assistant  
Leasing

#### 20 Years

**Joanna Horrigan**  
Funding Asst.  
Leasing

#### 5 Years

**Sarah Cox**  
Supervisor  
Document Control

#### Carol Ward

Secretary  
Operations

#### Vickie Baisden

Sr. CSR-New Accounts Rep.  
Centerville Branch

#### Robbin Wilson

Asst. Vice President  
Trust Administration

#### Stephanie Bell

Mortgage Loan Officer

#### Joy Bell

Asst. Vice President/Branch Mgr.  
Eastside Branch

#### Sunny Mitchell

Sr. CSR-New Accounts Rep.  
Richmond Kroger Branch

#### 15 Years

**Kathy Spencer**  
Vice President  
Brokered Loans

#### Aaron Soots

Asst. Branch Manager  
Westside Branch

#### 10 Years

**Susan Smith**  
Mortgage Loan Processor

#### Joe Onder

ACH Specialist  
Electronic Transactions

#### Myra Bulmer

CSR  
Cambridge City Branch

#### Katie Browning

Admin. Asst.  
Compliance

#### Sonya Harrison

CSR  
Centerville Branch

#### Matt Cox

Maintenance

### Vicki Foley Retires

*Vicki Foley retired after 15 years of dedicated service to First Bank and over 30 years in the banking industry. She began work at First Bank in 1995 at the Centerville branch as Branch Supervisor and held the position of Administrative Assistant/Loan Review at the time of her retirement.*

### Banking Center

20 N. 9th St.  
(765) 962-2581

### Financial Center

31 N. 9th St.  
(765) 962-2581

### Eastside

3403 E. Main St.  
(765) 935-1433

### Motor Branch

601 S. A St.  
(765) 935-6070

### Northside

2499 Chester Blvd.  
(765) 973-4373

### Westside

2929 W. National Rd.  
(765) 935-1543

### Richmond Kroger

3701 E. National Rd.  
(765) 965-0660

### Centerville

119 E. Main St.  
(765) 855-3011

### Cambridge City

138 W. Main St.  
(765) 478-4451

### Shelbyville Kroger

1601 E. Michigan Rd.  
(317) 398-1000

*Communicator* is printed quarterly for the employees and customers of First Bank Richmond. For information about *Communicator* or to change your mailing address, please call Sara Coulter at 765.973.4226 or email her at [scoulter@firstbankrichmond.com](mailto:scoulter@firstbankrichmond.com)

## Sustainable Sanctuary

Beginning in 1948 when Jim and Helen Cope purchased 30 acres of land, on to the 2003 bequest of Sally Reahard, the ongoing devotion of that handful of people to educating the community about environmentalism has resulted in a place where citizens of all ages can learn to love our natural resources – the Cope Environmental Center (CEC).

Along with Mr. and Mrs. Cope and Miss Reahard, other significant contributors to the CEC were Francis Parks and Gertrude “Lucky” Ward. Ahead of their time in many ways, these folks advocated the use of alternative energy, conservation, composting, and organic gardening. Their dream was for CEC to become a place where others could learn to revere the natural world as well. Cope Environmental Center has become that place, offering something for everyone, whether a group of grade-schoolers on a field trip, a homeowner looking for ways to save energy and money, or a hiker seeking a trail with canvas-worthy scenery.

CEC Executive Director, Stephanie Hays-Mussoni, notes about the relationship between Cope Environmental Center and First Bank Richmond, “First Bank has always been there to help us in so many different ways, from banking needs to offering volunteers and sponsorship support. Our fantastic

Board Chairman this year is Alan Spears from First Bank. He has been a wonderful mentor for me and has done great things for our board and our organization. I think our partnership with First Bank is a perfect match, because First Bank is also so very committed to our community. That community-minded spirit is critical for building a sustainable, happy, and healthy community now and for future generations.”

Hays-Mussoni is proud that CEC goes beyond being a place to hike and enjoy nature. By offering excellent educational programming for all ages, they have truly become an integral part of the community. She adds, “Each of our staff members lend their talents to the community by volunteering for other organizations. Sustainability truly means building a happy and healthy community. We are all very committed to that cause.”

### Hours:

*Office - M-F, 8:00-5:00*

*Trails - Dawn to Dusk  
7 days a week*



## President's Corner



**Garry Kleer**, *president*

It is hard to believe that it has been four years since we launched our “I Love My Bank” campaign with the goal of getting your attention!

We still feel that using our customers in our marketing will allow us to get our message out to you more effectively. We continue to receive cards, letters and personal comments indicating that you really do “Love Your Bank” so the campaign is still working, which is why, instead of changing it completely, we decided to just freshen it up.

We believe that we offer the best products and services in the area. The employees of First Bank would be happy

to sit down with you any time to give you a financial check up. This will ensure that you are benefiting from the best products and services we offer to meet your individual and business needs.

This year we will celebrate 123 years in our communities with a 10-year anniversary at our Richmond Kroger branch. We want to be your financial services partner. The only way we can continue to grow is with your help. If you have a friend or neighbor who is in need of financial services, please refer them to your favorite First Banker! By doing this, we can continue to “Do Great Things Together.”