Spring 2006

Over Coffee

Financial Ideas Friendly Conversation

Community Main Street & FNB Share Passion for Cedar Falls Community

COMMUNITY

Cary Anglum loves Cedar Falls! She loves the history, the people, the businesses and the exciting future this community has planned for years to come. So, it is no coincidence that Anglum finds herself smack dab in the middle of a bustling Cedar Falls district – the beautiful and historic Main Street. As a perfect fit for her personal strengths and interests, as well as her professional experiences, Anglum has been serving as the Executive Director of Community Main Street since 1997.

"They've been so generous and supportive, along with other banks, in helping with our efforts. They really understand that this is their downtown too."

"I've lived in Cedar Falls all my life," says Anglum, "and am just so excited with all that is happening on Main Street. We've had four businesses open in the last six months and just came off of a strong holiday season. People not only like shopping here, but like doing business here and just being here."

Anglum likes being here too, but she's exhausted – and understandably so. On this particular Thursday, Anglum is between trips to Des Moines for Community Initiated Development training. In addition to her commitment to the preservation and growth of Main Street Cedar Falls, Anglum is on the Chamber of Commerce board of directors and the Cedar Falls Tourism & Visitors Bureau board of directors, as well as a member of the Cedar Falls Historical Society. She is a member of the Iowa Cultural Advisory board, former Planning & Zoning commissioner, former Junior League President and a member of Orchard Hill Church. She has also spent the last several years restoring Townsend Place Bed & Breakfast, a historic community landmark that doubles as her home.

It is the people and the businesses in her community, Anglum says, that keep her excited. "The businesses are really dedicated to working together and cross-promoting each other. The owners are positive and understand what it is to be distinguished as a 'Destination Downtown'."

One of the businesses Anglum enjoys working with is First National Bank in Cedar Falls. "I really appreciate the community aspect at First National. I've gotten to know a lot of the First National people through other community and volunteering experiences."

Anglum, who does her personal banking at First National, loves being able to "get a lot of things done at one stop", referring to her visits to the Cedar Falls Financial Center, home of First National Bank's Cedar Falls location, First Insurance Services, First Investment Services and, recently, the independent accounting firm, Bergan, Paulsen & Company, P.C.

"I also appreciate being able to save time with First National's online banking. It is so user-friendly and feels safe," says Anglum, who started banking online by simply keeping an eye on her checking account. "I'm able to do a lot of banking that way and am always finding more and more ways to use the site."

Being impressed with First National's respect and handling of her finances is nothing new for Anglum, who remembers the days when FNB in Cedar Falls was located on the corner of 4th Street and Washington. "Even my kids, who are now grown, could walk down to First National and deposit their lawn mowing or babysitting money."

More recently, Anglum, has appreciated First National for their support of the growing Community Main Street. "They've been so generous and supportive, along with other banks, in helping with our efforts. They really understand that this is their downtown too."



Cary Anglum has been Executive Director of Community Main Street since 1997 and banks with FNB in Cedar Falls

Pace Yourself for a Successful Journey to Retirement

BANKING & INVESTMENTS

Retirement is more than simply a stage of life. It's a journey that spans over a significant period of time. Our financial professionals at First National Bank, First Insurance Services and First Trust Services can help you keep pace with your financial goals. For you, it may be time to align IRA choices with a variety of needs and goals.

The IRS has created two very different and yet effective tools to use for retirement planning: Traditional and Roth IRA's. But like any tool, it is important to know when and how the tool can best be used. The chart, shown here, compares and contrasts the two types of IRAs and provides an overview of their advantages and limitations. We can help you interpret the information so that you can choose the IRA that will help you build your retirement dreams.

IRA's can either be funded by guaranteed/insured bank products such as Certificates of Deposit OR in securities such as mutual funds and variable annuities.

- IRA's available through our personal bankers are probably best for clients who are already withdrawing dollars from their IRA's or those who are uncomfortable with value fluctuations and want their investment fully guaranteed.
- Mutual fund investments and similar IRAs, sold through First Investment Services, are usually best for clients who have more time before they plan to withdraw dollars from their IRA's, or those who can handle value fluctuations and are looking for a higher return potential.

Discussing the following questions with a qualified professional will help pace you for a successful journey by determining the IRA solution best for you:

- *How long until you want to start withdrawing money from your IRA?*
- *What is the return goal you have for your IRA investment?*
- *How comfortable are you with value fluctuations?*
- *Are current tax benefits or future tax benefits most important to you?*

Our financial professionals are prepared to help you advance at a steady pace toward a secure future. Contact us today and we'll help you get your plans up to speed!

* Bank Products: Member FDIC
** Investment Products: NOT FDIC INSURED; May lose value, No bank guarantee, Not a deposit, Not insured by any federal government agency.

Guidelines	Traditional IRA	Roth IRA
Who Should Consider Investing?	• Individuals eligible to make a tax-deductible contribution under current law. • Individuals ineligible to make a Roth IRA contribution.	• Individuals who make non-deductible Traditional IRA contributions. • Individuals who wish to avoid Required Minimum Distribution (RMD) at age 70½
Eligibility	• Individuals with earned income. • Under age 70½ ***Eligibility for full tax deduction:*** • Active employer plan participants with an MAGI less than (single) $40,000 and (married) $50,000	• Individuals who earned income. • Married and filing jointly – MAGI less than $160,000 • Filing single – MAGI less than $110,000
Annual Contribution	Lesser of corresponding contribution limit or 100% of compensation, $4,000 for 2005-2007 $5,000 for 2008 and thereafter Contribution limit for corresponding year is the maximum contribution between both Traditional and Roth IRAs	Lesser of corresponding contribution limit or 100% of compensation, $4,000 for 2005-2007 $5,000 for 2008 and thereafter Never tax-deductible
Advantages	• Tax-deferred growth • Contributions may be tax-deductible	• Tax deferred growth • No RMD during lifetime • Contributions after age 70½ with earned income • Distributions income tax-free subject to certain restrictions.
Distributions	Distributions that avoid a 10% federal income penalty: • Attained age 59½ • Death • Disability • Qualified first-time home purchase (life $10,000 limit) • Medical expenses in excess of 7.5% AGI • Payment of health insurance premiums if unemployed.	Income tax-free distributions: Roth IRA has been held 5 years and: • Attained age 59½ • Disability • Death • Qualified first-time home purchase (lifetime $10,000 limit) Distributions that do not meet the above criteria may be taxable and subject to a 10% federal tax penalty
Deadline to Contribute	Tax return due date not including extensions (April 15 for most individuals)	Tax return due date not including extensions (April 15 for most individuals)



Take the Inside Track Toward Your Future with an IRA!

- Do you have enough saved for retirement?
- Have you just changed jobs?
- Do you want to enhance tax savings?
- Are you getting ready to retire?

Shift into gear and get your plans up to speed!

ASK US HOW!

1ST NATIONAL BANK
Good People. Great Results.

Top Honors for Jeff Plagge & Bremer County!

BANKING

Jeff Plagge, FNB President & CEO, was recently named "Banker of the Year" by the North-Western Financial Review, a leading banking industry trade journal for bank presidents and senior managers in the Upper Midwest. Plagge has been a long-time advocate for the banking industry, including testifying before Congress seven times, serving on the ABA board of directors, and being elected a Class A director of the Federal Reserve bank of Chicago's board of directors. Plagge was the 2003-2004 chairman of the Iowa Bankers Association and is the current chairman of Delta Dental of Iowa.

Progressive Farmer Magazine released their list of top 200 counties in the nation, judging on crime rate, air quality, access to health care, education and leisure activities, as well as quality of life and scenery. Bremer County made the list, and was joined by six other Iowa counties, including Guthrie, Grundy, Dickinson, Madison, Poweshiek and Dallas Counties. Bremer County was judge the 57th best county in the nation, which was the highest ranking among Iowa counties!

First National Bank Trust

Linda Williams, Trust Officer

Q. ***What kind of IRA does the FNB Trust Department offer?***

A. The Trust Department can act as custodian for Self-directed Traditional IRAs and for Self-directed Roth IRAs.

Q. ***What is a Self-directed IRA?***

A. A Self-directed IRA is an Individual Retirement Account that is designed to hold qualified investments, other than bank certificates of deposit, as IRA assets. Some examples of qualified IRA investments are individual stocks, bonds and mutual funds that can come from different mutual fund families.

Q. ***Who selects the investments for the Self-directed IRA?***

A. The IRA owner selects the investments and directs the custodian to purchase the investments.

Q. ***Does the Trust Department "sell" the investments to the IRA?***

A. No, the Trust Department does not "sell" the investments to the IRA. Instead, at the owner's direction, the department purchases the investments through the broker of the IRA owner's choice, or through a discount broker. The Trust Department does not receive any commission on any of the investments it purchases for an IRA.

In addition to other investments the IRA owner may select, the Trust Department makes available the Federated Family of Mutual Funds to its customers. There are many Federated Mutual Funds available for different investment objectives. These are "no load" funds, meaning there is no fee charged to the IRA to purchase or sell them and there is no minimum purchase requirement.

Q. ***Is there an annual maintenance fee for the type of IRA in the Trust Department?***

A. Yes, the IRA is subject to the Trust Department fee schedule, which charges a percentage of the assets under management, with a minimum annual fee of $50.00

Q. ***Who would use this type of IRA?***

A. This type of IRA is good for the person who wants to invest in multiple qualified investments, for example, multiple individual stocks or bonds and/or multiple mutual funds from various fund families.

Medicare Prescription Drug "D" Plans

INSURANCE

If you are eligible and participating in Medicare Part A and/or Part B, you probably have read and heard a lot about the new Medicare Prescription Drug Plans, also known as Medicare Part D. November 15, 2005 marked the first date people could apply for a prescription drug plan, with coverage starting January 1, 2006.

You may have read or heard about some of the confusion and frustration individuals have encountered with their new prescription drug coverage, or how difficult the start-up process may have been for them. At First Insurance Services, we believe some of the glitches could have been predicted by realizing the monumental task that pharmacists, insurance companies and Medicare were undertaking with this new, expansive program.

Linda Hovden and Vern Byl have visited personally with many people regarding Medicare Part D, and have heard from several customers who stated the process worked well for them. Even though there may have been some confusion, or a feeling of being overwhelmed, we still believe many individuals left First Insurance Services with a better understanding of how the prescription drug plans would benefit them, and comfortable with their decision.

For those of you covered by a prescription drug plan, and who have received communication from your plan administrators that it is considered "better than or at least as good as" a Medicare Prescription Drug Plan, you can rest comfortably knowing that you do not need to do anything at this time. At First Insurance Services, we have also read and heard that many people have chosen not to participate in the Medicare Part D because it seems too confusing or overwhelming. If this sounds like your situation, we would certainly encourage you to call our office and visit with either Linda Hovden or Vern Byl to ensure that you fully understand the benefits you may be able to receive through the new Medicare Prescription Drug Plans.

We wish to remind you that the first open enrollment period ends May 15, 2006. The next opportunity to enroll will be between November 15 and December 31, 2006, to be effective January 1, 2007. At that time, you will be assessed a 7% premium penalty on any plan that you choose.

Our individual health specialists are always here to help! Please call Linda Hovden at 319-483-4850 or Vern Byl at 319-483-4851 to set up an appointment to discuss your particular situation.

First Insurance Services, LC

OverCoffee

Financial Ideas — Friendly Conversation

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First of Waverly Corporation is the parent holding company of First National Bank and First Insurance Services. Through its companies, First of Waverly Corporation offers an array of financial products and services.

Banking

1st National Bank
Member FDIC

Cedar Falls Financial Center
602 Main Street
(319) 266-2000

West Cedar Falls
2421 Whitetail Drive
(319) 277-3385

Plainfield
801 Main Street
(319) 276-4469

Waverly
316 E. Bremer Avenue
(319) 352-1340

West Waverly
921 W. Bremer Avenue
(319) 352-3502

Insurance

1st Insurance Services

Cedar Falls Financial Center
602 Main Street
(319) 266-2000

Denver Office
300 S. State Street
(319) 984-6201

Waverly Office
300 E. Bremer Avenue
(319) 352-2880

Investments

1st Investment Services

Cedar Falls Financial Center
602 Main Street
(319) 266-2000

Waverly Office
316 E. Bremer Avenue
(319) 352-2880

We Deliver The Financial Solutions You Need!

The OverCoffee newsletter is a quarterly publication published by the First of Waverly Corporation. Please contact Barb Bridges at 483-4809 or barb.bridges@fnbwaverly.com to submit story ideas or offer suggestions.

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Community Pulse

Community



Raising Our Knives, Forks and… Tents? On January 14th, the women of First Insurance Services and First National Bank hosted a WOMEN FIRST "Snow Brunch", with the purpose of providing networking and a fun learning experience for women. Michelle Gabbard and Lori O'Hare, both of First Insurance Services, lead their team to discover new strengths as they assembled a tent!



Commercial-Ag Lender starring as Buddy, the Elf... Posing in one of the live-display windows during Waverly's annual Christmas on Main, Bruce Lantzky takes a break from decorating cookies to pose for a picture, forever marking the day he wore yellow tights!



A Strong America Starts with Great Public Schools… was the theme for American Education Week, held November 13th – 19th, 2005. In honor of the event, Linda Schrage served as "Teacher for the Day" in Mrs. Lehman's 5th grade class in Plainfield.



Reindeer that Dance, Prance and Sing! On Thursday evenings during the month of December, customers entering the Cedar Falls Financial Center, located at 602 Main Street, were entertained by a variety of KIDS SING programs, including this chorus of young reindeer!