

N E W S L E T T E R



President's Corner

Summer is now a distant memory. Since the dog days, we have experienced "earth, wind and fire," with earthquakes, hurricanes and swamp fires to go along with a roiling stock market and job concerns. Thankfully, fall is upon us! It happens to be my favorite time of year having grown up in Roanoke in the heart of the Blue Ridge Mountains. Why? I love the landscape, the refreshing change that takes place as leaves transform from dull shades to spectacular colors before making room for new growth. We are making room for new growth, too.

We are shedding our old space on Virginia Street and moving two blocks west to the James Center, where we will occupy the 11th and 12th floors of Three James Center. We will have a bank

Continued on page 3

Investing in Difficult Times

By Rick L. Hinchberger, Chief Investment Officer

Being a professional investor for over 30 years has taught me many things. I have learned to **do** certain things and I have learned **not** to do certain things. Today's markets are extremely challenging for all investors. In times like these, I believe it is critical to rely on basic investment fundamentals. Here are a few steps to remember:

1. **Always act to defend the principal of the portfolio.** While this seems so apparent, the desire to reach for ever higher returns has pushed this basic principle to the back of our minds. We tend to take more risk than we should or in some cases even understand.
2. **Stay with quality.** Again, this seems so simple, but in some markets lower grade stocks and lower grade bonds offer higher returns than higher quality names. These short-term performance anomalies are usually short-lived; but in the longer term quality wins. So there is a temptation in the short-run to move away from the quality names in search of higher returns.
3. **Emphasize cash flow.** Dividends and interest are a safe form of return that has become a secondary or even ignored component of investing. Perhaps we have become so used to looking for oversized capital appreciation that we have forgotten that a good basic investment throws off cash. It's a bigger portion of total equity returns than we may realize. According to Standard & Poor's, the dividend component was responsible for 44% of the total return of the S&P 500 index over the last 80 years.
4. **Invest in what you know.** A root cause of unsuccessful investing is placing money in asset classes or investment vehicles in which we have little understanding. Diversification, which is generally a good concept, can be less effective when we invest without clearly researching the new investments. Keep it simple and invest in what you know.
5. **Invest in international/emerging markets.** Economies and markets grow at different rates. Investors must go where the growth is and increasingly it is overseas. By some estimates 50% of the world's GDP will come from emerging markets by 2017; today it is 33%. Follow the growth.

Enjoy this great Fall weather! 🍂



Tax Tidbits:

1.) IRA Required Minimum Distributions (RMD):

There is still time to make a charitable contribution from your IRA in 2011.

The Tax Law permits individuals age 70½ or older to make contributions directly from an IRA to a qualified charity, up to \$100,000 per year.

This means that if you don't need your RMD for income you can direct the distribution to the charity, and the RMD will not be taxable to you.


2.) Charitable Gifts of Stock:

Please notify us by December 1st if you would like to make a 2011 gift of stock to a charity from your Trust or Agency account.


Stu Blain with one of our customers, Bea Goldberg, at Barksdale Theatre's presentation of Nunsense. An evening full of fun and laughter which Bea described as "a great source of pleasure!"



Congratulations to Sarah Bennett who has been promoted to Trust Officer! She is taking our Division, quite literally, to new heights, skydiving from 10,000 feet and surviving to tell the tale.



Teammate Spotlight – Rick Hinchberger



Age – 61

Married – to Mary Hinchberger, a retired computer programmer/analyst

Two children – Erin – an elementary school teacher
John – computer programmer/analyst
Son-in-law – Brad Owens

One grandchild – Ellie Ruth Owens

Interests – economic history, gardening, working out, all kinds of music

Little Known Fact – has an undergraduate degree in music

Favorite Movie – “Remember the Titans”

Most Influential Book – *The Art of the Commonplace* – Wendell Berry

Anatomy of an Estate Plan

By Barbara Dickinson and Stuart Blain



There are four key documents to consider when one is establishing an estate plan. One may or may not need all four depending upon circumstances, goals and objectives and the titling of property, for example. Each document serves a unique purpose, and it is debatable as to which one is the most important. That being said, anyone engaging in the exercise of establishing or reviewing an estate plan should consider the following:

1. **Last Will and Testament.** This document enables you to control the ultimate disposition of your property; names that entity or individual (or both) that is responsible for collecting and distributing your property (the executor); names a guardian for any minor children; and, can include specific gifts to individuals or charities, or both.
2. **Revocable Living Trust.** A trust is simply an agreement by one person to hold property for the benefit of another. The trustee is the legal owner of the property; the beneficiary, the beneficial owner. In the case of a revocable living trust, the owner and the beneficiary



can be the same person, who reports all of the income and gains on his or her individual return and maintains complete control of the property during lifetime. Why bother, then, to set up a trust during one's lifetime? Unlike a will, a trust is not a matter of public record. Further, it can be funded during lifetime and thus can avoid the probate process (and expense) of administering a will under court supervision. A trust can essentially serve the same purpose as the will. Many persons establish a "pour over" plan, meaning that any assets not already in the trust will "pour over" from the estate at death.

3. **General Power of Attorney.** A general power of attorney is a document that names another person to handle one's business affairs during lifetime in the event of incapacity, incompetence or simply inconvenience. It is totally ineffective at death, when the will (executor) and trust (trustee) take over this responsibility. The person named in this document must be one who is highly trusted and competent either to do the tasks themselves or to know where to go to get the appropriate help.

4. **Advance Medical Directive.** This is the equivalent of the "living will," that document that sets forth your direction as to whether to be kept alive by artificial means, whether you wish to have a feeding tube, etc. It also typically gives the named individual the ability to make these and other general health care decisions for you if you cannot do so.

We in the Trust Division are ready to meet with you either to review your existing plan or to help you establish one. There is no time like the present! 📌

President's Corner

From Page 1

branch in the atrium. The new space will place us closer to the pulse of the financial district and will be the new headquarters to go along with our combined new bank. Please come by for a visit if you are in the neighborhood.

Our group also has launched an initiative we are calling "Take Virginia," which is our effort to enhance the partnership between trust and our investment, retail and commercial banking groups.

We will be working more closely with these partners throughout our footprint. There will be more to explain and report about this, but we wanted you to be aware of these efforts to raise awareness and grow our business.

I hope this finds you well.



What's New?

By Sarah Bennett

- ✔ We have a new member of our team! **Tammy Creswell** joined the Division in July bringing with her 12 years of wealth management experience, most recently with BB&T. She can be contacted at (804) 327-7572 or tammy.creswell@bankatunion.com. Welcome Tammy!
- ✔ The Trust Division's Investment Strategy Committee (ISC) has gone digital, publishing weekly an economic and market review on our website, www.bankatunion.com, located under the "Trust" tab. The purpose of this update is to provide our clients and prospective clients with a brief summary of market conditions and an update on how ISC views these economic and market activities.
- ✔ The long-awaited move is complete! Our new address is Three James Center, 1051 East Cary Street, Suite 1200, Richmond, VA 23219. All email addresses and phone numbers remain the same. Visitor parking is available on 10th Street between Canal and Cary Streets

GO GREEN!

Contact your Trust Administrator or email us at trust@bankatunion.com if you would like to receive your statements, newsletter, or general correspondence online.

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