



TRUST WORTHY

Financial relationships built on trust

Winter 2009

Welcome to the Trust Worthy newsletter, newly designed to bring you the most relevant, current and local financial investment content. Please let us know if there are topics you'd like to see covered in future issues. Email info@heartlandtrust.com

Happy Holidays
from Heartland Trust



standing L-R Denise, Gary, Diane, Paula, Steve, Jill, Sheryl, Neil • seated L-R Anja, Kim, Kathleen

From the President ...

The fall of 2009 marked a big career milestone for me. It was this time of year in 1989 that my application to start the Heartland Trust Company was approved by the North Dakota Department of Banking and Financial Institutions. After several more months of preparation, we finally opened our doors in February of 1990.

Since then, we have quietly grown into an investment management and trust company with 11 employees and more than 350 clients.

There have been many keys to our success over the past 20 years, including:

- **Our corporate independence allows us to maintain total client privacy.**
- **Our clients are with us because of our investment process. We have demonstrated a very sound investment management style and performance for our clients.**
- **Our employees have their financial well being and personal reputations on the line for our business – that makes a big difference!**

I'm very proud of what the staff at Heartland Trust Company has accomplished. We are eternally grateful to those clients who have made Heartland Trust their home for investing and planning over the last 20 years.

Steve Halverson

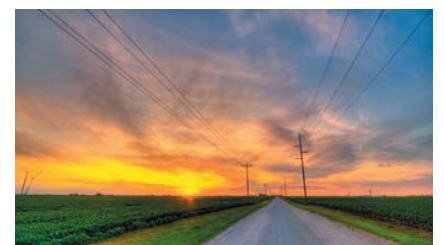
Heartland Principles: Tried and True

About a year ago, the global securities markets were in a panic-driven state of free-fall that lasted from September to late winter. Many investors were selling virtually everything in order to buy U.S. Treasury securities. There was a perceived concern about a possible meltdown of the global economy. The stock market decline exceeded 50% from the all-time high of late 2007. Even good quality corporate bonds lost nearly one-fifth of their value. The media was reporting new crises on a seemingly daily basis. The scope and breadth of the declines caught nearly every investor and advisor by surprise. There seemed to be literally no place to hide, other than Treasury securities.

Not surprisingly, Heartland Trust clients expressed concerns and asked what steps should be taken to alleviate the losses, and what could be done to prevent such an event from happening in the future.

Our founding principles are to stress asset allocation as appropriate for the client as well as full diversification across asset classes. Doing so minimizes the need for significant reaction to market events such as those we've witnessed over the past few months. As a consequence, most portfolios heeded the advice of a world-renowned mutual fund founder whose mantra has always been to "STAY THE COURSE" in portfolios invested as described above.

Since early March 2009, the markets have staged a vigorous recovery, characterized by rallies in global stock and bond markets. As of November 30th, balanced portfolios are enjoying healthy double-digit gains in value and portfolio values are higher now than they were a year ago prior to the large declines. There is growing evidence of the seeds of an economic recovery, and the markets are behaving appropriately by self-correcting. This is good news, indeed.



Be Informed: IRA Rules Are Changing

Starting in 2010, taxpayers with modified adjusted gross incomes of more than \$100,000 will be allowed to convert a traditional IRA to a Roth IRA. Deciding to convert is an important choice that deserves close evaluation. Consider the questions below and look before you leap!

- **Do you have money outside of your IRA for paying the taxes that will result from the conversion?**
- **Should you diversify your tax risk by investing in a traditional IRA and a Roth IRA?**

Before you make any changes to your IRA portfolio, evaluate the pros and cons of converting. Call us to discuss the options that make the most sense to your personal financial situation.

An Important Note About Charitable Giving & Required Distributions for 2009

Q: Can I still donate money from my IRA to charity without paying income taxes first?

A: Yes; Congress extended the tax break through December 31, 2009, allowing individuals at 70 ½ or older to donate as much as \$100,000 from their IRA to a public charity – income tax free. Contact Heartland Trust right away if this applies to you.

IRA-required minimum distributions (RMD) have been suspended for 2009. Earlier this year, Congress suspended the rule requiring individuals over age 70 ½ to take their RMD. This move allowed individuals to leave their money in the stock market if and when there was a rebound. By delaying the withdrawal, individuals can also delay the tax that would be owed on their 2009 distribution.

Always Working to Serve You Better



Earlier this year, Anja Kalvoda, our operations administrator, attended an in-depth, hands-on course on the advanced features of Heartland's internal accounting system. The training was designed to help operations at Heartland Trust Company run more smoothly and efficiently, which ultimately enables us to serve clients better.

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