



# Financial Focus

May / June / July 2010

Asset Management | Private Banking | Trust & Estate Services | Wealth Planning

## History

With over \$1.5 billion in assets under management, Investment Management & Trust is a full service provider of wealth management solutions in Colorado. At Investment Management & Trust, our clients are our top priority. It's through this commitment that we've enjoyed more than sixty-five years of service to the community and relationships with clients that span generations.

## Core Values

- Unparalleled Expertise
- Local Management & Decision Making
- Personal & Proactive Communication
- Trusted, Advice-Driven Relationships
- Transparency & Accountability

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## *The Values-Driven Estate Plan*

In light of recent economic and market events, many people have rethought and, perhaps, adjusted some financial goals. It's unlikely, however, that they have undertaken a major reassessment of the values and ideals that they live by. Parents want their children and grandchildren to know, understand and emulate their values, not only today but also long after they're gone. A "values-based" approach to estate planning reinforces it by action.

### Laying a Foundation

In conventional estate planning, resources and heirs are identified; then a tax-efficient transfer strategy is developed. A values-based approach to planning puts at least equal emphasis on the ideals that you would like to see live on in the minds and hearts of your loved ones.

The first step is to articulate clearly the values that you want to impart. For example, the need to acknowledge the importance of contributing to the community and the world at large. These goals then can be incorporated into a written document, often called a mission statement. The statement sets the guidelines that will allow for translating these goals into an overall estate plan.

### Balancing Needs, Generosity and Values

Creating a mission statement calls for you to examine the resources that you will need to maintain your financial independence for your lifetime. From there you decide on the appropriate legacies for your heirs. Finally, you choose how to distribute your social capital, which is defined as either the tax that you will pay on

your assets or the charitable donations that you will make.<sup>1</sup> It represents the part of your wealth that goes neither to you nor to your heirs.

Prioritizing these three elements—financial independence, legacies and social capital—will let you see how your values can be integrated into your existing estate plan. For instance, if you are strongly inclined to philanthropy, you may decide ultimately to reduce the size of the legacies to your heirs. Or if imparting your values to your loved ones stands first and foremost in your planning, the amount of tax that you might have to pay or the nature of your charitable giving will be of secondary importance.

### The "How" of Instilling Your Values

Setting aside the resources for a comfortable life is a matter of projections and of dollars and cents. Your advisors can give you an estimate of the taxes that your estate will have to pay and help you formulate your charitable bequests. But how, exactly, can your mission statement be translated into actions that will perpetuate your values?

One approach is to establish an incentive trust, either now or in your will. An incentive trust allows you to reward the behavior that you wish to encourage or to delay an inheritance until an age when you believe that your children will have matured sufficiently to recognize the wisdom and truth of your values system.

In the same vein, if you fear that a large inheritance will put a damper on a child's ambition, the trust can be fashioned to allow distributions only if he or she has earned a

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# “Defining Success”



**Jack B. Wolfe**

*Executive Vice President*  
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For 65 years, Investment Management & Trust has held what we feel is a unique station in the communities we serve. We advise successful individuals, families, and institutions in their use and management of wealth, but at the core of what we do is listening. We listen to you tell us about the goals you want to achieve, the unique challenges that you and your family face, and the concerns that cost you sleep. Listening gives us understanding. When we truly understand your motivations, aspirations, and concerns, we know you well,

and can then craft a financial plan that is specifically tailored to you and your unique circumstances. As we partner with our clients over time to implement their plans and guide them to success, all the while continuing to listen and gain greater understanding, we find that a special relationship evolves: one rooted in trust. For us, that is how we have come to define success: building lasting relationships with our clients on a foundation of trust. Throughout our long history of serving Colorado, we have worked diligently to create a culture with this singular focus.

Driving the success of our approach is the caliber and quality of our people. Strength truly can be found in numbers. Advising our clients is a team that has worked tirelessly and with passion to earn the following professional certifications and licenses:

- 6 Attorneys
- 3 Chartered Financial Analyst® (CFA®) Charterholders
- 3 Certified Financial Planners® (CFPs®)
- 1 Certified Public Accountant (CPA)
- 5 Certified Trust & Financial Advisors (CTFAs)

This level of expertise and talent is unmatched among financial institutions in the markets we serve. From creating a customized financial plan to implementing it with locally, individually managed investment portfolios, fiduciary oversight, and customized credit solutions through our Private Banking group, Investment Management & Trust is positioned to guide you to success in achieving your life's goals.

It is the convergence of listening and understanding with the commitment and skills of our talented team that leads to the trust that we, and our clients, so value. For those of you who have trusted Investment Management & Trust for many years, we are truly grateful for your confidence and the privilege of continuing to work with you. If you are someone who is considering partnering with us, you will not find a more committed and dedicated team, and we look forward to the prospect of earning your trust.❖

Deposit and Lending Products are: 

Investment Products are: Not FDIC Insured • May Go Down in Value • Not a Deposit  
Not Guaranteed By the Bank • Not Insured By Any Federal Government Agency

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## The Values-Driven Estate Plan

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sufficient income.

If you value education highly, payments of income or principal from the trust may be tied to an objective, such as completion of college or graduate school or the attaining of a certain grade point average.

Discouraging certain behaviors may be possible. For example, you might leave instructions in the trust document that forbid distributions in the case of destructive behaviors such as alcohol or drug abuse.

### The Final Decision

As with any estate plan, values-based or otherwise, it's critical to leave professionals in charge who are best equipped to set the plan in motion and monitor it so as to make sure that your goals are achieved.

We would be glad to discuss your estate planning needs with you. You can reach the Fiduciary Services Group at First National Bank Investment Management & Trust at 970-495-1293.❖

#### Fiduciary Services Group

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 **First National Bank**  
Investment Management & Trust

1. Term used by the late Scott C. Fithian, author of Values-Based Estate Planning: A Step-by-Step Approach to Wealth Transfer for Professional Advisors. Modified and reprinted with permission. © 2010 M.A. Co. Any developments occurring after January 1, 2010, are not reflected in this article.

# Tributary Capital Management Merger



**By Kurt Spieler, CFA**  
Managing Director Investments  
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First National Bank in Fort Collins formed Tributary Capital Management, LLC (Tributary) in January 2005 to leverage the strong investment performance of the Colorado Investment Team to grow institutional assets under management. Tributary is registered with the Securities and Exchange Commission (SEC) as an investment advisor. In addition to focusing on institutional clients, the investment team with Tributary currently sub-

advises two mutual funds, First Focus Growth Opportunities Fund and First Focus Balanced Fund. The investment performance of the two funds has been very good as evidenced by Morningstar's Overall Rating of 4 Stars for the First Focus Growth Opportunities Fund and 5 Stars for the First Focus Balanced Fund as of March 31st.<sup>1</sup> Since Tributary's formation, Investment Management & Trust (IM&T) in Colorado has utilized Tributary's equity research in the portfolio management of IM&T's multi-cap strategy that is used for a majority of the IM&T client separate accounts.

Within the First National family of banks, First National Bank of Omaha (FNBO) has managed large value and small cap value equity strategies through the First Investment Group (FIG) and its limited purpose investment adviser, FNB Fund Advisers. FIG has also enjoyed strong investment performance over the last ten years and Morningstar has designated an overall rating of 4 Stars as of March 31st for the First Focus Core Equity Fund and First Focus Small Companies Fund.<sup>1</sup>

The Funds Distributor, Northern Lights, and Tributary Capital Management are not affiliated.

Seeing a strategic opportunity, Tributary's leadership entered discussions with FNBO management on the idea of merging the two investment entities, Tributary and FIG. We collectively agreed to combine the abilities of the two investment firms. First, it will increase the equity research provided to our respective investment portfolio teams for the benefit of our clients, and second, it would provide growth potential in the institutional investment arena by offering a broader investment menu. The combined firm will start with approximately \$1.5 billion of



assets under management and initially offer three proven equity styles; large value, mid-cap growth and small value. We have agreed to use Tributary Capital Management, LLC as the surviving entity effective May 3, 2010. The existing Tributary investment team, led by David Jordan, Managing Director, Growth Equities, will continue to office in Fort Collins.

What does this mean for Colorado IM&T clients? We believe it's a major positive for our clients as we have an equity research agreement with Tributary. In addition to continuing to use the stock research provided by the Tributary investment analysts in Colorado, we will now have access to the large and small cap equity research provided by investment analysts of FIG that become part of the new Tributary. This will assist the IM&T portfolio managers in enhancing the multi-cap equity strategy that is used for a majority of our client portfolios. We have already begun to access this expanded research and recently

added two large cap stock names to the multi cap buy list for Colorado clients.

Regarding the two mutual funds currently managed in Colorado by Tributary, the First Focus Growth Opportunities Fund will continue to be managed by David Jordan and Portfolio Manager Chuck Lauber of the newly merged Tributary. The First Focus Balanced Fund will have Tributary as the named investment advisor; however through a sub advisory agreement the newly formed First National Fund Advisers (FNFA), a wholly owned subsidiary of First National Bank in Fort Collins, will actively manage the Balanced Fund. FNFA is registered with the SEC and is staffed by members of the Colorado IM&T Investment Team, including me and John Harris, Sr. Portfolio Manager. Together John and I will use the combined equity research resources of Tributary, in-house fixed income research and our own tactical and strategic analysis to manage the First Focus Balanced Fund. These same resources, along with additional contributions from the IM&T Investment Team, will be used to structure your individual client portfolios consistent with your investment objectives. Please let us know if you have questions regarding the Tributary merger. ❖

## Footnotes

1. Morningstar proprietary ratings reflect risk-adjusted performance through March 31, 2010. The ratings are subject to change every month. Morningstar ratings are calculated from the funds' 3, 5, and 10-year returns (as applicable) with fee adjustments in excess of 90-day Treasury bill returns, and a risk factor that reflects fund performance below 90-day T-Bill returns. The top 10% of the funds in a rating universe receive 5-stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, 4 stars for the next 22.5% receive 2 stars and the bottom 10% receive 1 star.

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## May / June / July 2010

### Amazing in Aging

1:00 – 4:00 p.m., Friday, June 25, 2010

*Fort Collins Hilton*

425 West Prospect, Fort Collins

Enjoy an afternoon of entertainment and fun sponsored by the Aspen Club at Poudre Valley Hospital System. One of northern Colorado's premier swing bands, Swing Essence will have you tapping your toes to the classics of Frank Sinatra, Glen Miller, Duke Ellington and more. You'll have time to visit the many booths featuring PVHS services and Aspen Club Community Partners, and the Keynote Speaker, Todd Musselman, will share his unique blend of music, stories and humor to help celebrate healthy aging...and having fun along the way. Registrations are requested. Please RSVP to the Aspen Club by calling 970.495.8560. A small fee for this event is due upon registration. We hope to see you there.

### Making Decisions Early

Noon – 1:15 p.m., Monday, July 12, 2010

*Medical Center of the Rockies - Boardroom 1st Floor*

2500 Rocky Mountain Avenue (I-25 & Hwy 34 West)

Who will manage your finances if you become incapacitated? Who will inherit your property when you die? Thinking about these types of questions - before illness or death strikes - is what estate planning is all about. Rhonda Morehead, JD, CTFA, Assistant Vice President and Senior Trust Officer, First National Bank Investment Management & Trust, will share some of the common concerns and solutions for these very issues. No charge. Registration limited to 20. This seminar is co-sponsored by the Medical Center of the Rockies and Aspen Club. To register, please call 970.495.7500 or e-mail [mbs@pvhs.org](mailto:mbs@pvhs.org).



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## Tributary Capital Management Merger

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As of March 31, 2010, the Balanced Fund received the following star ratings among moderate allocation funds for the following time periods: 4 stars for the three-year (ranking 67 out of 955), 4 stars for the five-year (ranking 78 out of 777), and 5 stars for the ten-year (ranking 18 out of 445). For the same period, the Growth Opportunities Fund received the following star ratings among midcap growth funds for the following time periods: 4 stars for the three-year (ranking 260 out of 702), 4 stars for the five-year (ranking 268 out of 609), and 5 stars for the ten-year (ranking 34 out of 341). For the same period, the Core Equity Fund received the following star ratings among large blend funds for the following time

periods: 4 stars for the three-year (ranking 446 out of 1785), 4 stars for the five-year (ranking 351 out of 1402), and 5 stars for the ten-year (ranking 66 out of 731). For the same period, the Small Companies Fund received the following star ratings among small blend funds for the following time periods: 5 stars for the three-year (ranking 47 out of 562), 5 stars for the five-year (ranking 52 out of 471), and 4 stars for the ten-year (ranking 47 out of 248).

*Before investing, please read the Fund's prospectus and shareholder reports to learn about its investment strategy and potential risks. Mutual Fund investing involves risk including loss of principal. An investor should also consider the*

*Fund's investment objective, charges, expenses, and risk carefully before investing. This and other information about the Fund is contained in the fund's prospectus, which can be obtained by calling 1.800.662.4203. Please read the prospectus carefully before investing. Distributed by Northern Lights Distributors, LLC, member FINRA.*