



NEW YEAR'S RESOLUTIONS

THE TOP TEN LIST:

It's 2001 and the investment markets are beginning to sober up after a few years that may have included some excesses in investor behavior. Now is the perfect time to reflect on our financial lives and perhaps make a few resolutions that might make the realization of our goals more likely.

RESOLUTION #1

I will become truly diversified.

We strongly believe a diversified portfolio is one of the most important aspects of wealth preservation. Diversification includes the appropriate mix of stocks, bonds, cash and real estate for your individual circumstances.

Academic studies have shown that a stock portfolio must be comprised of 12-20 individual companies to minimize asystematic, or company-specific, risk. In reality, we must go further to ensure that we are not over-concentrated in industries or by capitalization (small, large and jumbo companies). Owning 15 technology companies does not constitute diversification.

Bonds, or fixed income investments, don't have the horsepower that stocks do. They can provide stability. A Ferrari can zoom, but it is not too dandy on ice. Consider a dollop of predictability that comes with a bond, cash or CD component of your portfolio.

RESOLUTION #2

I will organize my accounts and paperwork.

This isn't the neat desk theory we necessarily espouse. It really means that you should adopt a filing system that consolidates all your financial documents: investment accounts, bank accounts, life insurance, wills, trust documents, tax information, deeds and records of private business arrangements.



Make sure your loved ones know where this information is maintained. Unfortunately, accidents and untimely events do occur. Periods of emotional trauma are not the appropriate times to attempt to unravel the mysteries of an individual's financial affairs.

RESOLUTION #3

I will evaluate the beneficiaries of my accounts.

Things change. People come and go. Financial circumstances evolve and change. Review the beneficiaries of retirement accounts, insurance policies and transfer-on-death accounts (TOD). Are the designations in line with your estate plan and tax efficient? Don't delay. Not to be morbid, but you just never know.

RESOLUTION #4

I will make my will current.

Refer to resolution #3. How assets or accounts are titled takes precedence over a will. Make sure your will is current and directs your assets efficiently to whom you intend. Make sure the ownership of the assets matches your intentions.

No will? Run, do not walk, to your attorney. If you don't do anything, your state government will.

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RESOLUTION #5 I will review my portfolio.

You tend your garden, pull the weeds, and mind the flowers and vegetables. Tend your portfolio, too. Frankly, if you can't remember why you own a particular asset, you probably shouldn't own it. If it is a weed, get rid of it. Dead flowers should be removed too.

From now on, any time we make a new investment, we will write down why it was a good idea (label those vegetables). Each year, or quarter, we can then look at our investment garden to see what needs to be done to spruce it up.

Use the expertise of your professional financial gardener. His or her help in the design and care of your financial garden is important to your success.



RESOLUTION #6 I will accurately define my goals.

An unwritten or poorly defined goal is just a dream. The clear articulation of a goal is one of the most critical elements to the actual attainment of the goal.

A retirement goal demands that we define when retirement will commence, how much income we need to live as we desire, and how long we will be retired. When, how much and how long is essential for any goal, be it education, a family bequest, a major purchase or charitable intent. The act of clearly defining the goal also creates periodic benchmarks by which to measure our progress.

RESOLUTION #7 I will have financial fun.

Few people do well what they don't enjoy. Take a look at yourself and your interests. If you enjoy the analysis and decision-making that accompanies owning individual stocks, then by all means orient yourself in that direction. However, if it gives you no pleasure to engage in these rigors, choose professional management to handle this chore. Life is too short. Enjoy it.

RESOLUTION #8 I will be thrifty.

"A penny saved is a penny earned." "Thrift makes great investors." "The longest journey begins with a single step." We have heard these and other homilies time and again. Why? Because they are true. A regular and systematic plan to save and invest is essential to you and your family's well being. Pay yourself first each month, if only a small amount. Some of your earnings are for the butcher, some for the baker, some for the candlestick maker, but part is yours to keep.

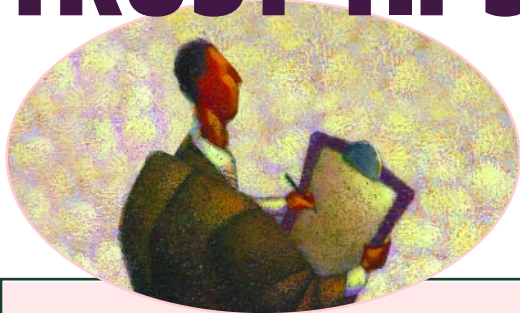
RESOLUTION #9 I will understand that if it sounds too good to be true, it is too good to be true.

It happens to all of us. We forget there is always a trade-off between risk and reward. Your mother probably taught you that if you have to ask yourself if this is okay, it most likely isn't. If a ten-year U.S. government bond is currently yielding 6%, be hesitant about a 12% corporate bond. The 12% yield reflects risk, real risk. I won't get greedy!

... AND THE #10 RESOLUTION ...

I will become truly diversified.

TRUST TIPS



Davidson
Trust Co.

WEALTH MANAGEMENT

Estate Planning Checklist

HOW HEALTHY IS MY ESTATE PLAN?

	YES	NO
1. Do I have a will?	<input type="checkbox"/>	<input type="checkbox"/>
2. Have I adequately provided for the care and support of my family?	<input type="checkbox"/>	<input type="checkbox"/>
3. Will my estate transfer assets to the proper people in the proper manner at the proper time?	<input type="checkbox"/>	<input type="checkbox"/>
4. Is my property titled in a manner consistent with my distribution wishes?	<input type="checkbox"/>	<input type="checkbox"/>
5. Does my will name a guardian for my children if both my spouse and I are deceased?	<input type="checkbox"/>	<input type="checkbox"/>
6. Am I comfortable with the personal representative(s) and trustee(s) I have selected?	<input type="checkbox"/>	<input type="checkbox"/>
7. Have I considered a living trust to avoid probate?	<input type="checkbox"/>	<input type="checkbox"/>
8. If I have a living trust, have I titled my assets in the name of the trust?	<input type="checkbox"/>	<input type="checkbox"/>
9. Am I taking full advantage of the marital deduction?	<input type="checkbox"/>	<input type="checkbox"/>
10. If I want to determine that my family receives my inheritance, have I created a QTIP Trust in my will? ...	<input type="checkbox"/>	<input type="checkbox"/>
11. Are both my estate plan and my spouse's designed to take advantage of the \$675,000 federal exemption? .	<input type="checkbox"/>	<input type="checkbox"/>
12. Have I utilized an irrevocable life insurance trust to exclude insurance proceeds from being taxed in my estate?	<input type="checkbox"/>	<input type="checkbox"/>
13. Am I taking maximum advantage of the \$10,000 annual gift tax exclusion?	<input type="checkbox"/>	<input type="checkbox"/>
14. Have I created trusts that qualify for the annual gift tax exclusion?	<input type="checkbox"/>	<input type="checkbox"/>
15. Have I gifted assets that have a strong probability of future appreciation?	<input type="checkbox"/>	<input type="checkbox"/>
16. Have I considered a Charitable Remainder Trust to provide income to me and my beneficiaries for a period of time with the remaining principal eventually passing to charity?	<input type="checkbox"/>	<input type="checkbox"/>
17. Have I considered a Charitable Income Trust to provide income to charity for a period of time with the remaining principal eventually passing to my beneficiaries?	<input type="checkbox"/>	<input type="checkbox"/>
18. Do I have a management succession plan for my business?	<input type="checkbox"/>	<input type="checkbox"/>
19. Do I have a buy/sell agreement for my family business interests?	<input type="checkbox"/>	<input type="checkbox"/>
20. Have I considered a gift program involving my family-owned business?	<input type="checkbox"/>	<input type="checkbox"/>
21. Am I sure I have the right amount and type of life insurance?	<input type="checkbox"/>	<input type="checkbox"/>
22. Am I sure my estate plan is up-to-date and takes into account all potential tax savings?	<input type="checkbox"/>	<input type="checkbox"/>

For Every "No" Answer, contact your D.A. Davidson & Co. Financial Consultant or Davidson Trust Co.

Meet a D.A. Davidson & Co. Professional



William A. Johnstone
President, D.A. Davidson & Co.

- Montana State University, bachelor's degree in history (with honors), 1966. University of Minnesota Law School, law degree (with high honors), 1969.
- Joined Dorsey & Whitney LLP as associate, 1970. Named partner in the law firm's Public Finance Department, 1975.
- Named President and Chief Operating Officer of Rauscher, Pierce & Refsnes, Dallas-based investment and securities firm, 1996. Appointed Vice Chairman, Dain Rauscher after merger of Rauscher, Pierce with Dain Bosworth, 1998.
- Named Managing Partner, Dorsey & Whitney, 1999.
- Joined D.A. Davidson & Co. as President, 2000, after joining Davidson Companies Board of Directors.
- Active in professional organizations and serves on University of Minnesota Law School Board of Visitors, and Boards of Directors for the Montana State University Foundation and College of Saint Catherine.

You recently joined us from a large law firm and previous work with another investment company. Please tell us about your role with D.A. Davidson & Co. and why you came here.

I wanted to return to the securities business to finish my professional career and I wanted to get back to Montana and family and friends. I have known and worked with D.A. Davidson & Co. and many of the Davidson folks for most of my professional career, and have great respect and admiration for both the firm and the people. It was a very natural and easy career decision.

The markets have been in disarray recently. Can you offer any reassurance to investors?

We are going through one of the periodic adjustments in our economy and securities markets that are inevitable and necessary. I continue to believe our economy is fundamentally

strong and the longer-term outlook is very positive. These are challenging times for investors, but also the times when solid and experienced investment advice is most important and when our Financial Consultants can provide real additional value to our clients.

How is the proliferation of electronic commerce changing business at D.A. Davidson & Co.?

Electronic commerce is a powerful tool to collect, organize and distribute information and facilitate financial transactions. D.A. Davidson & Co. has made substantial investments in technology over the past several years, and expects to continue to make such investments in the future to provide both our employees and clients the tools they need and expect to enjoy the advantages provided by electronic commerce. We have done so in the belief that our clients will use the tools in different ways and, indeed, some may choose not to use them at all. Regardless of how they choose to use

electronic commerce in managing their investments, we believe there will continue to be a very critical role and value for informed and professional advice and consultation from a trusted investment professional.

What are the keys to your career success?

A strong upbringing and continued support from my family, a very good education, some great mentors and more than my fair share of luck.

Your career has taken you and your family from Dallas to Minneapolis and now to Great Falls, Montana. How is the adjustment?

Even though I have spent most of my professional career away from Montana, it is still home. Most of my family is here and I have many friends, former clients and colleagues in the state. So far the adjustment has been pleasant and relatively easy.