

# THE NAUTILUS

CHART YOUR COURSE



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## Scott McBrair Joins AnchorBank

*We welcome Scott McBrair to the AnchorBank family as Executive Vice President of Retail Banking*

We are pleased to announce the addition of the newest member to our AnchorBank family, Scott McBrair. Scott recently accepted the position of Executive Vice President of Retail Banking to oversee AnchorBank's retail branch network and banking operations, as well as our Anchor Investment Services (AIS) division and Marketing areas.

Scott brings more than 20 years of experience in all aspects of retail banking, having served in marketing, product management and retail leadership roles at Bank One, J.P. Morgan Chase and Webster Financial, and most recently in an advisory capacity with First Niagara Bank. His experience in building and supporting retail bank networks will help

AnchorBank leverage its existing core strengths of great customer service into new markets and innovative new products.



Scott McBrair

"AnchorBank has an incredibly loyal customer base, a wide array of products and services, and a great team of customer-focused employees," said McBrair. "It's this combination that makes me thrilled to get involved and explore the other ways we can make banking at Anchor even more convenient and enjoyable for our customers."



## A Letter From...

**Chris Bauer**  
AnchorBank  
President and CEO

We bring you this edition of *The Nautilus* with a very special introduction to the newest member of the AnchorBank family. Scott McBair is the EVP of the Retail Banking Group and was brought to AnchorBank to oversee our retail branch network and banking operations, as well as our Anchor Investment Services (AIS) division and Marketing areas. We are happy to have him here at Anchor, and look forward to the expertise he brings to this new role.

In this edition, we highlight the many ways AnchorBank is here to help protect you from identity theft and fraud. As you'll see in our 360 section, we just wrapped up a very successful shredding event in partnership with the Better Business Bureau, and look forward to three more events on the horizon.

I'd also like to draw your attention to our *In the Money* section featuring what you can do now to ensure you get the most from your tax returns next year. After all, there's no better time to start preparing than while tax season is still fresh in our minds.

I hope you enjoy *The Nautilus* and find the information helpful as you work to achieve your financial goals.

Regards,

For questions, comments or more information on something you read, please contact:

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## ANCHORBANK 360°

### Warding Off Identity Theft by the Thousands



Twice a year, Better Business Bureau (BBB) offices throughout the United States participate in a national shredding event called *ShredFest—Secure Your ID Day*. This focus on secure disposal of personal information and old documents comes from the growing need to protect ourselves from identity theft—the fastest growing crime in America.

As a partner of the BBB, and an advocate of protecting our customers from identity theft, AnchorBank has hosted shredding events twice a year at various Madison and Appleton area branch since 2009. In April, events were held at our branch in Fitchburg and in Appleton on Northland Avenue, resulting in the safe destruction of thousands of pounds of material. “The public wants to protect themselves from identity theft and other types of fraud,” said 1st Vice President and Regional Manager Lynn Erd. “And they appreciate that we are helping them do just that by hosting these events.”

### Fall Events Scheduled

In case you missed our spring event, your opportunity to dig out and discard your old files is not lost. Three events are being scheduled for October, and will be held at AnchorBank locations in Appleton, Madison and Milwaukee. More information about these events will be available on [anchorbank.com](http://anchorbank.com) this fall.

# AnchorBank Recognizes Three Extraordinary Volunteers

“Give them the tools and the time, and these AnchorBank employees will be ready and willing to get out into their community to help out in any way they can,” said Senior Vice President of AnchorBank’s retail branch division Bob Halbleib, in reference to the three employees who were recently named AnchorBank’s 2010 Volunteer of the Year and runners-up. “We’re proud to honor our employees who selflessly give back to their communities all year round.”

AnchorBank recognized the volunteer efforts of New Berlin Consumer Loan Officer Alexis Stier, Brookfield Personal Banker Alicia Buttchen and Viroqua Branch Manager Nancy Solberg, and presented them with an award and a donation in their name to the charity of their choice. This honor is given every year to employees who go above and beyond volunteering with organizations that share AnchorBank’s focus on subsidizing affordable housing, bolstering economic development, fostering financial literacy and supporting communities through United Way.

As AnchorBank’s 2010 Volunteer of the Year, Alexis Stier was given a \$500 donation to the charity of her choice. “I chose to make my donation to the U.S. Foundation for the Children of Haiti (USFCH),” said Stier. “In 2009, my family traveled to Haiti on a service mission. They worked directly with the organization’s founder and helped refurbish an orphanage, build handicap-accessible tables and created a wheelchair ramp

## Volunteer of the Year Recipients



Left: Alexis Stier, Volunteer of the Year  
Center: Alicia Buttchen, Runner Up  
Right: Nancy Solberg, Runner-Up

*“We’re proud to honor our employees who selflessly give back to their communities all year round.”*

*Bob Halbleib,  
SVP Retail Branch Division*

so the children could reach their playground.” Stier was especially touched by her family’s visit and wanted to support the work that USFCH does providing financial, medical support and assistance to orphaned children and expectant mothers by making this donation.

Runners-up Alicia Buttchen and Nancy Solberg were each given a \$150 donation to give the charity of their choice. Both Buttchen and Solberg chose to make their donation to the organizations with which they volunteered in 2010. Buttchen has been involved with Homes for Our Troops, a national non-profit organization that focuses on building specially adapted homes for severely injured veterans. “The impact Homes for Our Troops has on the lives of severely wounded war veterans is inspirational,” added Buttchen. “Volunteering with this organization has been a great experience, allowing me to meet others who believe in the cause and learn more about myself along the way.”

During an especially moving build project in Eagle, Wisconsin, last April, Buttchen helped build and

decorate a handicap accessible home for a soldier and son of an AnchorBank co-worker who had lost his legs in a roadside bombing while serving overseas. Buttchen worked on decorating and furnishing a nursery in the home for the soldier and his wife’s newborn baby.

Solberg served her local community as a board member for the Vernon County Housing Coalition (VCHC) in 2010. She chose them as the recipient of her \$150 donation to help create materials to spread the word about the organization and its services. “The VCHC collects data regarding housing needs in Vernon County and provides resources to those in need,” said Nancy. “When we did our first survey I was surprised at the number of homeless families in our area. It was very sad, especially when there are children involved.”

*AnchorBank employees’ volunteer efforts are supported by Anchoring Communities Together (ACT), AnchorBank’s community outreach program. For more information, visit [www.anchorbank.com/act](http://www.anchorbank.com/act).*

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Gail Groleau, 1st Vice President of Deposit Operations

***“I’ve heard that credit cards are safer than debit cards, is that true?”***

A

Over the years there have been many opinions and statements made about which is safer, a credit or a debit card. While there may be pros and cons to using one or the other, there is no black and white answer to this question. At AnchorBank, we try to educate and encourage our customers to be as mindful as possible of their safety and security when making purchases with either.

There’s always a chance that consumers can be vulnerable to fraud when making a purchase using any electronic payment method. However, making purchases with a credit or debit card is still the payment method of choice over cash because of the convenience and additional safety net that is offered by companies such as MasterCard® and Visa®. When your credit or debit card is backed by MasterCard or Visa, your liability for unauthorized transactions is \$0.

**Protection Offered With AnchorBank**

Credit and debit cards provided by AnchorBank automatically include the Visa and MasterCard zero liability protection for unauthorized transactions. And for additional safety, AnchorBank monitors its customers’ debit card transactions for potentially fraudulent activity, such as a sudden change in location, a string of costly purchases or any pattern associated with new fraud trends. If we suspect fraudulent activity, you will receive a phone call to validate the legitimacy of the transaction.

**Additional Steps You Can Take to Increase Your Financial Protection Are:****Sign Up for Online Banking**

With online banking, you can monitor debit card transactions from your checking account anytime of the day and enroll in electronic statements (e-statements) so you receive less information about your accounts through the mail.

**Sign Up for Notify Me Alerts**

Once you have an online banking account established, you can choose to receive alerts about your balance to keep you more informed about your account.

**Alert AnchorBank When Traveling**

Inform us that you are traveling by sending a secure message through your online banking account, or by calling your local AnchorBank branch or 1-800-25 ANCHOR (252-6246). This will allow you to perform card transactions in the other states and/or countries you are visiting.

**Get ID Protect**

AnchorBank offers Deluxe Provent, an integrated suite of identity theft protection services that provides identity theft protection on all fronts, including: Prevention, Detection and Restoration.

**Contact Us**

If your debit card has been lost or stolen, it is important that you report the missing card immediately by calling 1-800-25 ANCHOR (252-6246) and choose option 3.

***To sign up or get more information about any of these services, visit [anchorbank.com](http://anchorbank.com) or call your local branch.***

# Prepare for Next Year's Taxes Today

Just as quickly as tax season approaches it's over and we've packed our files away and forgotten about it by the time we even receive our returns. Tax-time seems to sneak up on most of us as we begin accumulating documents in February or March, and make last minute IRA contributions and charitable donations to benefit our returns. For some, being ill prepared is critical to the amount of return they could receive.

Not properly preparing for tax filing and rushing through the process can result in errors, causing you the hassle of having to resubmit your taxes or file for an extension, pay additional fees to amend your taxes, or even receive less of a return than you deserve.

While next April may seem far away, a little preparation can certainly pay off in the long run. Here are some tips you can adopt today to get ahead of the game for next year's taxes. Who knows, you just may save yourself time *and* money:



## Get Organized

Start a folder specifically for your tax papers. You don't have to put anything in it right away, but it will help to have one already established as documents start coming in. In fact, many people spend more time looking for tax papers than they do actually preparing their taxes.

You can also use your folder to collect informative papers or articles you think will be helpful when doing your taxes in the future. For example, if you find a good tax checklist online or an article on what types of health care are deductible, put it in the folder.

## Plan Ahead

Begin thinking about your expected income over this next year, and consult your financial consultant to determine if you would be eligible for tax breaks by putting money into a Roth or Traditional IRA or more money into your 401(k).

You may also benefit from deciding ahead of time if you'd like to make charitable contributions this year and how much you may want to give, and then consulting your tax advisor. Keep in mind, your charitable contributions may only help you on your taxes if you itemize your deductions. If the standard deduction is greater than your itemized deduction, you might consider an alternating-year strategy to claim a greater deduction.

## Research Changes in Health Care

This last year, a change in health care occurred when what qualified as a medical expense changed, affecting the way many people use their Health Savings Accounts (HSA). There are numerous other provisions to the health care bill that may impact your taxes so make sure you understand what goes into effect as various changes occur.

*For more information or questions about preparing for your taxes, please consult your tax advisor.*

# Understanding Bond Investing: It's a Matter of Balance

If you are like many investors out there, you may be watching key financial markets from a distance, still unsettled by the downturn of several years ago and left wondering about your investment strategy. This is not the moment for you to be passive—now is a great time to assess your situation, explore the current landscape, and make sure you are capitalizing on available opportunities so they don't pass you by.

It's a common misconception to think of bonds as “plain-vanilla” investments that are appropriate only for certain types of people, such as financially conservative retirees. But in reality, bond investments may have the potential to add stability to a portfolio and help reduce overall investment risk—regardless of your age or financial outlook.

**High-Yield Bonds**—High-Yield is an obvious asset class to consider for income-seeking investors. After a strong 2009, taxable High-Yield Bonds performed well in 2010. The average yield advantage, or spread relative to Treasuries, stood at 5.6 percent as of January 11, 2011, roughly in line with the historical average of 5.8 percent. Declining defaults continue to support valuations, however. The global default rate declined to 3.1 percent at the end of 2010, from a peak of 13 percent at the end of 2009, and Moody's has forecast a further decline to 1.9 percent by year-end 2011.

A projected decline in the default rate, which we agree with, provides a favorable backdrop for High-Yield Bonds. Furthermore, high-yield issuers have taken advantage of low interest rates and done an excellent job of refinancing existing debt obligations. Since default rates and High-Yield Bond spreads are highly correlated, the average High-Yield Bond spread to Treasuries, at 5.6 percent, is attractive.

In a fixed income world where many bonds offer historically low yields, High-Yield Bonds still stand out. High-Yield Bond issuers have posted better-than-expected earnings and benefited from economic

## What is a Bond?

Bonds are investment securities issued by corporations or governments to raise money for a particular purpose. Basically, bonds are the “IOUs” of the business world. There are different types of bond funds, each with varying levels of risk and return potential. Generally speaking, the higher the risk, the better the return potential.

improvement. We anticipate this trend may continue to provide a favorable fundamental backdrop for high-yield investors in 2011.

**Preferred Stocks**—We continue to find Preferred Stocks attractive, and the asset class has continued to be a good income generator. Financial regulatory reform posed a challenge to preferred stockholders in 2010, but the final legislation was a positive for Preferred Stocks. Financial institutions, which comprise the bulk of preferred issuers, have few incentives to issue Preferred Stock under new regulation and, at the same time, will be required to hold more regulatory capital. The higher capital buffer, which reduces the risk of dividend suspension, provides a favorable fundamental tailwind, while limited new issuance creates a favorable supply-demand balance for existing investors.

Although called “stocks,” Preferred Stocks have bond characteristics, and income-seeking investors should consider the asset class. Like other credit-sensitive sectors, Preferred Stocks followed up a strong 2009 rebound with an impressive 2010. Nonetheless, both yields and valuations remain attractive.

Over the longer term, however, investors should realize that interest rate increases remain a risk even though Preferred Stocks exhibited good resiliency during the fourth quarter of 2010. Since Preferred Stocks are perpetual or have extremely long 30- to 50-year maturities, they possess interest rate sensitivity. The current yield advantage to Treasuries will help offset higher interest rate risk, but investors need to be aware of this risk.

*Jerry Shay is a financial consultant at Anchor Investment Services, a division of AnchorBank. He has been in the investment services industry since 1993.*



# Spring Cleaning—Put Your Financial House in Order



*As you file away your forms and schedules at the end of the tax season, it's a good time to take a closer look at the big picture of your financial structure and tidy up where needed. Here's a checklist of key considerations to help you get started.*

## Lay a Balanced Investment Groundwork

Does your current asset allocation — the mix of securities in your investment portfolio — still match your risk tolerance and time horizon? Stock market performance over the past few years may have altered the value of your stock holdings above or below the level you had originally intended. If so, consider rebalancing, either by selling some of your stock or bond investments or by purchasing more stock, bond or cash investments.

## Create a Nest for the Future

Rather than just hoping you'll have enough for a comfortable retirement, take some time to calculate how much you'll need — and how much you'll need to save. Your financial professional can help you establish a realistic accumulation goal and ensure that you're on course to reach it.

## Check Your Family's Security System

Insurance can help protect you and your loved ones from the costs of accidents, illness, disability, and death. It's an important part of any sound financial plan. However, your individual need for coverage will depend on your personal circumstances, including your age, family, and

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financial situation. A young, single person, for example, may not need much life insurance. A person with a growing family, on the other hand, may need to ensure adequate financial protection for loved ones.

## Preserve the Assets You've Accumulated


You may not enjoy thinking about what will happen after you're gone, but failing to plan could cost your family and loved ones. A sound estate plan can help preserve your assets and keep them from being unnecessarily reduced by taxes. The IRS currently allows transfers of up to \$3,500,000 in assets federally tax free. While that may sound like a limit you'll never approach, if you tally the appreciated value of your retirement assets, your home, and your other holdings, you may find otherwise. Your estate plan should include an up-to-date will and may make use of tools for charitable giving and joint ownership of property.

## Debt Can Threaten the Foundation

While you're putting the rest of your financial plan in order, don't neglect credit card balances or other outstanding debt. Consider ways to either reduce your debt or manage it better. For example, you might be able to save on interest charges by consolidating and transferring your credit card balance or by refinancing your mortgage.

Your financial house is a complex structure that needs regular upkeep. By staying on top of things and keeping your financial house in order, you'll be well on your way to reaching your goals.

*Carina Alt is a financial consultant at Anchor Investment Services, a division of AnchorBank. She has been in the investment services industry since 2002.*



**For a complimentary consultation with an AIS financial consultant, call 1-800-236-6789.**

The opinions in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing.

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## NEWS YOU CAN USE NOW



# Personal Records: What to Keep and for How Long

Proper record keeping of financial documents is important for any family, small business owner or investor. But we're not suggesting you file your statements by year or keep your documents in alphabetical

order, we're talking about what you need to keep in those filing cabinets and what you can safely dispose of to keep them from over-flowing.

Here are some suggestions on how long you should keep certain personal financial records that are a staple in most homes:

### **Paycheck Stubs — One Year**

Keep your weekly or monthly paycheck stubs until you receive your annual W-2 form from your employer. Check the form for accuracy and if everything matches, shred the stubs.

### **Retirement/Savings Plan Statements — From One Year to Permanently**

File the quarterly statements from your 401(k) or other plan until you receive the annual summary. If everything is correct, shred your quarterly statement and keep the annual summaries until you retire or close the account.

### **Tax Returns — Seven Years**

The IRS has three years from your filing date to audit your return if it suspects good-faith errors and six years to challenge your return if it suspects that you underreported your gross income by 25 percent or more.

### **IRA Contribution Records — Permanently**

If you made a nondeductible contribution to an IRA, keep the records indefinitely to prove you already paid tax on the money when it comes time to withdraw.