



in your Interest

TIRED OF THE REAL ESTATE GUESSING GAME?

Smart Moves for Staying Put

Soaring home prices in recent years beg the question: Is there a housing “bubble” hovering over our neighborhoods, ready to deflate prices in a hurry? The answer is debatable, but one trend is obvious. You can’t count on the magic of appreciation to turn your home into a pot of gold.

What Happened?

- In 2005, the housing market was inundated with the highest level of homes available for sale in nearly seven years, with homes on the market for an average of five months.*
- Rising interest rates and other economic factors cooled off the buying frenzy of recent years.
- Despite a market flooded with choices, some potential buyers chose to simply stay home. Existing home sales fell 5.2% in January 2006 from a year earlier.*

Play It Safe

In an unpredictable market, it’s crucial for home buyers to carefully consider how much home they can afford. If you’re happy with the location of your home, consider modifying your existing space rather than buying an updated or larger home down the block.

The equity in your home can be a smart tool for financing goals if you think long-term value. Use a home equity loan or line of credit for things that last, such as home renovations or a child’s education. By being judicious about borrowing against your home equity, you’ll help ensure that you’ll be



If you’re happy with the location of your home, consider modifying your existing space rather than buying an updated or larger home down the block.

in a sound financial position when it comes time to sell your home.

When determining the scope of potential home renovations, keep in mind that expensive improvements don’t always reap big rewards at the selling table. Consider the value the improvements will bring to you and your family, in addition to the potential added value to your home’s price tag.

Look to Us

We can help you explore home equity options that meet your borrowing needs, whether you’re planning on staying put for a few years or decades. Visit www.northshorebank.com or call us at **800-292-9370** for more information. ■

* Source: National Association of Realtors® www.realtor.org.



NORTH SHORE BANK

North of Expected®

NORTHSHOREBANK.COM | SUMMER 2006

Saving for Retirement: *It's All about Choices*



By now you've probably heard, and possibly heeded, suggestions to skip the morning latte, brown-bag your lunch and resist the urge to splurge in order to increase your retirement savings. All good advice, but it may be time to make a real commitment to saving by limiting your major expenses like mortgage and car payments.

Weighing Your Options

If you've been dreaming of driving off in the latest model luxury vehicle, you may want to reconsider. For example, the average manufacturer's suggested retail price for a typical 2006 domestic mid-size sedan without special options is \$21,515.* A luxury model could easily cost \$35,000 or more. If you put \$3,000 down and obtained a 48-month car loan at 7.46%, your monthly payment for the lower-priced car would be \$447, versus \$773 for the luxury model. That's a savings of \$326 a month.** Over 25 years, increasing your contributions to a tax-deferred traditional individual retirement account (IRA) by that amount could add nearly \$225,916 to your retirement fund.***

Home buying is another area to consider carefully. Low interest rates have tempted many individuals to purchase pricier homes than they need, and many couples buy houses they can afford only as long as they have two incomes. That could lead to major trouble down the road if home prices plummet, as former Federal Reserve Chairman Alan Greenspan has cautioned,[†] or if one spouse loses or leaves a job.

Just because you may qualify for a substantial monthly mortgage payment doesn't necessarily mean you should take it on. For example, if you're approved for a \$250,000 loan but choose to buy a more modest home and borrow \$200,000, at a 6.37% interest rate, your monthly payments will be about \$312 less.^{††} Tuck that away and it could mean an extra \$216,000 in retirement savings after 25 years.***

Choice, Not Sacrifice

Choosing to live just a bit below your means doesn't have to entail great sacrifices, just an adjustment in outlook. Forgoing the Italian marble in the bathroom and professional-level appliances in the kitchen, as well as fine leather and custom chrome wheels on your vehicle, won't make a significant difference in your lifestyle. If you don't stretch your budget to the limit and you use any extra money to save for the future, you could reap a double benefit: less financial stress today and more money in your retirement fund tomorrow.

We can help you plan for your retirement years. Contact a North Shore investment consultant at **1-800-236-4672** today. ■

* Source: Kelley Blue Book, www.kbb.com.

** Source: Bankrate.com, based on the national average annual percentage rate (APR) on a 48-month new car loan as of Nov. 23, 2005.

*** Based on an average annual return of 6% in a tax-deferred account; annual return is for illustration only and is not meant to represent the performance of any particular investment. Your results will vary. Taxes will be due upon withdrawal at ordinary income tax rates. Withdrawals prior to age 59½ may be subject to a 10% IRS penalty.

† Source: The Economist, www.economist.com, Sept. 1, 2005.

†† Source: Freddie Mac, www.freddiemac.com; based on the national average APR on a 30-year conventional mortgage loan as of Nov. 17, 2005.

PrimeVest Financial Services, Inc., is an independent, registered broker/dealer member NASD/SIPC. PrimeVest is not an affiliate of North Shore Bank.

Securities and investment products offered by PrimeVest are:

- Not a deposit
- Not FDIC insured
- Not guaranteed by the bank
- Not insured by any federal government agency
- May lose value



Choose the Less Costly Option and Save

The following chart illustrates how much additional money you may be able to accumulate by choosing a more modest home or car and using the savings to increase contributions to an individual retirement account (IRA).*

(Additional Monthly Savings)

	\$100	\$200	\$300
10 years	\$16,388	\$32,776	\$49,164
15 years	\$29,082	\$58,164	\$87,246
20 years	\$46,204	\$92,408	\$138,612
25 years	\$69,299	\$138,599	\$207,898
30 years	\$100,452	\$200,903	\$301,355

* Based on an average annual return of 6% in a tax-deferred traditional IRA. Rate of return is for illustration only and does not represent the return of any particular investment. Your results will vary. Taxes will be due at ordinary income tax rates upon withdrawal at retirement. Withdrawals prior to age 59½ may be subject to a 10% IRS penalty.

More FDIC Protection for Your Retirement Money

When it comes to your retirement savings, you want peace of mind knowing that your dollars are protected. You want to ensure that everything you've socked away will be ready and waiting for you when you reach your golden years. New legislation may help you rest easier.

The Federal Deposit Insurance Reform Act of 2005 increases the amount of FDIC coverage on certain retirement deposit accounts – including IRAs, Keoghs and 401(k) plans – from \$100,000 to \$250,000. The change took place April 1, 2006.

If you have spread your retirement savings among accounts at different financial institutions to maximize insurance coverage, now you can consolidate your nest egg and still enjoy increased FDIC coverage. Consolidating your assets can make managing your finances easier, and save you time and money. When you eliminate multiple accounts, you can:

- **Develop a comprehensive retirement savings plan.** When your assets are held in several places, it can be difficult to maintain an overall strategy.
- **Monitor your account earnings.** When all of your money is in one place, you can follow your progress with ease.

- **Enjoy less paperwork.** Rather than receiving multiple statements, you can make it simple to keep track of your savings by checking online.
- **Save money.** You may be able to eliminate the extra costs associated with maintaining several accounts.
- **Take withdrawals from a single account.** It's easier to calculate distributions from one account.

More Coverage for Non-Retirement Accounts

The new legislation also calls for indexing the amount of insurance on non-retirement accounts for inflation. Beginning in 2010 and every five years thereafter, the FDIC and NCUA (the FDIC's credit union counterpart) will jointly calculate the coverage increase that is needed to offset the effects of inflation over the preceding five-year period. They will round that amount down to the nearest multiple of \$10,000 (\$110,000, \$120,000, etc.)

If you have spread your retirement savings among accounts at different financial institutions to maximize insurance coverage, now you can consolidate your nest egg and still enjoy increased FDIC coverage.

Kids Rule!

From June 28 to Aug. 17, families can see recently released family movies at participating Marcus theatres throughout North Shore Bank's service areas. Shown on Wednesday and Thursday mornings, each family member will receive free popcorn along with the price of admission – just \$2.50 a seat!

For theatre locations and weekly movie listings, go to www.marcustheatres.com and click on the Kids Rule logo.

North Shore Bank is pleased to be a sponsor of this summertime family entertainment.

and consider whether to adopt the revised coverage amount. The first increase could go into effect Jan. 1, 2011.

Start Benefiting Today

Consolidating your retirement accounts has never been easier. Representatives at North Shore Bank can help you take advantage of the new legislation and ensure that you are on track to reaching your retirement savings goals. Contact us today to find out how simple it is. ■



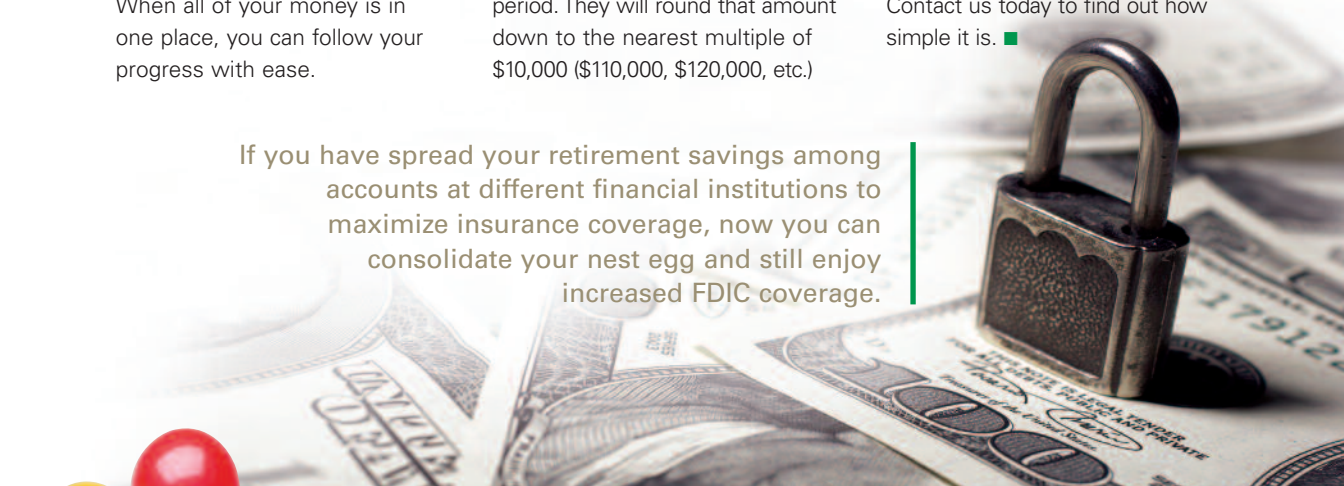
Anniversary Recognitions

North Shore Bank is proud of its experienced staff, which is dedicated to meeting your financial needs. We congratulate those with anniversaries during the second quarter of 2006 for their many years of service.

25 Years of Service
Becky Kolstad

20 Years of Service
Barb Brandt

10 Years of Service
Roberta Woodard and Cheryl Fregoso



in your Best Interest



(L to R) Dirk Debbink, President of MSI General Corporation; Steve Steiner, Senior VP-Retail Banking, North Shore Bank; Evan Teich, District Administrator for Sussex; Candy Walecki, Branch Manager; Sheri Pellechia, Executive Director, Sussex Chamber of Commerce; Maria Mortimer, Asst. Branch Manager; State Rep. Don Pridemore; Lyneen Fischer, VP-District Manager; and Colleen Egan, District Operations Manager.

Groundbreaking for New Sussex Office

North Shore Bank's newest branch celebrated its official groundbreaking on May 24. The branch is our fifth location in Waukesha County and is conveniently located at the intersection of Highway 164 and Main Street (Highway VV/Silver Spring). The facility is expected to open this fall and will feature two drive-up banking lanes, a drive-up ATM, full-service lobby, self-serve safe deposit boxes, high-speed Internet access and additional services.

"Tell-a-Friend" Offer

Any North Shore Bank customer who refers a friend to open a new checking or savings account, certificate of deposit or money market account with us will receive \$25. The new customer will also receive \$25 when he or she comes in to open a new account with us and mentions your name. It's that easy!

ELECTRONIC BANKING

Stay On-the-Go This Summer with Our Online Services



Balancing weekend trips with family and friends, grandchildren's baseball and softball games, barbecues and other outdoor activities can make summer the busiest time of year. Pile that on top of managing your finances and the season may have you stressing out instead of enjoying the fun.

Thankfully, North Shore Bank has the solution. We offer *free* Online Banking through our secure encryption system. With Online Banking, you can be on-the-go without worrying about making loan payments, transferring funds or checking your account balance. Handling these tasks online gives you more time to spend with friends and family – the best part of life.



Enjoy More ATM Access!

- ✓ Debit card customers enjoy free access to North Shore Bank-sponsored ATMs at the Maier Festival Grounds for Summerfest 2006 and all other lakefront festivals.
- ✓ Access to more than 1,800 surcharge-free ATMs through ATM ACCE\$\$ network in Wisconsin and the STARsf network nationwide.

Look for ATM locations on our Web site, www.northshorebank.com.

We're with You Every Step of the Way

You can set up your own Online Banking account from our Web site or stop in at any North Shore Bank office and a representative will be glad to help you set up your online account. We can walk you through the process and will gladly answer any questions you may have. Rest assured, we consider the security of your personal information of utmost concern. We authenticate every user and are vigilant in protecting your identity.

With our convenient Online Banking, you can access your secure account information from any computer with Internet access. Combine Online Banking with free ePay or premium All Pay online bill payment, and you'll have it made in the shade. Also, consider having Social Security or payroll checks directly deposited into your account. These are a few simple benefits that can allow you more freedom when traveling or attending social functions this summer.

Sign Up, Get Going

Don't let managing your finances get in the way of enjoying the company of friends and family. Go online, stop in or call us today to get started with our quick, secure and convenient Online Banking service. ■



NORTH SHORE BANK

North of Expected®

North Shore Bank Web Site
www.northshorebank.com

E-mail Us at
contactus@northshorebank.com

New Account/General Information

800-236-4672 (During business hours)
262-785-1600 (In Milwaukee area)

Consumer Loans

Apply 24 hours a day, seven days a week
800-292-9370

Mortgage Lending

New loan inquiry information
877-672-4663

This publication does not constitute legal, accounting or other professional advice. Although it is intended to be accurate, neither the publisher nor any other party assumes liability for loss or damage due to reliance on this material. ©2006 North Shore Bank.



Member FDIC