



In your Interest

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North of Expected™

Raising Money-Smart Kids

You teach your kids to respect authority, play nicely with others and look both ways before crossing streets. You continually encourage them to make smart choices about school, family responsibilities and friends.

Still, many “smart” kids pick up bad financial habits that follow them into adulthood. To help your kids avoid money management mistakes, cover the financial bases with them.

Show and Tell

Be an example for your kids in the way you spend and save – your good money handling may actually rub off on them. But don't skip the straight talk. Discuss financial matters openly so kids get the sense that communicating about money is good. Help your kids grow by giving them financial responsibilities and financial advice.

Four Zones for Financial Parenting

- 1. Spending smart.** Kids can learn a lot from managing a cash allowance. On \$5 or \$10 dollars a week, they can prioritize purchases and learn from their mistakes. Help guide them in discovering ways to stretch their allowance dollars. For example, show them how to save by comparison shopping – grocery stores and clothing stores are good training grounds.

2. Focus on saving. According to the American Savings Education Council, 90% of kids ages 6 to 10 have piggy banks, and almost 80% of kids ages 11 to 17 have savings accounts.* Having a savings vehicle is a great start, but what really counts is your child's attitude about saving. Make saving fun for younger children with piggy banks that have compartments for spending, charitable giving, saving and possibly even investing. Motivate teenagers to save by discussing long-term goals – such as buying a car or paying for college – and how to make them happen through saving and investing.

3. Hands-on account management. Walk your older child through the steps of balancing a checkbook and talk about the responsibility that comes with opening a checking account. Encourage him or her to record all debit card and ATM transactions. Developing these simple habits at an early age will save them time and money in the years to come. And most important, touch base periodically to make sure things are going smoothly.

It may seem early to have your high school junior or senior using a checking account and debit or credit card. But it's easier to teach them sound financial practices when they're at home, rather than waiting until they've already left for school.

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Direct Deposit

Pamper Yourself on Payday

55% of Americans save themselves the equivalent of three workdays each year by using direct deposit instead of manually depositing checks.* That number is on the rise as more Americans become aware of the advantages direct deposit offers.

How Does It Work?

Enrolling in direct deposit is easy. Simply complete an enrollment form for your employer, which authorizes your employer to make direct deposit payments into one or more of your accounts. An electronic file is sent to us one or two days prior to the effective date, and payment is posted to your account on payday. You'll likely receive a paper record of the payment from your employer that is identical to what you'd receive with a traditional check.

While direct deposit's most popular application is for payroll, it is also used for other types of payment, including annuities, dividend and interest payments, pensions, vendor payments, tax refunds and Social Security or other government payments.

What Are the Advantages?

Direct deposit is a free service that has been in use for more than 25 years. It boasts a 97% satisfaction rate.* Here are some of the benefits you can look forward to with direct deposit:

Convenience – You no longer have to go to the bank to deposit your checks. And you don't have to be in town for your money

to be securely deposited into your account.

Speed – There is no waiting for your check to clear. You'll have access to your payments one to four days earlier.

Security – If your check is currently mailed to your home, direct deposit eliminates worry about it being stolen from your mailbox. And, fewer people on average see your account information with direct deposit.

Flexibility – In most cases, you can have your direct deposit made into either a checking or savings account. And combining the faster speed of direct deposit with an interest-bearing account means you'll actually earn more money.

Confidence – A direct deposit payment has never been lost. You're more likely to have problems with a check. If you do encounter a problem with

direct deposit, it can usually be resolved immediately by simply contacting North Shore Bank or your employer.

Account Switching: We Can Help

Whether you are moving a direct deposit from another financial institution or establishing a new account, our staff can help you out. Our *SwitchMate* service makes it easy to bring your account to North Shore. We will personally help you set up automatic transactions and direct deposits. We can even help close your old account. That's what *North of Excepted™* is all about.

Contact a North Shore Bank Personal Banker to learn more about the benefits of direct deposit and to find out how to enroll.

* Source: Direct Deposit and Direct Payment Coalition, www.direct-deposit.org.



All of us at North Shore Bank wish you and your family the best in 2004! We value your business and look forward to serving you in the New Year.

A Wrap-Up on Gift Taxes

Many occasions trigger a desire to “share the wealth” among family members. Maybe your aging mother could use a substantial financial boost ... or you want to help a grandchild get established ... or misfortune struck a loved one and you're in a position to help. Whatever the case, you should understand the tax ramifications of your gift, lest you unwittingly make Uncle Sam a beneficiary of your generosity, as well.

Gifts of more than \$11,000 to any individual in one year – or above \$22,000 if your spouse joins you in making the gift – are subject to the gift tax.* When a gift tax is owed, the giver of the gift owes it, not the recipient.

The Unified Credit – a Pretty Package

But, just because you make a gift beyond the \$11,000/\$22,000 exclusion doesn't mean you will have to pay gift tax. That's because each person has a combined credit for gift and estate taxes, known as the unified credit. Any part of the credit you use up with gifts made during your lifetime is subtracted from the credit that's available to offset estate taxes after your death.

In 2003, the credit was large enough to exempt \$1 million in lifetime transfers or bequests or a combination of the two from gift and/or estate taxes. In 2004, the gift tax exemption remains \$1 million, but the estate tax exemption

rises to \$1.5 million, thanks to the 2001 tax law. Although the estate tax exemption continues to rise periodically until it reaches \$3.5 million in 2009, the gift tax exemption is capped at \$1 million.**

From now through 2009, gift tax rates are the same as estate tax rates, with a top rate of 49% in 2003 and 48% in 2004. They fall to 45% in 2007 through 2009. In 2010, the maximum gift tax rate will equal the top individual income tax rate, 35%.

Loopholes – Ribbons and Bows

There are some exceptions to the gift-tax rules:

- Gifts to a spouse who is a U.S. citizen are completely tax-free because of the unlimited marital deduction.
- Any gifts you make to pay someone else's tuition or medical expenses – no matter what the amount – are excluded from gift tax, as long as your payment goes directly to the educational institution or care provider.



- 529 plans have an accelerated gifting feature. You can give up to \$55,000 (\$110,000 with your spouse) in any one year to a single beneficiary without triggering gift taxes, provided you do not make any more gifts to the same recipient for the subsequent five years.***

Let Your Generosity Flow

With an understanding of the basics of gift taxes, you can make gifts with confidence that both you and the gift recipient will enjoy. Our investment professionals can help guide you in coordinating your gifting strategy.

* This is the amount excluded in 2003, it will rise with inflation in future years.

** The estate tax will be repealed in 2010, then reinstated in 2011 with a \$1 million exemption, barring future legislation.

*** If the donor dies within the five-year period, a prorated portion of the gift will revert back to his or her estate.

Neither North Shore Bank nor any of its affiliates give tax or legal advice. Consult your tax advisor.

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4. Avoid credit card pitfalls.

Before your child is ready for a credit card, talk about how credit works and point out the costs of credit card debt. When the time is right, help him or her choose a card with a low credit limit. College students are bombarded with credit card offers on campus, so it may be wise to choose one

your child can safely manage before he or she leaves home.

Look to Us

Whether your child is ready for a savings account, checking account or credit card, North Shore Bank can help get him or her started. Our student accounts are designed for young people

gaining independence but still learning the financial ropes. Find out more by calling **1-800-236-4672** during business hours or visiting www.northshorebank.com and click on Personal Services/Kids and Money section.

* Source: American Savings Education Council "2001 Parents, Youth & Money Survey."

Perks Members Rewards

A Banking Relationship that Makes a Difference

At North Shore Bank, we want to be with you every step of the way as you follow your hopes, dreams and financial future. To reward you for that kind of trust, we offer Perks, a member banking relationship that can make a real difference in your life.



How Do I Qualify?

It's easy to become a Perks member. All you need is a North Shore checking account plus one of the following:

- A North Shore Bank home mortgage loan, or
- \$35,000 or more in personal household deposits including CDs, checking, Money Manager, IRAs and savings accounts, or
- A home equity line of credit for \$35,000 or more.

Benefits You'll Appreciate

Among the many benefits of a Perks membership are:

Free Perks Checking - You can write as many checks as you like with Perks free no-minimum-balance checking with tiered interest rates.

Free Check Printing - Receive unlimited free printing of safety paper or corporate image checks or a 50% discount off any other style.

Free MasterCard® Debit Card* and ATM Use - Get cash, transfer money and more at all North Shore and PULSE® ATMs, 24 hours a day, without any additional North Shore fees.**

Free Overdraft Protection*** - We'll automatically transfer money from your North Shore savings or

Money Manager account if you have insufficient funds to cover an accidental overdraft. Just ask to add this service.

CD Bonus Rate - Earn an extra 1/4% on any standard term certificate of deposit with your Perks bonus coupon.

Rebate on Home Equity Lines* - Every year your Home Equity Line of Credit is used, we'll rebate the annual fee. If you don't currently have a Home Equity Line, we'll waive the standard closing costs when you apply.

Loan Discounts* - Receive a \$100 discount off closing costs with a new mortgage loan. Or receive a 1/4% interest rate discount on any new fixed-rate consumer loan.† Or you can take advantage of our no-annual-fee, fixed rate MasterCard® or Visa® Platinum Plus credit cards.

And Many More Free Services

To Learn More

For more information about Perks, visit our Web site under Personal Services or call **1-800-236-4672** and ask to speak with your Personal Banker.

* Subject to approved credit.

** There may be additional surcharges imposed by other financial institutions when using your North Shore Debit or PULSE® ATM card at their ATMs.

*** Please visit your nearest branch to sign up for this service.

† Excludes student loans, credit cards and home equity lines of credit.

What's
New at

North Shore



De Pere Branch Opens

North Shore Bank's 39th branch celebrated its grand opening in October. The new convenient De Pere location inside Larry's Piggly Wiggly is open seven days a week and features a drive-up lane, on-site mortgage loan originator, in-store banking services and an ATM. Customer Dennis Whiting was the grand prize winner of a Packer Fan Tours package for two. They enjoyed the Green Bay Packers Dec. 14 game in San Diego. Congratulations!

Quick Online Loan Approval

When it comes to shopping for a home, nothing helps more than being pre-qualified for a mortgage. It takes the guesswork out of how much house you can afford to buy. Plus, sellers and builders know you're a serious buyer. Simply complete our pre-qualification request form available online at www.northshorebank.com and click on "Pre-qualify for a Mortgage." You'll have your answer in minutes!



New Account/General Information

1-800-236-4672 (During business hours)

1-262-785-1600 (In Milwaukee area)

Consumer Loans

Apply 24 hours a day,
seven days a week 1-800-292-9370

North Shore Bank Web Site

www.northshorebank.com

Mortgage Lending

New loan inquiry information
1-877-672-4663

E-mail Us at

contactus@northshorebank.com