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CHART YOUR COURSE



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There's Still Time to Contribute to an IRA for 2011

Whether you are an active accountholder or just considering opening an IRA, there are many appealing benefits to this retirement savings vehicle. Plus, you can still make contributions for the 2011 tax year if you do so by April 17, 2012.

Tax deferral: Traditional IRAs allow your investment earnings to grow tax deferred until withdrawn, typically at retirement. For 2011, the maximum contribution is \$5,000, but for those aged 50 and over, the limit is \$6,000. The limits are the same for a Roth IRA, but to be eligible to fully contribute, an investor must have a 2011 modified adjusted gross income of less than \$107,000 for singles and \$169,000 for married couples filing jointly. Singles earning up to \$122,000 and couples earning up to \$179,000 are eligible for partial contributions.

Deductibility: If you are a single taxpayer who doesn't participate in an employer-sponsored plan and you earn less than \$56,000 in 2011, you can deduct

your contributions to a traditional IRA off your income taxes. Couples earning under \$90,000 are also eligible for a full deduction. Partial deduction limits also apply, up to \$66,000 for singles and \$110,000 for couples. Note that Roth IRA contributions are not deductible.

Investment flexibility: IRAs typically give investors access to a wider range of investment options than workplace-sponsored plans such as a 401(k). For example, you can invest in a broad array of mutual funds, ETFs, individual stocks and bonds, CDs and annuities.

For more information, call or stop by your neighborhood AnchorBank.

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A Letter From...

Chris Bauer
AnchorBank
President and CEO

As we start a new year, I want to take a minute to thank each of you for your continued business. Throughout our 93 years as a local, Wisconsin bank, one of the things we've built our reputation on is the level of service we provide. We pride ourselves on really getting to know our customers and working to meeting their financial needs through every stage of their life.

We know to keep moving forward we must constantly keep improving, so that's why we are asking for your help. We want to hear from you on how we are doing and what you think of our products and service, plus any areas where you feel we could do better.

Please visit anchorbank.com/survey and answer a few brief questions. By doing so, you will be automatically entered into our monthly drawing for a \$100 Visa gift card.*

Thank you in advance for your help with this. I hope you enjoy this issue of *The Nautilus* and find useful tips you can apply to your life.

Regards,

*Full contest rules available at www.anchorbank.com/surveyrules.

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

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ANCHORBANK 360°

ShredFest—Secure Your ID Day

AnchorBank Sponsors Event to Fight Identity Theft

AnchorBank and the Wisconsin Better Business Bureau (BBB) are once again teaming up to help Wisconsin residents fight identity theft. On Saturday, April 21, 2012 from 8:30 to 11:00 a.m. AnchorBank is sponsoring the BBB *ShredFest-Secure Your ID Day*. This twice annual event puts focus on shredding personal information and old documents to help protect ourselves and our customers from identity theft—the fastest growing crime in America.

Since 2009, AnchorBank has been a key sponsor of this Wisconsin BBB event. These events are free and open to the public. This year there will be community-wide shredding opportunities including:

Madison: West Towne branch at 333 S. Westfield Rd, Madison
Milwaukee: Brookfield branch at 18200 W. Capitol Dr., Brookfield
Appleton: Darboy branch at W3160 Cty Rd KK, Appleton

The shredding companies partnered with for the event are Pellitteri in Madison, ProShred Security in Milwaukee and Fox Valley Records Service in Appleton.

Wisconsin residents can use this opportunity to safely dispose of:

- Old checks
- Receipts
- Bills
- Old tax returns
- Pre-approved credit card offers
- Bank and credit card statements
- Old real estate documents

Please be aware that there is a limit of three boxes per car. Boxes should not be secured by twine, tape or other material.

It's a Wrap!

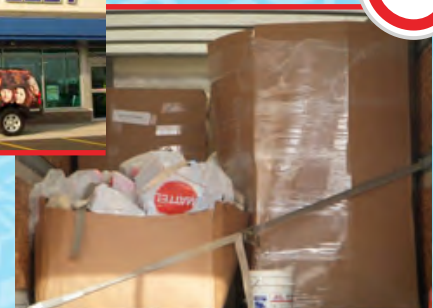
Annual toy drive donates more than 4,000 toys to local children

Since 1973, AnchorBank has sponsored an annual toy drive to benefit underprivileged children and families throughout Wisconsin. With many struggling through tough economic times this holiday season, AnchorBank launched a two-week campaign to collect toys for underprivileged children at 56 locations across the state.

With the support of the Madison Police, the Dane County Sheriff and Star Country 93.6-FM radio, AnchorBank's 38th Annual Toy Drive resulted in more than 4,000 toys worth over \$31,000 statewide. All of the donated toys benefit local children in each of AnchorBank's communities. Each AnchorBank branch partnered with a different area organization to support the drive, and to be the recipient of their toys.

"Everyone did a great job with the toy drive, and your efforts will help put smiles on many children's faces this holiday season," said Byron Butler, AnchorBank Marketing SVP. "We can't thank the community residents, customers and employees enough for their generous help and donations this holiday season."

The AnchorBank Toy Drive tradition began 38 years ago with just four branches in the AnchorBank network. Since then, AnchorBank and its annual toy drive have grown, increasing the bank's scope across Wisconsin, and more importantly the amount of children whose holidays are made a little bit brighter each year.



Dane County Roundtable Donation



Left: Terry Goldbin, Right: Susan Day

The Home Buyers Round Table, a non-profit organization promoting homeownership, recently received \$2,000 from AnchorBank. The donation supports the Home Buyers Round Table primary focus to assist first time home buyers and low to moderate-income families in the Madison, WI area.

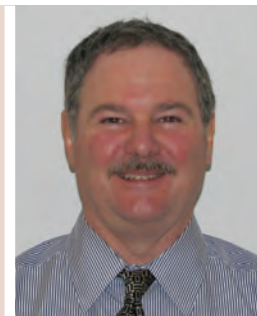
"Home Buyers Round Table shares our goal to increase homeownership and promote financial education in our communities," said AnchorBank's Affordable Housing Coordinator, Susan Day. The donation is a key part of AnchorBank's ACT Program, Anchoring Communities Together, a community involvement initiative. This outreach program supports affordable housing, financial literacy and economic development.

Accepting the \$2,000 check in December 2011 was Terry Goldbin, Housing Rehabilitation Specialist, City of Madison Economic Development Department who is the current President of the Home Buyers Round Table Board of Directors.

Q

Byron Butler, Senior Vice President, Chief Marketing Officer

“What can we do to help teach our kids about money and the importance of saving?”



A

With kids and money, a little education pays off. You can take steps to make sure that his or her journey to adulthood starts with a sound understanding of money, investments and personal financial responsibility.

Start Early

According to recent research, parents can start talking to children about money by age three. Between four and five, you can explain the importance of good spending habits, and by age six or seven, you can help children open a bank savings account. By the time children reach their mid-teens, they should start seeking after-school and summer employment.

Support Education

Personal finance education helps instill such pragmatic money management skills as setting a budget, balancing a checkbook, understanding the role of debt/credit and developing strategies for funding college. Encourage your child’s school to offer personal finance as an elective “life skills” course, send your teen to a community college/ adult education class, or tap the many educational resources online.

Lead by Example

Children will learn their most valuable lessons about money from the examples you set. A few simple rules: Enjoy the fruits of your labor — but don’t go overboard. Set a healthy example regarding credit/debt. Pay bills on time. Save and review your savings plan on a regular basis.

Encourage Philanthropy

If you want to ensure future generations of volunteers and donors, you must teach children how to give of their time, skills and money. Once children understand the scope of their contributions, philanthropy becomes a real and prominent part of their lives.

The following activities may also help:

Count on Counting Your Change

Smart shopping might begin with a hunt for bargains, but it should end with a review of your transactions. To drive this message home, encourage your kids to unload the groceries and simultaneously compare price tags with the receipt. If they find a mistake, let them hold on to the refund.

Play “The Stock Market Game™”

Go to www.smg2000.org to find “The Stock Market Game.” Sponsored by the Foundation for Investment Education, it lets kids in grades 4 through 12 assemble and monitor a hypothetical \$100,000 portfolio for 10 weeks. Or, simply identify favorite items, such as computers and clothing, and look up the manufacturer’s stock price and monitor it over time.

Make a Matching Contribution

Want to motivate a child to save? Just offer to “match” a portion of each savings account deposit he or she makes.

Did you know AnchorBank offers Kid’s Club saving accounts?

Help teach children to save money and adopt healthy spending habits, which will hopefully last a lifetime.

Kids Club accounts earn interest with no minimum balance and only a \$10 deposit to open the account. Plus, they will receive a free coin sorting bank to help them track their savings.



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Important Changes for Buying a Savings Bond

Did you know that there are currently more than 670 million paper bonds worth \$181 billion in the hands of the public? Savings bonds have long been a popular option, and effective January 1, 2012, paper savings bonds will no longer be sold at financial institutions. But they are not going away — electronic savings bonds can now be purchased online through TreasuryDirect.

People can purchase, manage and redeem electronic savings bonds online through www.treasurydirect.gov. Electronic savings bonds are secure and convenient to manage through TreasuryDirect, and investors no longer have to worry about misplacing, losing or storing savings bonds. In addition, with a TreasuryDirect account, customers can purchase electronic savings bonds as gifts and also convert paper savings bonds to electronic.

With a free TreasuryDirect account, you can safely and securely:

- Buy, manage and redeem electronic savings bonds
- Convert paper savings bonds to electronic
- Purchase electronic savings bonds as gifts
- Purchase other Treasury securities, including bills, notes, bonds and TIPS (Treasury Inflation Protected Securities)

Stop worrying about misplacing or storing paper savings bonds, and start managing your savings online, anytime, through TreasuryDirect. Learn more at www.treasurydirect.gov.

TreasuryDirect is a registered mark of the U.S. Department of the Treasury.

Savings Bond FAQs

How does this change impact the paper savings bonds I already have?

Existing paper bonds are still valid and will earn interest for 30 years from the issue date or until redeemed.

Can I still redeem bonds at AnchorBank?

Yes. This change does not affect our ability to redeem savings bonds for our customers, and we are happy to continue providing this service.

What can you do to help me resolve problems with bonds ordered in prior months?

Example: Wrong spelling of a name or incorrect Social Security Number.

AnchorBank can continue to process reissue requests to correct errors. Stop by your neighborhood AnchorBank for assistance.

Can I still give bonds as gifts?

Yes. Gift savings bonds are issued only in electronic form. The recipient of a gift savings bond must have a TreasuryDirect account before you can deliver the bond to him or her. Until the recipient sets up an account, you can hold the bond in the Gift Box area of your TreasuryDirect account. Treasury bills, notes, bonds and inflation-protected securities (TIPS) are not available for purchase as gifts.

Is there a toll-free number I can use to call TreasuryDirect with questions?

Yes. The website www.treasurydirect.gov has comprehensive information available, or you can call **1-800-553-2663** for assistance.

College Prep: Five Reasons to Study Up on 529 Plans

Millions of families striving to meet the mounting costs of college have flocked to 529 college savings plans.

For most investors, the plans' main attractions are the potential for federal tax-deferred earnings growth and federal tax-free qualified withdrawals.¹ The plans' aggregate asset limits, which often exceed \$200,000, also appeal to contributors concerned about the potential for a six-figure price tag on a four-year degree. But a closer look at the rules governing 529 plans may reveal other attractive reasons to consider putting them to work as you make one of your most important investments — in your child's or grandchild's future.

Avoid Federal Gift Taxes and Accelerate Giving

You can contribute up to \$13,000 (or \$26,000 if you and your spouse give and file jointly) to a 529 plan each year without owing federal gift taxes, provided you haven't made other financial gifts to the plan beneficiary in the same year. In addition, you can elect to make a lump-sum contribution of up to \$65,000 (\$130,000 for married couples filing jointly) in the first year of a five-year period, provided you don't give the beneficiary additional taxable gifts during the five-year period.²

Create an Educational Funding Legacy

A 529 plan offers the owner control over the plan, including flexibility in naming and changing its beneficiary. The beneficiary can be any age and generally can be changed to a qualified relative when needed. For example, if the original beneficiary decides not to attend college, you can designate a new beneficiary. This flexibility may enable you to establish a college funding legacy for current and future generations. For example, you could open a 529 plan account to pay your child's college bills. Then, if there's money left over after he or she finishes college, you can change the beneficiary to another qualified family member and perhaps later to a grandchild.

Consolidate Assets

Consolidating college funding assets for one beneficiary in a single 529 plan can make them easier to manage. Depending on plan rules, you may be able to arrange transfers from a Coverdell Education Savings Account, a custodial account or another 529 plan without

triggering federal income taxes. Be sure to review the tax implications with a tax professional, however. Transfers of assets from Series EE and I bonds may also be allowed under certain conditions.

Maximize Financial Aid Eligibility

Money in a 529 account is usually considered by colleges to be the account owner's asset, which often means the parents' asset. As a result, a maximum of 5.6 percent of the balance is generally assumed to be available for college annually, compared with 35 percent if the assets were the student's. With a custodial account, on the other hand, the assets are considered the student's. And according to the Department of Education, qualified distributions from a 529 plan are not counted as parent or student income and therefore do not affect aid eligibility.

Look Into State Tax Savings

Depending on the state you reside in, plan contributions to that state's 529 plan may be eligible for state tax deductions. Don't overlook this potential benefit when choosing a plan.

There may be other advantages of 529 plans to consider, as well. Be sure to talk with your financial advisor and tax professional for help assessing how a 529 plan may affect your tax situation.

¹ The earnings portion of nonqualified withdrawals is subject to federal income taxes, a 10 percent federal tax penalty and possible state taxes and penalties.

² If you die before the end of the five-year period, a prorated portion of the contribution will be considered part of your taxable estate. Section 529 plans are established and maintained by state governments or agencies or eligible educational institutions. Contributions must be kept in a qualified trust in order to be treated as a qualified tuition program. You should consider a 529 Plan's fees and expenses such as administrative fees, enrollment fees, annual maintenance fees, sales charges and underlying fund expenses, which will fluctuate depending on the 529 Plan invested in the investments chosen within the plan.

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Meeting in the Middle

Recently we have experienced a market of extremes. In 2012, finding a middle ground, or “Meeting in the Middle,” is going to be key for growth in the markets and economy. Consumer sentiment, business leaders, policymakers and geopolitics are going to have significant impact on the investment environment. We believe that:

Soft sentiment and hard data find middle ground.

We expect the U.S. economy to grow about 2 percent, which is below the consensus forecast, while emerging markets post stronger growth and Europe experiences a mild recession. U.S. gross domestic product (GDP) is likely to produce below-average growth of about 2 percent in 2012, supported by solid business spending and modest, but stable, consumer spending.

Stocks supported by converging outlook for earnings growth. The U.S. stock market is likely to post an 8–12 percent* gain, supported by mid-to-high single-digit earnings growth when the pessimistic outlook for profits reflected in the market’s rise to converge with a slide in the lofty expectations for earnings projected by Wall Street analysts. Stocks may receive a boost from a slight improvement in valuations from the current 20-year low as confidence returns that the business cycle will continue.

Government and corporate bond yield gap narrows. The performance gap between government and corporate bonds reverses in 2012 with corporate bonds outperforming as they post modest single-digit gains as interest rates rise and credit spreads narrow. Bond yields may be volatile within a 1.7 – 3 percent range, but we expect them to rise over the course of the year, with the yield on the 10-year Treasury ending the year around 3 percent. Ongoing economic growth will help to normalize interest rates as will a continuation of Federal Reserve (Fed) policy, stable inflation and tightening

The prospect of rising rates, attractive valuations and improving fundamentals contribute to our thesis that high-yield bonds represent one of the best opportunities for fixed income investors in 2012. The segments of the bond market that we believe may deliver the best rewards are: High-Yield Corporate Bonds, Municipal Bonds and Emerging Market Debt.

Additionally, in 2012, stock market investors may benefit from focusing on areas that are likely to be rewarded by the strongest areas of growth driven by business spending and emerging market demand: Commodity Stocks, Small and Mid Caps and Emerging Markets.

fiscal policy. The wide gap between yields on government bonds and those of other borrowers is likely to converge some in 2012.

Major policy-driven events will converge on the financial markets in 2012. We believe a mild recession will emerge in Europe, in contrast to the consensus forecast for continued growth, and the debt dilemma will continue to grab headlines and move markets, while the outlook for growth and financial stress in China will also garner attention from investors. In addition, the 2012 elections in the United States are likely to hold major consequences for investors. The key fight in this election is over those in the middle. The party that emerges in control following the November 2012 elections will forge the decisions that will represent one of the biggest shifts in the federal budget policy since World War II.

Mike Schoeder is an LPL Financial Advisor at Anchor Investment Services, a division of AnchorBank. He has been in the investment services industry since 1991.



This research material has been prepared by LPL Financial. The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

** LPL Financial Research provided this range based on our earnings per share growth estimate for 2012, and a modest expansion in the price-to-earnings ratio.*



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NEWS YOU CAN USE NOW



Enroll in e-statements for the chance to win a Kindle Fire color tablet*

When you enroll in e-statements, you are choosing a service that is efficient, easy and secure. When you sign up to receive e-statements between **January 1, 2012, and February 29, 2012**, you will also be entered to win one of five Amazon Kindle Fire color tablets.

With e-statements, you'll no longer receive paper statements in the mail. Instead, you'll receive a monthly e-mail reminder when your statement becomes available through online banking, where you can access it wherever and whenever you need to.

Enrolling is easy. Simply follow the instructions within online banking. Take the first step, visit anchorbank.com today.



E-statements
E-reader
E-easy

*No purchase or payment necessary. By signing up for e-statements between January 1, 2012, and February 29, 2012, you will be automatically entered into the drawing. If you do not wish to sign up for e-statements, you may still participate in the contest by sending a postcard printed by hand (no mechanical reproductions accepted) with your name and address to: AnchorBank E-Statement Kindle Contest, c/o Marketing Dept., 25 West Main Street, Madison, WI 53703. All mail-in entries must be postmarked by February 29, 2012. Must be 18 or older to enter. Employees of AnchorBank and its affiliates are not eligible. Limit one entry per person. For a full disclosure of the contest rules, go to <http://www.anchorbank.com/kindlecontest.asp>. Kindle is a trademark of Amazon.