



WaterStone Quarterly

An Exclusive Publication for the People of WaterStone Bank



LETTER FROM BILL BRUSS
FRIENDSHIP CIRCLE OF WISCONSIN
THRIVING THROUGH MARKET VOLATILITY
POTENTIAL OF A HELOC
TMJ4 COMMUNITY BABY SHOWER

WINTER 2025



MESSAGE FROM
BILL BRUSS

*President
Chief Executive Officer*



As I look forward to our plans for 2025, I'm reminded that our commitment to providing exceptional service rooted in our community is stronger than ever. I'm pleased to share a few updates that reflect our efforts to serve you better in the coming year.

One major objective is completing the development of our new website. The streamlined site will not only enhance your online experience but also give you better access to banking tools, making it easier for you to manage your finances securely and conveniently. As always, our entire organization continues to prioritize security measures to keep your personal information safe and protect your data.

Expanding resources to meet your evolving financial needs is another of our goals. This year, we introduced new educational seminars and webinars on a variety of topics. Based on their popularity and the positive feedback we received, we're putting more sessions like these on the calendar.

Out in the community, we remain focused on developing relationships with the nonprofits and organizations that enrich our neighborhoods, investing in their growth with donations and employee volunteering. In October, the WaterStone Bank Foundation, our employees, and customers teamed up with the Red Cross of Wisconsin to raise more than \$7,500 in donations for those affected by Hurricanes Helene and Milton. Currently, we're proud to be working with TMJ4 on the 22nd annual Community Baby Shower. The drive lasts through January 31—all 14 of our branches are collection sites for essential items for families with newborns, helping them off to a strong start.

Looking ahead to the summer, we're pleased to return as the presenting sponsor of our signature WaterStone Bank Air & Water Show, showcasing Milwaukee's beautiful lakefront and a celebration of our community's spirit.

Staying adaptable in today's financial environment is important. Whatever your goals and resolutions may be, I want to reassure you that our team is here to support and help you navigate your financial path.

Thank you for choosing WaterStone Bank. We look forward to serving you in 2025 and beyond.

Sincerely,

A handwritten signature in black ink that reads "Bill Bruss". The signature is fluid and cursive.

Bill Bruss



MAXIMIZING THE POTENTIAL OF A HELOC



For mortgage information, contact:

Peter Salamone, Residential Mortgage Loan Officer

PeterSalamone@wsbonline.com | (414) 459-4579

NMLS #: 640609

Used wisely, HELOCs can provide opportunities and flexibility, while keeping your finances on solid ground.

As property values rise, many homeowners find themselves in the unique position to tap into their home's equity through a Home Equity Line of Credit, or HELOC. Unlike traditional loans, HELOCs offer flexibility with a revolving line of credit. This means that you're given a credit limit and can borrow, repay, and borrow again as often as you want, as long as you stay within the limit.

Following are four examples of ways you can put a HELOC to work, along with some practical issues to consider.

1. Fund Home Projects That Increase Value

The most popular way to use a HELOC is funding home improvement projects. Focusing on updates that offer a healthy return on investment, such as upgrading inefficient kitchen appliances or replacing an entry door, help you recover the costs of the project, making this a wise use of a HELOC.

Word of Advice: Expensive renovations with improvements such as high-end countertops and custom fixtures might not appeal to future buyers. In addition, if the finished property looks out of place in the neighborhood, your luxury makeover can become a liability.

2. Consolidate High-Interest Debt

A HELOC may be a cost-effective way to consolidate high-interest credit card debt, since HELOCs typically have lower interest rates than credit cards. In addition to lowering monthly payments, consolidating debt through a HELOC can simplify your finances, potentially improve your credit score, and free up cash flow.

Word of Advice: Using a HELOC to pay down debt can be risky because it offers the potential for accruing more debt. A HELOC is a loan backed by your home, so failing to make payments could jeopardize your ownership of your house.

3. Invest in Education or Professional Development

A HELOC can be a valuable tool for investing in professional development. With the flexibility to withdraw funds as needed, it's well-suited for covering periodic expenses like course fees, certifications, or other short-term educational costs.

Word of Advice: If you're using a HELOC for education expenses, be sure to have a solid repayment plan in place and consider any tax implications, as HELOC interest does not come with a tax deduction for education.

4. Cover Unexpected Emergency Expenses

Emergency funds are your best protection against unexpected expenses, but even careful planners can be blindsided by a situation that calls for funds that exceed what's readily available. Medical expenses, major car repairs, or sudden job loss are examples where a HELOC can act as a financial buffer. Drawing from a HELOC for emergencies can prevent you from draining retirement accounts or selling other assets at a loss.

Word of Advice: Remember that your home is not an ATM: While a HELOC can provide a solution when life throws a curveball, misusing it for non-essential items or day-to-day expenses can lead to debt without any return on investment.

5. Create a Memorable Experience

Using a HELOC for a luxury item or vacation can be an enjoyable and rewarding way to tap into your home's equity—as long as you take a thoughtful approach. Before borrowing for non-essential expenses, consider your financial goals and make sure the prepayment terms comfortably fit within your budget.

Word of Advice: Set a clear repayment plan, prioritize affordability, and avoid over-leveraging your home. By borrowing modestly, you can use a HELOC to make lasting memories without jeopardizing your financial well-being.

Be a Smart Borrower

The bottom line is that a HELOC can be a great tool when you approach it with the understanding that it's a valuable resource as well as a responsibility. For more information on whether a HELOC is right for you, contact Pete Salamone today. 📧



Pictured above is the Executive Director of The Friendship Circle of WI Levi Stein with his wife Leah Stein.

THE HEART OF THE NEIGHBORHOOD

Find coffee, pastry, friends, and more at Friendship Circle

With more than 80 chapters in the U.S. and around the world, the nonprofit Friendship Circle is in the business of forging relationships, connecting volunteers and people with special needs to help them find employment. Levi Stein opened Southeastern Wisconsin's very own Friendship Circle of Wisconsin Bakery and Café in 2016.

WaterStone Bank Marketing Intern Roberto Zuniga sat down with Levi to find out what sets this business apart.

RZ: Tell me about your business and its role in the neighborhood.

LS: Friendship Circle of Wisconsin offers children and adults the opportunity to create friendships. We are focused on helping people with disabilities and mental health challenges, which we do by employing them in the café and bakery after having them go through a couple of months of training.

What's unique about our cafe is the welcoming feeling you get once you walk inside—you get vibrant colors, followed by a welcoming crew that immediately raises your spirits!

We also have an art studio—it's available for kids and parents to make art projects during Open Art times. People also rent the space for private events, birthday parties and field trips.

RZ: What inspired you to start your business?

LS: My main reason for starting this business began when I learned the unemployment rate that is connected to people with disabilities—a staggering 80%. I actually was a member of the first Friendship Circle program, located in Detroit, Michigan, where my family lived. Seeing the benefits that this program offered firsthand, I knew that no matter what city a Friendship Circle is placed in, it will create change and benefit the surrounding communities.

RZ: You've been a WaterStone Bank customer for several years. What do you like about the bank?

LS: I started banking with WaterStone in April of 2019. Initially, I liked that the Fox Point branch was really convenient—less than a three-minute walk from us. On top of that,

my banker Megan Weigand not only showed us hospitality but was outstanding with the services that she provided. During the Covid pandemic, I was in the process of applying for a PPP [Paycheck Protection Program] loan when I encountered some trouble with it. Again, thanks to Megan's amazing work, I was able to complete the loan application.

Outside of that, I also love the amount of volunteering that bank employees are involved in, and appreciate the bank's mission statement of prioritizing the communities where its branches are located.

RZ: What would you like people to know about your business?

LS: I wish people knew that our café and programs are available to everyone—you don't have to be part of the Friendship Circle organization to be able to enter and enjoy the services that we offer. Anybody can just walk in and be a part of this! If you are in the Fox Point area, come visit our café, enjoy a cup of coffee, and know that you're making a difference! ☺

THRIVING THROUGH MARKET VOLATILITY



Tips for thriving in volatility

- **Understand your strategy.** Your strategy was designed for your specific goals, timeline, and risk tolerance.
- **Review your needs and goals.** This is a great time to determine if your goals and objectives remain the same, or if they've shifted, requiring an update to your strategy.
- **Stick to your strategy.** Your strategy was built for your individual time horizon, and sticking to it will position you to work toward your goals.

Why staying invested makes a difference

Since 1990, there were 23 other events where the markets declined 10% or more. Yet despite these declines, the annualized return for the S&P 500 Index from 1990 to 2021 was 9.9%. If all you missed was the best day in each year during that time period, your return would've dropped to 6.1%. Miss the best two days of each year, and you were up less than 3% a year. Taking it to the extreme, if you missed the best 20 days of each year, you'd be down 24.4% per year!

Source: LPL Research, LPL Research, FactSet 4/29/22

We're here to help you become a thralist

A look back in history shows us that people are incredibly resilient in response to crises. I like to think of these people as "thralists"—those who see challenges as an opportunity to reinvent, reimagine, innovate, and come out better for it on the other side. As your partner, we're here to help you thrive through this current crisis. Whether you want a portfolio review, need a pep talk, or want to share what's changed in your life, we're here to help. 📧

What to keep in mind

- **Market volatility is an inevitable part of investing.** If we never had market selloffs, we wouldn't have as much opportunity to see returns.
- **Markets trend upward.** While the past can't tell us what the future holds, the past 30 years have had upward-moving markets despite recessions. It makes sense that this would continue since investors see an opportunity in undervalued stocks.
- **Trying to time the markets may not end well.** If you sell out of the market during a decrease, you "lock in your loss" because unless you buy back in at just the right time, it can be difficult to recover the amount you lose—and the very best days tend to happen right after the very worst ones.*

*There are six examples in the S&P 500 since 1987 of deep declines that were followed within 10 days by big moves to the upside. The S&P 500 is generally considered representative of the U.S. stock market. Past performance is no guarantee of future results.



Surviving a bear attack

Wilderness guides tell us that the way to survive a bear attack is not to flee, but to face it down because you can't outrun or outclimb a bear.

The same is true of a bear market. If you flee a bear market, your odds of coming out unscathed may not be very good. But facing it down and staying the course could mean you not only survive—but thrive!



Train your lizard brain

We can learn a lot from human anatomy. Your amygdala, commonly referred to as your "lizard" brain, is the part of your brain that controls your emotions, which can often influence your investment decisions. If the market is down, this could compel you to sell, when the best strategy may be to stay the course.

To train your lizard brain:

- Know your enemy—understand how your brain wants to respond.
- Decide ahead of time how you'll respond instead.
- Empower an accountability partner to remind you.

WATERSTONE
INVESTMENT SERVICES



John Gehlhaart

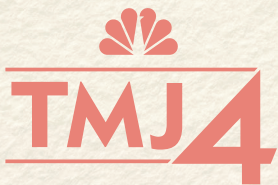
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Community BABY Shower

WRAP THEM IN WARMTH!

This January, WaterStone Bank and TMJ4 are once again teaming up to sponsor the 22nd annual Community Baby Shower. Show your support for growing families in the community by donating new baby items.

In the active donation period from January 6 to the 31, all 14 branches will be accepting essential items such as diapers and formula, and new clothing, blankets, and toys, providing much-needed items for babies in our community.

The 2025 recipients are:

- Robyn's Nest/Children's Wisconsin
- Gerald Ignace Health Center
- La Causa Crisis Nursery
- Penfield Children's Center
- Sojourner Family Peace Center
- Women's Center of Waukesha

Thank you for your support of this partnership and local babies in need.

For more information on the WaterStone Bank Foundation, visit wsbonline.com/foundation.

About the WaterStone Bank Foundation:

WaterStone Bank established the WaterStone Bank Foundation with the Waukesha County Community Foundation in 2002 ensuring the bank's ability to continually give back to the communities in which we serve. Our Foundation focuses on four core giving areas for its grants: education, women and children, community development, and veterans' initiatives.

Are you involved with a local non-profit organization that falls into one of our core giving areas? If you'd like to ask for a donation from the WaterStone Bank Foundation, you can submit a donation request via our Donation Request Form at wsbonline.com/foundation



Winter Weather

WaterStone Bank wants to keep you informed of changes to normal branch hours in the event of inclement weather.

Please visit our website at wsbonline.com or call the Customer Support Center at (414) 761-1000 (toll-free at (888) 686-7272) before venturing out when the weather is stormy. Branch closures are also posted on local news stations and social media channels.

Don't let Wisconsin weather stop you from tackling your to-do list! With Digital Banking, consumer and business customers can enjoy a streamlined, integrated, and secure digital banking experience – anywhere, anytime, and on any device.

SAVING FOR RETIREMENT

What You Need to Know for 2025

The new year is here, which means it's time to start thinking about IRA contributions and changes for 2025. Individual retirement accounts (IRAs) and 401(k) accounts are your best friends when it comes to saving for retirement, so it's important to stay on top of changes that affect the way you save.

Year-end reminders

The deadline to contribute to a 401(k) is December 31, 2024. You can continue to make 2024 contributions to Roth and traditional IRAs until April 15, 2025. If you exceed your contribution limit (\$7,000 for people under age 50 and \$8,000 for people age 50 and older), you can withdraw excess funds by April 15, 2025. If you fail to do this, you will incur a 6% tax each year on the excess amount in your IRA.

People aged 73 and older must take a required minimum distribution (RMD) on retirement savings accounts each year. If you fail to take your RMD for 2024, you will face an excise tax. Remember that the RMD must be calculated separately for each account.

Key Retirement Account Changes

Catch-up 401(k) contributions: People over age 50 allow them to make additional deposits into retirement savings accounts. Beginning in 2025, the catch-up amount increases to \$7,500, making the yearly contribution limit \$30,500. Taxpayers will also be able to contribute \$23,500 to their 401(k), up from \$23,000 in 2024. In 2025, people aged 60-63 can contribute a max catch-up amount of \$11,250, bringing their total limit for 401(k) contributions to \$34,750.

401(k) auto-enrollment: In 2025, taxpayers will be auto-enrolled into a 401(k) plan that must be at least 3% but no more than 10% of their income. Each year, the contribution amount will increase by 1% until it reaches 10%, but not more than 15%. However, just because taxpayers will be auto-enrolled does not mean participation is mandatory. Employees can change their rate or opt out by selecting 0%.


SIMPLE IRAs: Previously had a limit contribution amount of \$16,000 per year, and individuals 50 and older could make an additional catch-up contribution of \$3,500. In 2025, that contribution limit increases by \$500. New catch-up contributions for individuals aged 60-63 will increase to \$5,000.

Inherited IRAs: If you inherited an IRA from someone who died on or after January 1, 2020, you are required to withdraw all funds from that IRA no later than December 31 of the 10th calendar year following that individual's death (e.g., for someone who died in 2020, you would be required to withdraw the money by 2030). There are a few exceptions of people who can benefit from a "stretch IRA" strategy, including:

- Surviving spouses
- A child of the decedent under age 21
- A beneficiary not more than 10 years younger than the decedent
- An individual who is disabled or chronically ill

People in the categories above must still withdraw funds from the IRA over their lifetimes beginning in the year following the decedent's death. Surviving spouses may also transfer the funds to their own IRA, and are not required to withdraw funds until they reach their required beginning date.


Required minimum distribution penalties. Beginning in 2025, people who do not take the required minimum distribution from their IRA accounts will incur a 25% penalty.

Find the Right Plan Today. A secure retirement is one of the best gifts you can give yourself—contact us at (414) 761-1000 or visit any WaterStone Bank location for help selecting the account that suits you! 

2024 IRA Contributions

You can make 2024 contributions to your Traditional or Roth Individual Retirement Account contributions until **Tuesday, April 15, 2025**.

The 2024 contribution limit is \$7,000 for those under age 50 and \$8,000 for those age 50 or older.

Stop into your local branch or contact the Customer Support Center at (414) 761-1000 (toll-free at (888) 686-7272) for more information. 



Ask the Expert

Korey Smith

Community President, Pewaukee

Q: Why should I consider using an IRA for retirement savings?


Individual Retirement Accounts (IRAs) are excellent tools for building a secure financial future. They offer a range of benefits, including tax advantages, portability, and flexibility in choosing investment products.

The main advantage of IRAs is their preferential tax treatment. WaterStone Bank offers three types of IRAs: Traditional, Roth and Simplified Employee Pension (SEP). With Traditional IRAs, contributions may be tax-deductible (depending on your income), and earnings grow tax-deferred—meaning you don't pay taxes on gains or interest until you withdraw the funds in retirement. In contrast, Roth IRAs feature after-tax contributions, but withdrawals, including earnings, are completely tax-free if certain conditions are met. Additionally, SEP IRAs, designed for self-employed individuals and small business owners, allow for larger contribution limits while offering the same tax-deferred growth as Traditional IRAs.

When planning your contributions, remember that the government sets annual limits to maintain fairness given the tax advantages. Check the latest limits regularly and stay informed about the rules for each IRA type.

Another advantage of IRAs is their portability, allowing you to move funds between accounts. A transfer involves moving money between IRAs at different financial institutions without triggering taxes. A rollover allows you to shift funds from an employer-sponsored plan, like a 401(k), into an IRA. A direct rollover is the most seamless option, as the funds are transferred directly to the new institution, avoiding unnecessary tax complications.

Don't forget to designate a beneficiary for your IRA—this ensures your funds go to your chosen loved ones in the event of your passing.

To start planning for a secure retirement, visit your nearest WaterStone Bank branch today to learn more about which IRA is right for you. It's never too late to take this simple step that can make a big difference for your future. 

If you have specific questions about any banking products that you would like addressed in this column, please email Marketing@wsbonline.com, or send your inquiry to: "Ask the Expert," WaterStone Quarterly, WaterStone Bank, 11200 W. Plank Ct., Wauwatosa, WI 53226. "Ask the Expert" is intended to provide general information and is not intended to provide terms and conditions of any bank product. For more information, please visit a branch office, wsbonline.com, or call the Customer Support Center at (414) 761-1000.

Bank Sponsored Events

December 6 - January 31
City of Waukesha Walk of Lights

January 6 - 31
TMJ4 Community Baby Shower

January - February
Milwaukee County Parks Slice of Ice

May 15 - 16
Children's Wisconsin WKLH
Miracle Marathon

July 19 - 20
WaterStone Bank Air & Water Show

Bank Hours

LOBBY

Monday - Friday 9:00 am - 5:00 pm
Saturday 9:00 am - 12:00 pm

DRIVE-UP

Monday - Friday 8:30 am - 5:30 pm
Saturday 8:30 am - 12:00 pm

CUSTOMER SUPPORT CENTER

Monday - Friday 8:30 am - 5:30 pm
Saturday 8:30 am - 12:00 pm





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