



President's Message **You Come First: Our Service Solutions Put You in Charge of Your Finances**

The landscape of banking is changing with each new headline, as the federal government takes steps to ensure the safety and soundness of the U.S. banking system. In this time of challenge and uncertainty, we want to assure you that Belmont Savings Bank remains strong and secure. We have never made a subprime loan. We have no real estate owned through foreclosure. And we have more capital on hand than regulations require. I am pleased to announce that during the first six months of 2009, our total assets reached \$500 million. We also originated more than \$24 million in new commercial loans and underwrote \$55.5 million in residential mortgage loans.

At Belmont Savings Bank we continue to offer innovative service solutions to allow you to manage your financial needs. Here are a few to consider:

- ◆ **Online Banking.** At any time of day you can check your balance, transfer funds between accounts, review your transaction history, view images of your cancelled checks, and keep an eye out for fraudulent activities.
- ◆ **Bill Pay.** You can choose which bills to pay and when, schedule automatic payments and avoid late fees because you know your bills will be paid on time.

- ◆ **eStatements.** More secure than paper statements, eStatements contain the same information as their tree-killing friends, can't be stolen from your mail box, and are guaranteed to be delivered on time.
- ◆ **Mortgage Anytime.** We're ready when you are! Our newest innovation allows you to apply for a mortgage or home equity loan any time day or night online.

Instead of waiting in line at the drive-through, relying on the postal service to deliver on time, or driving to a branch, contact us at 617-484-6700 and we'll walk you through the setup. You'll be on your way to simplifying your financial life in no time!

Every day, we at Belmont Savings Bank strive to put ourselves in partnership with our customers, promising to take your needs seriously and to help you find the best economic solutions. Our results demonstrate that customers appreciate this. And pleasing our customers is what this bank is all about. Once again, my sincere thanks to all of our valued customers for continuing to place your trust in us.

| *W. Ronald Rossi*
| *President and Chief Executive Officer*

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Understanding Mortgages



Buying a house is one of the most important decisions you'll ever make. It can help improve the quality of your life and add to your financial security.

Before you begin house hunting, talk to us. Our mortgage specialists will be happy to guide you through the buying process, which includes these important steps:

1 Calculate how much home you can afford. Many lenders require that monthly housing expenses not exceed 28% of your gross monthly income, or 36% when combined with other debt.

2 Determine the size of your down payment. The larger your down payment, the lower your monthly mortgage payment. If your down payment is less

than 20%, you may need to obtain private mortgage insurance.

3 Consider which mortgage program is best for you. A **fixed-rate mortgage** enables you to lock in today's rate and enjoy the security of knowing what your mortgage payments will be for the life of the loan.

An **adjustable-rate mortgage (ARM)** offers a low fixed rate for an initial time period – from one year up to seven years – so you may be able to afford a bigger home. The ARM then adjusts to a variable rate, with a lifetime interest rate cap.

4 Take closing costs into account. A number of up-front costs will be due at closing, and may include

origination and discount fees, an appraisal, a credit report, document preparation, title insurance, a house inspection and others. Our mortgage loan specialist will give you a written estimate of the funds due at closing so there will be no surprises.

5 Get pre-qualified for a mortgage. By meeting with one of our mortgage specialists in advance, you can get a good idea of your borrowing power. Plus, a pre-qualification letter shows the home seller that you are a serious buyer, prepared to act quickly.

We're certain our mortgage loan services will make you feel right at home. Stop in today or call 617-484-6700.



Bounced Checks = Big Fees

Bounced check fees have reached an all-time high. And if you bounce more than one, those fees can really make a dent in your pocketbook. Making a few, simple changes in your accounting practices can help you avoid paying all of the charges that come along with bouncing a check – a mistake most of us have made.

◆ **Balance your checkbook often.** A traditional check register can serve as a handy reminder to record every check you write and every deposit and withdrawal you make.

- ◆ **Save all the receipts from your debit card transactions and ATM withdrawals.** The quick \$20 here and there can lead to an unbalanced checkbook if it's not recorded.
- ◆ **Check your account online if you have access to the Internet.** This enables you to check your account for up-to-date status reports. It's also an easy way to keep track of purchases and withdrawals you may have overlooked.

Belmont Savings Bank offers overdraft protection so you don't have to worry about an occasional accounting slip causing embarrassment and high fees. It's simple and convenient. To find out more about our overdraft protection, call 617-484-6700 or log on to www.belmontsavings.com. We're here to help with all of your financial needs.

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Be a Positive Saver!

Saving money can be a challenge. It takes determination and some financial skill to keep money in the bank rather than spending it. If you're like many Americans, you probably have several motives for not saving, which may include having to pay for everyday expenses, loans, rent, tuition or child-rearing costs. While these reasons are legitimate, it's not impossible to save on a regular basis.

Stay One Step Ahead

In 2006, personal savings rates fell to -1%, the lowest rate since the Great Depression. From this statistic, it's clear many people consider saving a non-priority in light of mounting bills and rising energy and health-care costs. However, without adequate savings built up, you may find yourself without a ready source of income in an emergency or you may risk being unprepared for retirement. With a savings plan in place, you can help avoid financial worry now and in the years to come.

Saving your money can also help you achieve financial goals. Maybe you'd like to help your children with college expenses or place money aside for a home remodeling project. Whatever your ambitions, a good rule of thumb is to save early and consistently. Placed in a savings account or certificate of deposit from Belmont Savings Bank, your funds will have the chance to earn interest – meaning that your money will earn more money over time.

Starting Out

If you haven't saved before, here are some tips to help you begin:

- ◆ Set reachable goals that reflect your income and financial habits.
- ◆ Write down a savings plan and keep it handy.
- ◆ Create both short- and long-term goals, and be specific.
- ◆ Don't postpone saving for another day, month or year. Start now.

A financial representative from Belmont Savings Bank would be happy to discuss savings opportunities with you. Please call us at 617-484-6700 or visit your local branch.



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New Federal Tax Breaks Available in 2009

Take Advantage of Tax Savings Before Year-End



By becoming familiar with all the potential tax breaks available, you could reap substantial savings at tax time.

Recent Tax Breaks

Taxpayers may benefit from several new tax breaks available through the American Recovery and Reinvestment Act of 2009. Note the first three credits below phase out at specified income levels.

- **College expenses** – Parents of a college student may claim a tax credit of up to \$2,500 a year to cover higher-education expenses.
- **First-time homebuyers** – If you buy a primary residence for the first time between Jan. 1 and Dec. 1, 2009, you can receive an automatic \$8,000 tax credit. The credit doesn't have to be repaid unless you sell your home within three years.
- **New cars** – Buyers of new cars purchased between Feb. 16 and Dec. 31, 2009, may deduct state and local sales and excise taxes paid on up to \$49,500 of the purchase price of a qualified new car, light truck, motor home or motorcycle.
- **Public transportation** – You may now set aside up to \$230 a month in pretax dollars, up from \$120 a month, to cover the cost of a bus, train or van pool.
- **Unemployment benefits** – If you received unemployment benefits in 2009, the first \$2,400 in benefits is exempt from federal taxes.

Timeless Tax Advice

Also consider the following perennial ways to reduce your taxes:

- **Cash gifts** – You can give up to \$13,000 per person to any number of individuals in 2009 without having to file a gift tax return. The limit is \$26,000 if you're married and the gift is from you and your spouse.*
- **Capital gains** – If you anticipate a large net capital gain this year, consider selling underperforming investments to generate a loss to reduce or eliminate your capital gains tax. Capital losses can offset gains dollar for dollar. Losses in excess of gains are deductible against other income up to an annual limit of \$3,000 (\$1,500 if you're married filing separately). Losses in excess of \$3,000 can be carried forward to future years.
- **Itemizing deductions** – If you're planning to itemize deductions, try to maximize them this year by accelerating deductible expenses, like real estate tax payments.
- **Charitable contributions** – By using a credit card to make a charitable donation in 2009, you can still count it as a tax deduction even if you don't pay the bill until 2010.
- **Medical deductions** – Medical expenses are deductible if they exceed 7.5% of your adjusted gross income. If you're close to the 7.5% threshold, consider scheduling and paying for an elective or necessary medical procedure before year-end.

For specific counsel on ways to reduce your taxes using tax credits, consult with your tax advisor.

* This is the limit for 2009. It is indexed to inflation for future years. This financial institution does not give tax advice. Consult your tax advisor for information about your specific situation.

Main Office, 2 Leonard Street Belmont Center, 617-484-6700

Lobby

Monday-Thursday 9 a.m. – 4 p.m.
Friday 9 a.m. – 6 p.m.
Saturday 9 a.m. – 12:30 p.m.

Drive-Up Window

Monday-Thursday 8:30 a.m. – 4 p.m.
Friday 8:30 a.m. – 6 p.m.
Saturday 9 a.m. – 12:30 p.m.

78 Trapelo Road Cushing Square, 617-489-6714

Lobby

Monday-Thursday 9 a.m. – 4 p.m.
Friday 9 a.m. – 6 p.m.
Saturday 9 a.m. – 12:30 p.m.

277 Trapelo Road Belmont, 617-489-6722

Lobby

Monday-Wednesday 9 a.m. – 4 p.m.
Thursday-Friday 9 a.m. – 5 p.m.
Saturday 9:30 a.m. – 1 p.m.

Drive-Up Window

Monday-Wednesday 8:30 a.m. – 4 p.m.
Thursday-Friday 8:30 a.m. – 5 p.m.
Saturday 9:30 a.m. – 1 p.m.

53 Mount Auburn Street Watertown Square, 617-926-1325

Lobby

Monday-Thursday 8:30 a.m. – 4 p.m.
Friday 8:30 a.m. – 6 p.m.
Saturday 9 a.m. – 12:30 p.m.

ATM Locations

In Belmont

2 Leonard Street, Belmont Center
78 Trapelo Road, Cushing Square
277 Trapelo Road (Drive-up ATM)

In Watertown

53 Mount Auburn Street, Watertown Square

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