

For the Week of May 9, 2011

THE MARKETS

The Labor Department reported Friday that private employers hired 268,000 people last month, the most since February 2006. Taking into account job cuts of government workers, the economy added a total of 244,000 jobs overall last month, well above the 185,000 jobs that analysts had predicted, the Associated Press reported. This unexpectedly strong report on U.S. payrolls helped stocks bounce back on Friday after four days of losses, ending the week off by more than 1 percent. For the week, the Dow fell 1.29 percent to close at 12,638.74. The S&P lost 1.68 percent to finish at 1,340.20 and the NASDAQ dropped 1.60 percent to end the week at 2,827.56.

Returns Through 5/06/11	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-1.29	10.06	23.32	1.95	4.54
NASDAQ Composite (PR)	-1.60	6.58	21.90	4.42	3.84
S&P 500 (TR)	-1.68	7.22	21.17	0.36	2.36
BarCap US Agg Bond (TR)	0.57	2.28	5.12	6.10	6.48
MSCI EAFE (TR)	-2.08	7.26	25.76	-3.95	0.54

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, BarCap US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

Reducing Taxes – The top two tax breaks utilized by individuals are No. 1, the income tax exclusion of employer contributions for health insurance paid on behalf of employees, worth \$132 billion per year in federal income taxes avoided, and No. 2, the deduction of mortgage interest expense on owner-occupied residences, worth \$97 billion per year in federal income taxes avoided (source: The Joint Committee on Taxation, BTN Research).

Generous Couple – President and Mrs. Obama gave gifts to charity of \$245,075 on their Form 1040 tax return for 2010, equal to 14 percent of their \$1.73 million adjusted gross income (source: White House, BTN Research).

What We Pay For Gas – The national average price of gasoline peaked on July 16, 2008 at \$4.11 a gallon. By April 29, 2011, the national average price of gasoline had climbed back to \$3.91 a gallon, up from \$3.07 on Dec. 31, 2010. Since every one-cent increase in the price of gasoline costs Americans \$3.4 million a day, the calendar year 2011 YTD price increase of 84 cents a gallon is equal to a daily price increase of \$286 million for U.S. consumers since the beginning of this year (source: AAA, Fortune, BTN Research).

WEEKLY FOCUS – How to Receive an Inheritance

A survey by Putnam Investments found that most people who inherit money or property had no previous indication they would receive anything from a relative or friend's estate, and less than 20 percent knew what to do with it when they did receive it.

The World War II generation, parents of the baby boomers, saw saving as a way of life, and many accumulated assets that lasted beyond their lifetime. Estate planning has become a bigger issue as that generation attempts to transfer that accumulated wealth to their heirs as tax efficiently as possible with the goal of making life easier for their children and grandchildren.

With more people bequeathing wealth, more people are receiving it – often without the benefit of the education and planning that helped build and distribute it. They fall squarely in what Ann Perry, author of *The Wise Inheritor: A Guide to Managing, Investing and Enjoying Your Inheritance*, calls the triple taboo of money, death and close family relationships. Parents, especially those with more than one child, may feel uncomfortable discussing who gets what for fear of causing rifts. Children feel guilty asking questions about what they will inherit for fear of looking greedy.

That leaves heirs ill-prepared to receive their inheritance. Some respond with a spending spree, while others become paralyzed by fear they will make a mistake and disappoint or dishonor the parent who worked so hard to leave them a cushion. Even if the heir manages to find a middle ground, an unexpected inheritance can push him into a higher tax bracket or trigger the alternative minimum tax.

Communication may be key, but that doesn't make it easier for parents and children to talk about how wealth will be transferred at the parent's death. An intergenerational estate plan that looks at the parent's need to mitigate taxes and distribute wealth *and* at the impact that wealth will have on the recipient can help families work through the taboo issues. Whether you are the parent or the child, we can help initiate and guide those conversations that will help ensure both generations are ready for the inevitable. Call our office today to discuss the next steps related to your intergenerational estate plan.

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* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America. SAI# 310562