

For the Week of July 11, 2011

THE MARKETS

U.S. stocks ended higher for the week, despite drops Friday caused by a weak jobs report. Friday's decreases ended an eight-day streak of increases that reflected hope for an economic rebound. U.S. employers added 18,000 workers in June. President Barack Obama called on lawmakers to reach an agreement soon to raise the U.S. debt limit to curb uncertainty within the financial markets. For the week, the Dow gained 0.65 percent to close at 12,657.20. The S&P increased 0.35 percent to finish at 1,343.80 and the NASDAQ rose 1.55 percent to end the week at 2,859.81.

Returns Through 7/08/11	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.65	10.79	28.14	6.67	5.48
NASDAQ Composite (PR)	1.55	7.80	31.46	7.62	6.07
S&P 500 (TR)	0.35	7.95	28.07	4.11	3.38
BarCap US Agg Bond (TR)	0.79	3.41	4.63	6.54	6.64
MSCI EAFE (TR)	-0.51	4.95	24.54	-0.41	1.40

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.

Ageing California – The total number of people 65 and older living in California on July 1, 2009, was 4.1 million, the highest total of any state. Florida and New York were runners-up with 2.6 million each (source: Population Estimates, Census Bureau).

Income – The median 2009 income of householders 65 and older was \$31,354, up 5.8 percent from the previous year. The corresponding median for all households was \$49,777 (source: Income, Poverty, and Health Insurance Coverage in the United States: 2009, Census Bureau).

It's Free, Isn't It? – Seventy-one percent of 803 participants in 401(k) plans that were surveyed in December 2010 incorrectly believed that their pre-tax retirement plan was run without incurring any fees, i.e., at a zero cost to the plan participants (source: AARP, BTN Research).

WEEKLY FOCUS – Seven Steps To A Successful Retirement

The Transamerica Center for Retirement Studies recently conducted a survey that highlights how American workers are largely unprepared for retirement. The survey concluded that relatively few American workers have a backup plan in the event they are forced into early retirement. The survey found American workers estimated their median retirement savings needs at \$600,000. In comparison, less than one-third (30 percent) currently have \$100,000 or more saved in all household retirement accounts. To help American workers get started in developing a strategy to reach their retirement goals and dreams, the Transamerica Center listed the following seven tactics:

- 1. Get the conversation going with friends and family:** Just 9 percent of workers frequently discuss saving, investing and planning for retirement with family and friends.
- 2. Formulate a plan and write it down:** Only 10 percent of workers have written out their retirement strategy.
- 3. Get educated:** The majority of workers (71 percent) say they do not know as much as they should about retirement investing.
- 4. Consider retirement benefits as part of your total compensation:** Fifty-three percent of workers would select a job offer with a higher than expected salary but poor retirement benefits over one with excellent retirement benefits and minimum salary requirements.
- 5. If your employer offers a plan, participate. And if your employer doesn't offer you a plan, ask for one.** Just 71 percent of workers report being offered an employee-funded plan at work, while 92 percent say a plan is an important benefit. However, almost one-quarter of workers (22 percent) who are offered a plan at work do not participate.
- 6. Take advantage of the Saver's Credit. Make catch-up contributions:** Just 25 percent of workers are aware of the Saver's Credit. Just over half of workers (56 percent) are aware that people age 50 and older may be allowed to make catch-up contributions to their retirement plan.
- 7. Have a backup plan in the event you become unable to work before your planned retirement:** Only 19 percent of workers currently have a backup plan.

If you or someone you know is concerned about the amount you have saved for retirement or if you need to build a backup plan should you be forced to enter retirement earlier than expected, call our office today for a consultation or review.

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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.
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