

For the Week of May 24, 2010

THE MARKETS

Financial stocks responded positively Friday after the Senate on Thursday passed the most sweeping overhaul of the nation's financial system since the 1930s, according to the Wall Street Journal. Although the bill would establish new regulatory bodies and restrict financial firms, the markets responded positively to the end of months of uncertainty as Congress debated the reform. For the week, the Dow lost 3.92 percent to close at 10,193.39. The S&P fell 4.17 percent to finish at 1,087.69, and the NASDAQ declined 5.02 percent to end the week at 2,229.04.

Returns Through 5/21/10	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials	-3.92	-1.16	26.34	-6.42	2.11
NASDAQ Composite	-5.02	-1.77	31.49	-4.74	1.72
S&P 500	-4.17	-1.71	24.96	-8.63	0.31
BarCap US Agg Bond (TR)	0.56	4.20	8.94	6.93	5.58
MSCI EAFE	-4.33	-13.04	8.62	-12.97	1.27

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 S&P, excluding "1 Week" returns, is a reflection of return to an investor, by reinvesting dividends after the deduction of withholding tax.

More to the Insureds – The health care reform legislation signed into law by President Obama on March 30, 2010, included a provision requiring health insurance companies to maintain a "medical loss ratio" of at least 85 percent, i.e., 85 percent of the premiums collected by a health insurance company must be paid out for medical claims submitted by insured individuals (Source: Senate, BTN Research).

Nationwide – Over the past 20 years (i.e., Dec. 31, 1989, to Dec. 31, 2009), the value of assets owned by Americans tripled in value to \$68 trillion, but the value of the total liabilities owed by Americans quadrupled in value to \$14 trillion. Thus the net worth of Americans as of Dec. 31, 2009, was \$54 trillion (Source: Federal Reserve, BTN Research).

Pensions – In 1987, the present value of assets backing defined benefit pensions in the private sector was 7 percent larger than that of assets backing plans in the public sector (i.e., government). At the end of 2009, private sector pension plan assets were 47 percent less than that of public sector pension plan assets (Source: Investment Company Institute, BTN Research).

Old Age – One in four Americans currently age 65 years old will live to at least age 90 (Source: Social Security Administration, BTN Research).

WEEKLY FOCUS – Retirement for Two

Couples may agree on the uncontrollable financial issues that will affect them most in retirement – primarily health care expenses, inflation risk to their savings and Social Security reductions – but fewer couples have completed retirement plans to help them address those risks, according to a 2009 study by Fidelity Investments.

The study tested communication, knowledge and agreement between husbands and wives about finances and retirement planning issues. It found that compared to 2007, 10 percent fewer couples said they had completed critical steps such as creating a retirement plan, estate plan or will.

Retirement today lasts much longer than for previous generations. According to the Social Security Administration, one in four Americans currently 65 years old will live to at least age 90. For couples, that means even more years of enjoying retirement together, but the transition from working years to semi-retirement or full retirement can also be challenging for couples. Yet, according to the Fidelity study, only 38 percent of couples jointly discuss investment decisions for retirement savings. In addition, 60 percent of couples don't agree on their respective retirement ages, 44 percent are not in agreement on whether they will work in retirement, and 42 percent have different ideas about their retirement lifestyle.

Our retirement planning process encourages frank discussion between you and your spouse and helps you build a plan that you can both feel good about. Call our office to schedule an appointment to talk about what each of you wants in your retirement – and how you can get there together.

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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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