

For the Week of February 15, 2010

THE MARKETS

Wall Street ended a four-week losing streak with modest gains last week. Signals from China that it would move to control inflation in its burgeoning economy along with concerns about debt problems in several European countries have kept investors guessing. The Labor Department reported Thursday that U.S. non-farm productivity rose at a 6.2 annual rate during the fourth quarter and ended 2009 with an increase of 2.9 percent over 2008, the largest increase since 2003. For the week, the Dow gained 1.02 percent to close at 10,099.14. The S&P rose 0.97 percent to finish at 1,078.51, and the NASDAQ increased 1.98 percent to end the week at 2,183.53.

Returns Through 2/12/10	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials	1.02	-2.81	31.25	-4.34	1.28
NASDAQ Composite	1.98	-3.77	41.63	-3.77	1.01
S&P 500	0.97	-3.32	31.77	-7.07	-0.19
BarCap US Agg Bond (TR)	-0.52	1.30	7.38	6.41	5.05
MSCI EAFE	-1.50	-7.17	34.87	-9.10	2.07

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.

Retail Rise – Retail sales rose more than expected in January, according to a report issued by the Commerce Department on Friday. Retail sales increase by 0.5 percent, beating economists' predictions of 0.3 percent. The increase was the largest since November.

Needing Help – A 60-year old American has a 40 percent chance of requiring nursing home care at some point during his/her remaining lifetime (Source: MetLife Mature Market Institute, BTN Research).

The Best and the Worst – In the past half-century (i.e., the 50 years from 1960-2009), the largest percentage gain day for the S&P 500 (up 11.6 percent on Oct. 13, 2008) and the second largest percentage loss day (a drop of 9.0 percent on Oct. 15, 2008) occurred within two days of each other. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market (Source: BTN Research).

Thanks a Lot – Of those Americans that work at least 50 hours a week, 56 percent believe technology has increased the stress of their job as opposed to alleviating tension (Source: Money Magazine, BTN Research).

WEEKLY FOCUS – Are Mom and Dad in Debt?

If you thought your college-bound child's credit card to be your biggest debt concern, you may want to look at mom and dad's expenses, too. According to the Employee Benefits Research Institute, the average debt load for households of people age 75 and older grew 160 percent to an average of \$20,234 between 1992 and 2004. Research by professors from Ohio University, Harvard Law School and the University of Texas at Austin indicate that people age 65 and older represent the fastest-growing group filing for personal bankruptcy.

While a few of those debt-burdened seniors may have overextended their credit in pursuit of retirement dreams, most turned to debt in crisis, usually when a medical problem hits for which they have no cash and no insurance coverage – even from Medicaid, a much more limited resource than most Americans think. Living on a fixed income, most seniors have few avenues to increase cash flow to cover unforeseen expenses. Some make attempts to pay off utilities, medical and other bills individually, others resort to a credit card, quick loan or line of credit.

Just as a child or spouse who runs up a credit card or line of credit may be embarrassed about coming clean, elderly parents may also shy away from sharing that information. However, as part of helping ensure estate documents and arrangements are in order, your parents need to be honest with you and their advisors about their debt. The alternative may be family heirlooms being sold to pay outstanding bills.

Encourage your parents to share their full financial picture with you and recommend they meet with a financial professional to ensure proper risk management and estate planning. We're always available to help you with those conversations and the financial analysis that goes with them. Call our office for help or to schedule an appointment.

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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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