

For the Week of March 29, 2010

THE MARKETS

Assurance from European leaders that Greece would receive assistance with its debts took the market higher early on Friday, but the Dow ended up just 9 points as investors worried that light trading volume meant a handful of buyers were driving it higher. The major indexes still managed a fourth straight week of gains, something the Dow hasn't seen since August. The Dow and the S&P could post their strongest first quarter since 1999. This week sees the release of consumer confidence figures on Tuesday, a manufacturing report on Thursday and March employment numbers on Friday. It will be a short week for the markets, which will be closed for Good Friday. For the week, the Dow gained 1.01 percent to close at 10,850.36. The S&P climbed 0.59 percent to finish at 1,166.59, and the NASDAQ rose 0.87 percent to end the week at 2,395.13.

Returns Through 3/26/10	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials	1.01	4.72	40.95	-1.81	3.44
NASDAQ Composite	0.87	5.55	50.92	-0.83	3.76
S&P 500	0.59	5.10	43.12	-4.61	2.03
BarCap US Agg Bond (TR)	-0.46	1.67	7.83	6.03	5.51
MSCI EAFE	0.05	-0.09	46.37	-7.35	3.54

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

College Costs – The cost of tuition, fees, room and board at an average in-state public college has risen 6.2 percent per year over the past 20 years, reaching \$15,213 for the 2009-2010 school year. If college costs had instead risen only by the rate of inflation (using the CPI) over the past 20 years (2.8 percent per year), then a year of college would cost \$7,889 during the current school year. The consumer price index (CPI) is a measure of inflation compiled by the U.S. Bureau of Labor Studies (Source: College Board, Department of Labor, BTN Research).

Government In Action – The average processing time for an individual awaiting a decision from Social Security with regard to a disability claim is 442 days (Source: Social Security, BTN Research).

The Wealthiest – The top 10 percent of U.S. households (when ranked by total net worth) have a median net worth of \$1.9 million (Source: Federal Reserve Survey of Consumer Finance, BTN Research).

WEEKLY FOCUS – Financial Planning for Nontraditional Families

If your children or grandchildren have turned the corner on thinking you know something (generally they learn in their 20s, but some get it earlier or later), they may be asking you for advice – or outright financial help – in purchasing their first home. And you may be asking yourself if they're ready for such an important financial commitment. Here are some questions you should ask your child or grandchild before committing to more than sage advice.

Do they have a budget, and know how to use it? In addition to the house payment itself, ownership means insurance, utilities, property taxes and upkeep. Have they analyzed the full financial impact of those ongoing expenses?

Do they have a reliable source of income? Consistency is key. If their employment situation or amount of income seems to fluctuate, a home may be too big a burden at this time.

Is their debt under control? Banks look at total debt, including mortgage, credit cards and student loans. If those account for more than about 40 percent of total wages or salary, they may not qualify for enough money. Rule of thumb is no new debt for six months to a year before taking on a mortgage.

Do they have emergency money? That Boy Scout motto still applies – be prepared. A three- to six-month cushion should be enough to cover mortgage payments in the event of disability, job layoff or natural disaster.

How's that credit report? A healthy credit report can translate to a better interest rate. Your children or grandchildren should get in the habit, if they haven't already, of requesting their credit report annually.

Should you help with the down payment? That's the million-dollar question. Whether you want to help your children out or make them go it alone, you should determine the impact that it will have on your own financial situation.

We can help you determine how helping could affect your big picture and give you ideas for structuring that down payment as a gift or an advance in the child or grandchild's inheritance. Call our office for more information.

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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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