

For the Week of April 26, 2010

THE MARKETS

The Dow scored its eighth consecutive weekly increase last week, its longest winning streak since January 2004. The Commerce Department reported Friday that new-home sales increase by 27 percent in March after a record low in February. March annualized sales were the strongest since July 2009 and the month-over-month increase was the largest in 47 years. The approaching April 30 deadline to qualify for federal tax credits on home purchases likely fueled the increase. For the week, the Dow gained 1.71 percent to close at 11,204.28. The S&P increased 2.12 percent to finish at 1,217.28, and the NASDAQ rose 1.97 percent to end the week at 2,530.15.

Returns Through 4/23/10	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials	1.71	8.27	44.85	-1.92	4.68
NASDAQ Composite	1.97	11.50	53.14	0.09	5.54
S&P 500	2.12	9.78	45.91	-4.21	3.24
BarCap US Agg Bond (TR)	-0.23	2.18	7.65	6.14	5.28
MSCI EAFE	-1.87	0.84	43.02	-8.40	3.93

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.

Tax Rates and Taxes Paid – The last time the top individual marginal tax bracket increased was 1993. The maximum marginal tax rate of 31 percent in 1992 was raised to 39.6 percent in 1993. Individual income tax receipts were 17.5 percent of GDP in 1992 and were the same 17.5 percent of GDP in 1993. Gross domestic product (GDP) is the annual market value of all goods and services produced domestically by the U.S. (Source: IRS, White House, BTN Research).

More Cash, Less Credit – Consumer borrowing (e.g., credit cards and auto loans but not including home mortgages and home equity loans) in the U.S. totaled \$2.45 trillion as of Feb. 28, 2010. That amount of indebtedness is 3.6 percent less than the \$2.54 trillion of consumer credit as of Feb. 28, 2008 (Source: Federal Reserve, BTN Research).

New or Repeat – Forty-seven percent of home buyers in calendar year 2009 were first-time buyers, an all-time record (Source: National Association of Realtors, BTN Research).

WEEKLY FOCUS – A More Complete Retirement Plan

Today's retirees have a brighter future than prior generations, according to a 2009 report from the U.S. National Center for Health Statistics (NCHS). The report, which used data on trends in population, economics and health issues from 15 different federal agencies, concludes that Americans age 65 or older have an average net worth 80 percent higher than the same age group did 20 years ago. Life expectancy has also increased, with those reaching age 65 now expected to live, on average, 19 more years – seven years longer than those who turned 65 in 1900.

On the surface, those trends look like the Holy Grail of retirement – live longer with more money. What they really point out is the need for a more comprehensive form of retirement planning, one that takes into account not only your financial resources but your physical well being.

For example, greater longevity doesn't necessarily mean better health. The NCHS research showed an increase in obesity, linked to serious chronic health conditions such as diabetes and heart disease. In a study conducted from 1988 to 1994, 27 percent of women age 65-74 and 19 percent of women over 75 were considered obese. In a 2005-2006 study, those age groups rose to 37 percent and 24 percent, respectively. Longevity provides little benefit if quality of life suffers because of poor health.

Education may be part of the reason for increased net worth. The NCHS study found that 76 percent of Americans over 65 had high school diplomas, compared to 24 percent in 1965, and 19 percent had bachelor's degrees, up from 5 percent. The increased earning opportunity that comes with higher levels of education will be important for a generation that will share a greater responsibility for its own retirement income with the decline of employer-paid pension programs. However, with the rising cost of health care and longevity extending the years retirement funds are needed, retirement planning must still consider how to avoid living longer than your money.

A well rounded retirement plan explores your desired lifestyle and how best to achieve it while planning for contingencies. Whether you need to increase your contributions or decrease your waistline, starting early gives you the best opportunity for success. Call our office to begin or update your retirement plan for a more complete picture.

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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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