

For the Week May 17, 2010

THE MARKETS

Wall Street achieved its biggest weekly percentage gains in the past 10 weeks, mostly because of big increases on Monday as markets settled down from the prior Thursday's still unexplained drop of nearly 1,000 points. On Friday, the Senate's approval of limits on fee charges for credit and debit card transactions, combined with news that New York Attorney-General Andrew Cuomo had opened investigations on several major banks, brought financial stocks lower. And despite strong retail indicators in April, several retailers issued lower-than-expected forecasts. For the week, the Dow gained 2.42 percent to close at 10,620.16. The S&P rose 2.30 percent to finish at 1,135.68, and the NASDAQ climbed 3.58 percent to end the week at 2,346.85.

Returns Through 5/14/10	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials	2.42	2.88	31.10	-4.68	3.62
NASDAQ Composite	3.58	3.42	38.93	-2.68	3.49
S&P 500	2.30	2.57	29.82	-6.86	1.78
BarCap US Agg Bond (TR)	0.30	3.62	8.24	6.62	5.48
MSCI EAFE	2.00	-9.10	18.31	-11.64	2.22

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.

Bills to Pay – Two out of every three college students (67 percent) graduates with an outstanding loan. Of those students that finish college with loans, the average debt to be repaid is \$23,200 (Source: The Project on Student Debt, BTN Research).

Stocks and Recessions – The two best years ever on a total return basis for the S&P 500 took place in 1933 (up 53.9 percent) and 1954 (up 52.6 percent). The U.S. was in a recession during the first three months of 1933 and during the first five months of 1954 (Source: BTN Research).

The Biggest Worry – More American workers (17 percent) identify the rising cost of health care insurance as the economic risk that concerns them the most as they approach their retirement years. Other perils ranked high on the list included inflation fears, the cost of long-term care, the ability to maintain a desired standard of living and failing to leave an inheritance to heirs (Source: Society of Actuaries, BTN Research).

WEEKLY FOCUS – Timing Long-Term Care Coverage

Buried in the pages of the health care overhaul was an idea that Senator Edward M. Kennedy and his staff had been working on since 2003 – the Community Living Assistance Services and Support Act (CLASS Act), the nation's first plan to help Americans who have no insurance for long-term care.

On May 3, the New York Times published an excellent summary of the act, which became law in March but doesn't take effect until Jan. 1, 2011. The following information was taken from this summary, which you can read in full at: <http://www.nytimes.com/2010/05/04/health/policy/04land.html>.

Working Americans are eligible for the plan, including part-time employees who earn enough to pay Social Security taxes. Participants pay premiums for a vesting period of five years before they can receive benefits, and they have to work for at least three of those years. The law prohibits the use of tax dollars to fund the program. The law also prohibits excluding those with pre-existing conditions such as diabetes, so as long as you can work three years, you are eligible.

The Congressional Budget Office (CBO) estimated back in November that the average monthly premium would be \$123. If your employer participates, you are automatically included unless you decline, or "opt out." The cash benefit, which has not been finalized, was estimated by the CBO at \$75 a day, and the law states the average minimum benefit must be at least \$50 a day. Benefits will rise with inflation. You can begin receiving benefits when you need help with at least two activities of daily living – eating, bathing, dressing, transferring from bed to chair to wheelchair, or continence care – or the equivalent amount of assistance required due to a cognitive impairment.

The CLASS Act is not intended to pay the full cost of full-time in-home or nursing facility care. According to the New York Times article, \$50 a day would pay for most of the cost of an adult day program (\$67 per day) and \$75 a day would cover about 75 percent of the average cost of an assisted-living facility (\$37,572 per year). For that reason, private long-term care insurance may still be your best option, depending on your age, health and risks.

For more information on the impact long-term care costs could have on your retirement plans, contact our office.

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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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