

For the Week of June 7, 2010

THE MARKETS

Another potential European debt crisis and a disappointing May jobs report took the Dow down more than 324 points Friday. The U.S. added fewer jobs than expected last month, with most new hirings being temporary positions with the U.S. Census. Earlier in the week, economic reports showed a continued but slow recovery. The service sector index showed slight growth, while U.S. factory orders increased in April on demand for aircraft. In Europe, a Hungarian official said the country may suffer a crisis like that of Greece. The euro fell to a four-year low against the dollar, according to Reuters. For the week, the Dow lost 2.00 percent to close at 9,975.28. The S&P fell 2.22 percent to finish at 1,070.15, and the NASDAQ declined 1.68 percent to end the week at 2,231.26.

Returns Through 6/4/10	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials	-2.00	-3.59	16.68	-7.51	1.61
NASDAQ Composite	-1.68	-2.20	19.95	-5.36	1.39
S&P 500	-2.22	-3.69	15.32	-9.54	-0.23
BarCap US Agg Bond (TR)	0.51	4.23	9.57	7.11	5.40
MSCI EAFE	-1.44	-13.43	4.04	-13.70	0.96

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.

What We Save – The national personal savings rate in the U.S. was 1.7 percent in August 2008 (i.e., before the 2008 global financial crisis), then rose to 6.2 percent in May 2009, but has now fallen back to 3.6 percent in April 2010 (Source: Bureau of Economic Analysis, BTN Research).

Need to Do More – One in four American workers surveyed (25 percent) admits that he or she is "significantly behind" in the accumulation of assets necessary for his or her eventual retirement (Source: MetLife Mature Market Institute, BTN Research).

Money Coming Back to Us – The \$700 billion TARP legislation (Troubled Asset Relief Program) that was signed into law by President George Bush on Oct. 3, 2008, included \$245 billion that was paid to U.S. banks. Through March 2010, \$168 billion of the \$245 billion (or 69 percent) has been repaid by the banks (Source: TARP, BTN Research).

WEEKLY FOCUS – Creating Your Own Job

The economy hasn't been kind to older workers. Recent data from the AARP Public Policy Institute showed more than two million people age 55 and older were unemployed and looking for work in April. Although the overall unemployment rate for this group is slightly lower than the national average, older workers are often unemployed longer.

With existing jobs scarce, many 55+ workers are creating their own. In a CareerBuilder.com survey taken in February and March, a third of workers in that group who had been laid off within the past year and had not found a job said they plan to start their own business.

Becoming a business owner later in life has its advantages: You have skills and experience you may be able to market on your own. You also have the benefit of observing gaps in your industry that a small business could fill. And unlike younger entrepreneurs, you have greater financial resources at your disposal – which is why starting a business in your retirement years holds greater risk than it does for those in their 20s and 30s. You have less time to financially recover should your business fail.

A thorough business plan and a retirement plan can allow you to fulfill your dream without betting the farm. Both plans need to consider best and worst case scenarios. Your business could succeed wildly, creating unforeseen tax, estate planning and succession issues. Or it could fail, creating a whole different set of problems. Your plans should set some automatic action points – the point at which you would sell the business at its peak value and the point at which you would pull the plug.

Our office can work with your attorney, business accountant and insurance professional to help you plan your course of action. You may also want to consider finding a mentor with business ownership experience, preferably in your field, through programs such as SCORE and the Small Business Development Centers. For more on these and other services for entrepreneurs, go to the Small Business Administration (SBA) website at www.sba.gov.

Pave your path to business ownership with thorough, comprehensive planning. Call our office today to get started.

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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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