

For the Week of July 5, 2010

## THE MARKETS

The Dow continued its decline through this past Friday, its longest losing streak since October 2008. According to the Associated Press, employers added 83,000 jobs last month while analysts had forecasted 112,000. For the week, the Dow lost 4.47 percent to close at 9,686.48. The S&P declined 4.99 percent to finish at 1,022.58, and the NASDAQ dipped 5.92 percent to end the week at 2,091.79.

Returns Through 7/2/10	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials	-4.47	-5.84	20.24	-7.95	1.41
NASDAQ Composite*	-5.92	-7.82	16.44	-7.38	0.33
S&P 500	-4.99	-7.38	16.42	-10.37	-1.00
BarCap US Agg Bond (TR)	0.38	5.24	9.08	7.45	5.60
MSCI EAFE*	-3.81	-13.68	6.59	-13.88	0.93

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. \*From 7/5/10.

**Get a Job** – Thirty-nine percent of CEOs of large U.S. companies say they plan to increase payrolls in the second half of 2010, according to a survey by the Business Roundtable. That's the highest percentage since the second quarter of 2007. The recession that began in the fourth quarter of 2007 has cost the nation's economy about 8 million jobs, with unemployment peaking at 10.1 percent in October 2009, according to the Associated Press.

**Stay Home, Save Money** – A recent study by Genworth Financial found that the cost of in-home care is rising at a slower rate than the cost of care in a nursing or assisted living facility. Home care costs have risen just 1.7 percent in the past five years, while assisted living has increased 6.7 percent and private room nursing home care has increased 4.5 percent. In an earlier Genworth survey, 78 percent of respondents said they would prefer to receive care in their own home.

**Public Speaking, Outliving Savings and Death** – The old saw about most adults fearing public speaking more than death may have a new twist. According to a recent survey by Allianz Life Insurance Co. of North America, two-thirds of boomers fear outliving their savings more than they fear dying. Unfortunately, that doesn't seem to be motivating them to plan ahead. Thirty-one percent aren't sure how much their retirement expenses will be and 36 percent said they have "no idea" how long their retirement income will last.

## WEEKLY FOCUS – Passing On Your Vacation Home

The U.S. Census, currently underway, was intended as the basis for allotting congressional representatives in each state (and subsequently, representation for city, state and other government entities). In its current form, the census gathers much more information. For example, the last census in 2000 found Americans own more than 3.5 million vacation homes, often passed from parents to children.

If your estate plan includes gifting or bequeathing a second home to your children, you may not be doing them a favor. Your heirs will be responsible for paying for maintenance, insurance and property taxes on a gift they may not use often enough to justify the ongoing expense. If you have multiple children sharing in the property, the decision to keep or sell can be contentious, especially if one child can afford the expenses and another cannot.

Some parents may have the wherewithal to fund a trust specifically to cover the ongoing expenses of the home. Others, especially those already pressed to pay the mortgage on the second home, may want to consider a life insurance policy whose settlement can be used for property expenses. Another option is to specify in the will that the second home must be sold and the proceeds divided among the heirs.

Some heirs may not want fixed assets or real estate of any kind, viewing it as not only a financial burden, but an emotional one. An adult child may cherish the memories of family time spent at a vacation home, but the realities of his life today may make it unfeasible to continue that tradition with his own children. Guilt ensues over paying upkeep on a property he cannot use or selling the vacation home his parents valued so highly.

Before including a vacation home or other real estate in your estate plan, you should consult with your children about their willingness and ability to handle the ongoing financial responsibility. Our office can work with your estate attorney to help you examine your options and broach the often difficult subject of money with your heirs. Call us for a family appointment. As always, we are happy to include your accountant or attorney.

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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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