



MIDWEST CAPITAL

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Market Comment

The markets are some 10% higher from our last letter...wouldn't be surprised if that happened again (February newsletter).

This is getting prophetic as the market is some 10% higher from the first of February even after yesterday's slide following the news that Goldman Sachs was indicted!...shall we go for 10% again?

The Goldman story will contribute to volatility in the market place and we wouldn't be surprised to see a 5% correction or better but the market as a whole is strong. We are seeing solid earnings growth coming from top line sales, not just from cost cutting. The unemployment rate, while still high, is drifting down...there has never been an employment led recovery; job increases are usually the last to improve.

The Goldman case will provide a push for financial reform, which is positive, as some reform is needed; but hopefully not a massive overhaul...politicians tend to over react as they pine for votes.

Let's look at what could drive the market:

- Inflation – still low, though we have run up massive deficits the M2 Money Stock has not raced out of control...Bernanke was extremely astute at handling the recession; we'll see how he is at handling the recovery.
- Growth – solid GDP (Gross Domestic Product) growth in real returns above 3%.

- Profits – as stated, we are seeing top line sales growth as the main driver for increasing corporate profits.
- Oil Prices – while oil has risen steadily since last year we don't see oil prices testing the 2008 highs. Those highs were driven by speculation, not fundamentals and the speculators saw the damage it did...we don't see a repeat.

There will always be problems in any scenario. We still have high unemployment, deficits, consumer credit (while improving, is still high) and a general lack of confidence...which is actually ideal. Market's climb walls of worry. When everyone is feeling too good is usually when markets turn south...now pass me a cup of anxiety.

Positive Feedback!

We've received overwhelming positive feedback from the regional seminars we completed in March! As always, we try to provide information to you that is both timely and useful! We thank our Client Advisory Board for providing the topics we discussed.

If you weren't able to attend or think it would be useful for a group or association you belong to, we can do a scaled down version for your next meeting or luncheon...just ask.

New Health Care Changes Timeline

March 2010

- Law enacted.

June 2010

- Provides access to high-risk insurance pools.
- Businesses with fewer than 25 employees eligible for tax credit.

September 2010

- Bans exclusion of children younger than 19 because of pre-existing conditions.
- Prohibits lifetime maximum cost provisions.
- Mandates that children younger than 26 who are not eligible for other group coverage can stay on their parents' policies.

2011

- Requires small-group plans to spend 80% of premiums on medical services; large-groups plans, 85 %.
- Lets employers with fewer than 25 employees compete for wellness grants.
- Requires disclosure of value of health benefits on W-2 forms.
- Taxes pharmaceutical and medical device manufacturers.
- Encourages businesses to offer temporary insurance for early retirees.
- Taxes indoor tanning businesses.
- Provides \$250 rebate to senior citizens to help fill Medicare "doughnut hole".
- Limits executive pay deduction to \$500,000 for insurance.

2013

- Caps employee flexible savings account deduction at \$2,500 annually.
- Imposes hospital insurance tax on high-income people (individuals making \$200,000 or more, couples making \$250,000 or more).

- Increases Medicare payroll tax.
- Provides \$6 billion for nonprofit health care cooperatives.

2014

- Requires people to obtain coverage.
- Provides subsidies for lower-income people to buy insurance.
- Establishes state-based insurance exchanges.
- Requires businesses with more than 50 employees to provide coverage.
- Requires businesses with more than 200 employees to "auto-enroll" new employees.
- Allows employers to offer rewards of up to 30 % of the cost of wellness programs to participating employees.
- Establishes state pilot wellness programs.
- Bars denial of coverage for pre-existing conditions.

2018

- Taxes "Cadillac" health plans that exceed \$10,200 for individuals and \$27,500 for families.

Two Ring Rule

At Midwest Capital we strive to achieve our strict "two ring rule". When you call in, we make every effort to make sure that call is answered in no later than two rings. To that end, we rotate our staff as to who has primary duty to accomplish this which is why you usually have different people answering your call. Tell us how we're doing!

As always, we at Midwest Capital are here to help you and your family. If you need anything or have questions please contact us at (800) 811-7123 or locally in Omaha at 571-1505.

We appreciate our clients' support and insights and as such, always enjoy hearing from you on how we can serve you better. Thank you for putting your trust in us.

With Great Appreciation

Current Client Advisory Board

Dwayne & Clarice Alons
Joleen Baxa
Gary Baxter

David Croonquist
Gus Demetroulis

Don Holen
Clint Rubey

Midwest Capital

A special thanks to all our clients for your continued business and support from all of us at Midwest Capital.

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