



MIDWEST CAPITAL

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Market Comment

It never fails, in the last newsletter we suggested a “cup” of anxiety; instead, the markets have suggested a “bucket”. A 5-10% correction we surmised as possibly forthcoming was answered with a 15% downturn which has put the numbers decidedly in red territory for the year.

There are those who regard this as exciting! Good companies with solid earnings growth are now selling at a discount...indeed; over 100 companies of the S&P 500 index now have a dividend yield greater than a ten year treasury bond! The money managers we’ve heard have been upbeat on the number of quality companies that can be added to their portfolios with this recent “sales event”.

The economic recovery has turned more tepid since the last letter but we’ll take solace in knowing the second half of the year has outperformed the first half in seven out of the last ten years.

Dot.Com!

Midwest Capital is now your premier choice to view for financial information on the internet. Our new website www.midwestcapitalinc.com is filled with pictures and biographies of the Midwest Capital staff, newsletters, and listings of our past and present Client Advisory Board members.

There are links to government offices, including the Social Security Administration and regulatory websites.

Taxing Matters

A couple tax points: Estate taxes – with nothing out of committee it looks more likely that 2010 will be “the year without an Estate tax”. This would be a first since 1916...but remember, with no new legislation the tax returns with a vengeance in 2011 with a unified credit of only \$1,000,000...rather than the \$3,500,000 which was in effect in 2009...we’ll keep you posted.

Second point: Code 179 expenses – the HIRE Act of

2010 has extended code sec. 179 expenses at the 250,000/800,000 limit through December 2010...planning tip: off shelf computer software continues to be code 179 property for one more year.

Particular Significance – A SECA (Self Employment Contribution Act) tax hike looms for “S” firms.

Starting next year this will nail all profits of service firms. Under this tax, owners of personal service “S” firms will owe 15.3% tax on the first \$106,800 of profit and 2.99% of the amount above that.

“S” firms affected and subjected to the SECA tax include: accounting, law, health, actuarial science, engineering, architecture, lobbying, consulting, brokerage services, and sports among others.

This will end one advantage of choosing “S” status for small service businesses. It’s important to plan now and consult with your Midwest Capital advisor.

Medicare Supplement

There have been new Medicare plans and changes beginning June 1st.

Plans A, B, C, D, F, G, K and L offer nearly the same benefits as before with Plan F now being the most comprehensive. Plans E, H, I and J have been eliminated. Plans M and N have been introduced as lower priced alternative requiring some cost sharing for the insured.

As of June 2010, you will no longer be able to purchase Plans J, E, H, and I. They are being phased out and will no longer be for sale by any insurance company as mandated by the Centers for Medicare and Medicaid Services. If you have enrolled in one of these four plans prior to June 1st, then you can keep it if you wish. However, many insurance companies will allow you to convert to any of the new Medicare supplements they offer – like Plan F for instance.

It may be wise to strongly consider this conversion opportunity. When your existing coverage (J for instance) is no longer offered, then there will no new premiums coming in from future customers. This may very well translate to higher than normal renewal

premiums for those who choose to keep a discontinued plan.

Of Inspiration

Just a few thoughts from some our nation's better motivational leaders as we head in to the second half of 2010:

From Zig Ziglar

- Motivation is what gives you the "want to".
- Worry does no good.
- The things money can't buy are the important things...the important things will get you the things you can buy.
- Focus on what you have and can do instead of what you can't do or don't have.

From Robert Schuller

- Everything is possible.
- Get rid of the word "impossible".
- Passion...you have to want it.
- Have a dream...if you don't have a dream you're the one I'm worried about.

From Tom Osborne

- Write your mission statement.
- Success is doing the best you can with integrity and character.
- Focus on the process that gets you there...not always the goal.

Some Key Rates of Interest

Prime Rate	3.25%
Money Market Fund	.04%
Mortgage Rates	
30 yr fixed	4.69%
1 yr Arm	3.97%
LIBOR	1.18%
S & P Dividend Yield	2.03%
30 day T-Bill	.17%
30 yr T-Bond	3.89%
CPI	2%
Local Bank CD Rates	
1 yr	.55%
3 yr	1.5%
5 yr	2.45%
Fixed Annuity Rate	
Single Premium 1 yr	1.75%
Single Premium 3 yr	2.2%
Single Premium 5 yr	3.45%
FPDA	4%

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
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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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