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Why the Detroit Bankruptcy Matters

Much has been written about the City of Detroit's bankruptcy, and most of it from an agenda-driven perspective. There is enough political gamesmanship and blame placing to chew through, so I will try to focus on what matters and what the implications are for the future of not only Detroit but also other cities, municipal financing, and our country in general.

Governments, in general, do not have a very good record of being fiscally sound. For decades they benefitted from either rising economies, increasing real property values and a populace of tax payers that were not vigilant. As demographics changed, taxpayers became more vigilant and forecasters of pending crisis became larger in number and louder in voice. For the past twenty years, those paying attention to municipal financing and debt structures have expressed greater concern about the sustainability of both. The facts and forecasts mirrored, in many ways, private sector industries that had future obligations that would eat current revenue in increasingly larger sums and would eventually exceed all revenue generated. The futility of spending more than you make is both obvious and known, at some level, to most. It is a condition which can occur for a period of time but, in the end, is not sustainable. What the Detroit bankruptcy is shouting loud and clear to other municipalities is that ignoring the forecasts is a step toward inevitable failure. Detroit as a city government, has approximately nine thousand current retirees eligible to receive benefits, and a current municipal workforce of slightly more than three thousand. Trustees of the city's pension fund compounded the demographic trend of having too few supporting the current liability by borrowing against the assets of the trust to pay current benefits. If you think that condition only occurred in Detroit you would be underestimating the size and scope of the problem nationwide. You would also be underestimating the lack of solid fiduciary management of those responsible to make certain that liabilities projected are covered by current and future assets as well as conservative returns projected on both.

Why would trustees who are entrusted with the stewardship of retirees' benefit security ignore the obvious demographic forecasts and borrow money to pay current benefits when they know future contributions will neither support current nor future distribution requirements? If you immediately jump to ignorance or lack of competency, you would only be partially correct. The real culprits

Detroit Bankruptcy, continued

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The biographies of trustees include appropriate and expected professional experiences, accomplishments, certifications and designations—yet for decades they failed in their collective and individual duties. What caused this collective body of capable experienced professionals to allow a system to exist that now requires sixty eight percent of all Detroit City revenue to be allocated to pension obligations? We can all “do the math,”—without the restructuring that bankruptcy affords Detroit, current residents must endure a tremendous erosion of services and further destruction of any infrastructure that would recruit, let alone retain, new or existing businesses and residents.

The answer to why is multi-faceted but lies at its base with greed, syndication and special interests. Serving as trustee of large city pension funds is not dissimilar to serving on large corporate boards. It carries notice, prestige and professional endorsement, all of which appeal to ego and power. Few resign and most serve as long as they can. It is not unusual for investment advisors employed by the trustees to wine and dine them in exotic places and for the trustees to attend conferences and conventions in major cities of attraction. The lure is intoxicating. Often advisors and syndicators of municipal bonds are tied at the hip. As rates fell over the past three decades, many advisors used syndicators of debt to restructure pension debt at lower rates, thereby stretching the term of insolvency. Advisors collected fees, as did bond syndicators. Trustees were also populated by union representatives whose mission was to protect their members’ interests. One could suggest that the highest order of protection is that of principal and the ability to pay the promised benefit, but in reality as practiced, the focus of the union trustee representatives was on benefit expansion at best and preservation at worst. If payroll and benefit payments can be made for one more month, then nothing needs to be restructured. Simple and fatalistic, yet tragically embraced by too many. When a city loses half of its population and seventy percent of its real property tax base while retaining all of its physical boundary (the largest geographical boundary of any U.S. city), it is clear that the city—any city—could not grow itself out of the condition it found itself in. To be certain, the scale of the problem was accelerated by the depression-like status of the domestic auto industry during the decades of the mid 1990’s to 2012. Job, population, and real property loss were a triple whammy to Detroit city coffers. Similar catalytic events occurred in Pittsburgh, Cleveland, Akron, Gary, and many more, yet were certainly magnified in Detroit. Poor planning, ignorance of data, self interest, greed, and conflicts of interest all met head on with an economic storm and the results were undeniably obvious. Revenue will never match obligations and the current condition does not allow for essential needs. The results first, then the implications.

Think General Motors, Chrysler and Ford. Does the entity have to be saved? Put philosophy aside and triage the case and the answer for many reasons is yes.

Once we get to yes, then we know all will suffer to save the entity. Pensioners need their benefits—ask them if they deserve 100% and the resounding answer is yes. Ask if they will accept a guarantee of 70% and the roar will be louder, even if the personal agony is seemingly unbearable. Will current employees pay more as a percentage of current wages, accept a current wage reduction and accept a greater responsibility for their own retirement benefit? Not eagerly, no, but if the prospect is no wage and no future benefit then the answer is, grudgingly, yes. Will trustees and government officials accept transparency and fiduciary requirements above all special interests under penalty of prosecution? Probably not, which is why most will and should go. Investment banks and syndicators must be held to a high standard and pay the appropriate price for influence peddling. This is a century-old issue that has found little remedy, as in the end it appeals to the egocentric nature of individuals. Watchdog organizations must hold those responsible for obligating taxpayer and municipal employee dollars accountable. In 2012, the state of Illinois issued a two billion dollar bond issue. This event in itself was not unusual. What was not only unusual, but rather alarming, was that the purpose of the issuance, and therefore new debt for the citizens of Illinois, was to pay the existing interest, not the principal on the current debt. This is equivalent to opening a new credit card so that you can make the payments on existing cards.

In 2011, Meredith Whitney, a noted banking and municipal bond analyst, warned of an impending doom in municipal financing. She got everything but the timing right. The recession of 2008–2010, and resulting recovery stimulus, caused a continued and steep decline in interest rates and therefore a temporary rescue of municipal credit defaults. Her premise, though, is still intact. Future employee benefit obligations of municipality units, state, county, city, township and village are not sustainable given our demographic growth profile. Her calculations are not flawed and, more importantly, they are consistent across approximately seventy percent of the states in our country. Detroit's bankruptcy impacted the entire municipal bond market, but it is not the only or the last shoe to drop. This outcome is destined to be repeated—and increasingly so. Currently, we can dismiss Detroit as mismanaged, full of patronage, cronyism, fraud and whatever else is convenient, but the question is, what will we say when the city is not Detroit but rather Lincoln, Nebraska, or Iowa City, Iowa, or Indianapolis, Indiana?, my guess is that we will struggle more and simultaneously be more uncomfortable with the dialogue. The ugly truth is that our cities mirror in many ways our national benefits structure. We have made promises that our current and future payrolls can't match, but as long as we can make one more payroll, we will avoid the debate. Our municipalities are in decline, we have a spiraling of tipping points that are difficult to recover from, a broadening of inequality in a concentration of urban areas and a growing gap in U.S. comparison rankings of OECD countries. We have the data before us and we know the condition we are in. What is our political will to fix it? ☒

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*Michael F. Odar, CFA
President*

“In 2012, we improved our team with the addition of 19 new teammates.”

The Talent Within

As we continue to build on the depth and breadth of our team, I often participate in the interview process. We continuously collect resumes for new positions proactively created to address growth and the sophistication of our clients. The process is extensive, detailed, and purposeful. It has to be. We owe that to our clients.

In 2012, we collected 650 resumes. We engaged 275 of those qualified candidates in phone interviews with our Director of Human Resources and then sent 92 of them through to a structured interview with our organizational behavior partner HUMANeX Ventures. The interview with HUMANeX is designed to identify each candidate’s talents, themes, and strengths. Based on these results, we then engage the candidate in a “Fit” interview with specific members of our team. We recognize that this process is a two-way street and at this point want to engage candidates in meaningful conversation and also provide them with the ability to assess their fit within the organization. As a final internal question we always ask “Is this person one more like our best?” In 2012, we improved our team with the addition of 19 new teammates.

As I am involved one-on-one with many candidates in the process, I am often asked what it takes to be successful in our organization. And having answered this question just yesterday, I thought I would highlight a few of the talent themes I think are important for our clients.

Next to a strong Ethics theme, which is non-negotiable, I think those with a high Achiever theme thrive in our organization. Achievers work hard, continuously strive to surpass their previous “personal best” and develop a reputation for exceeding the expectations of clients and teammates.

Those who have a high Flexibility theme are able to easily alter plans to accommodate changes for clients and teammates, even going out of their way when needed. Their willingness to accept new and different situations is also very helpful.

On the relationship side, we need people with high Empathy and Teamwork themes. Those who are empathetic are caring, compassionate, intuitive, and most importantly find that time spent actively listening to others is valuable. Team players are collaborative and are able to help others connect, commit, and attain goals.

Finally, those who have a high Courage theme are strong in the face of adversity and are able to remain firm in pressing for positive resolutions for clients. And, those with a high Innovation theme feel inspired by creative thinking and don’t settle for the status quo.

Although diverse applicable experience is important, we focus even more on adding talented candidates to our team. In total, we look for tangible evidence on over 20 different talent themes in candidates. We believe everyone has talents. Our objective with all this is to align the talents possessed with the talents required to be successful in the position, our organization, and our culture for the benefit of our clients. ☑

Estate Planning Basics

Throughout our lives we are encouraged to plan—plan for our children’s education, plan for our career, and plan for our retirement. I’m sure each of you can add numerous items to this list. One of the most daunting tasks, however, is planning for your estate. Many individuals are apprehensive to discuss this topic as they do not like talking about their passing or believe “my heirs will take care of it.” There are many forces beyond our control that can impact your health, both physically and mentally. Fortunately, proactive planning can ensure that your wishes are carried out by creating a will, a trust and powers of attorney, both financial and medical.

Will

A will is a legal document informing the probate court about your wishes regarding the distribution of assets following your death. This document names the party responsible for administering the estate and provides direction about the distribution of your estate. Generally speaking, assets titled in your individual name are distributed according to your will. The creation of a will does not eliminate the need to utilize the probate court. If you should pass intestate, without a will, the State will decide who will receive your assets.

Trust

A trust is a legal document providing guidance to the trustee with regard to the management and distribution your estate. A Living Trust, established during your lifetime, is in most cases, revocable and amendable. The use of a properly funded trust avoids probate and the time and expenses associated with the probate process. A Testamentary Trust establishes a trust as part of the will, but does not avoid probate.

The establishment and proper funding (making certain your assets are re-titled into the name of your trust) of a trust allows you to remain in control of your assets as the trustee. At the time of your death, the successor trustee follows the instructions within the trust document for management and disposition of assets to the named beneficiaries. The avoidance of probate also allows for privacy as the trust document is not public record. Additionally, the trust can designate who will manage your assets in the event of incapacity.

Power of Attorney (POA)

A POA is a legal document which allows an individual to delegate authority to another (i.e. a father delegating his authority to his son). The son, who may also be referred to as the agent or attorney-in-fact,



*Kevin E. Jawahir, CTFP
Trust Relationship Officer*

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Estate Planning, continued

“Retirement and estate planning can be stressful topics... [but] there are simple and effective tools which can be used to help minimize this stress and carry out your wishes in the manner of your choosing.”

is authorized to act on his father’s behalf. There are two types of POAs: a durable power of attorney (DPOA) and a health care power of attorney (HCPOA).

A DPOA authorizes the son to make financial decisions for the father while the father is still alive. If desired, the DPOA can be “general” allowing the authority to make any and all financial decisions (i.e. filing tax returns and conducting financial transactions). Alternatively, the DPOA can be set up as “limited” allowing the authority to act only in specific circumstances (i.e. selling real estate).

The HCPOA names the son his father’s “patient advocate” giving the son the authority to act with regard to medical related decisions should one become incapacitated. These decisions may include withholding or withdrawing life sustaining measures or hospice care. If desired, HCPOA can also allow you to participate in clinical research.

In the unfortunate event that a family member is diagnosed with Alzheimer’s disease, dementia or another disabling condition, one may need to consider Guardianship or Conservatorship.

Guardianship

Guardianship is a legal relationship where the probate court appoints a guardian with the power to make all decisions, including medical and

financial, for an incapacitated person. In some instances, the court can limit the guardian’s powers. Commonly, the guardian will be granted powers over the incapacitated person similar to those a parent has over minor children.

Conservatorship

Similar to guardianship, a conservator is granted the power, by the probate court, to make financial decisions for an incapacitated person. If a conservatorship is granted, the conservator must provide the court with an accounting each year to document all income and expenses of the incapacitated person. Similar to a guardianship proceeding, a judge decides whether or not a person is able to manage financial affairs. Also, similar to a guardianship proceeding, the incapacitated person is usually notified of the proceedings and is entitled to attend all legal proceedings with legal representation.

Retirement and estate planning can be stressful topics of discussion for both you and your heirs.

As outlined above, there are simple and effective tools which can be used to help minimize this stress and carry out your wishes in the manner of your choosing. Once completed, your estate plan should be reviewed regularly as circumstances and laws change. Greenleaf Trust is available to you, your heirs and your estate planning attorney to assist with planning, reviewing and carrying out your desires. ☑

How Will the Cost of Health Care Affect Your Retirement Savings?

The cost of health care is on the rise and many people underestimate the amount they will need to cover health care expenses during retirement. A recent poll of pre-retirees (ages 55 to 64) found that 48% believe they will only need \$50,000 to pay for health care expenses throughout their retirement. According to experts, couples that retire this year will actually need \$220,000 to pay for health care expenses throughout their retirement.

For many Americans, health care is likely to be among their largest expenses in retirement. In fact, households relying on Social Security benefits to cover health care costs should expect medical bills to consume 61% of their Social Security payments by 2027. This does not include costs associated with nursing home care, and applies to retirees with traditional Medicare insurance coverage.

These estimates are extremely daunting for many retirees, as it will consume such a considerable amount of a couple's retirement income. As it stands now, on average, most retirees spend more on health care than they do on food. If the trend continues, health care will be retirees' second largest expense after housing in just a few years.

Even when covered by Medicare and any other health insurance,

retirees will still have to pay for some costs, including premiums, deductibles, co-pays, and prescription drugs. While some Americans will have employer sponsored retiree health benefits to help cover these expenses, the majority of Americans will need a plan to cover the costs.

Currently, medical inflation is simply outpacing salary increases and cost of living adjustments for most people. Until that situation changes, it is extremely important that health care costs are factored into retirement savings strategies today so that retirees can be prepared to pay their medical bills throughout retirement.

It is important to identify a specific retirement income stream to address health care costs in retirement. Having assets that are earmarked for health care expenses will help ensure retirees can cover these costs when they arise. This also helps retirees to manage their overall retirement savings portfolio.

So, where should you put your health care savings? First, maximize any and all retirement savings plans for which you're eligible, such as your 401(k) or an IRA. The 2013 annual contribution limit to a 401(k) is \$17,500. Those who are 50 or older can contribute an additional \$5,500 with the "catch-up contribution" bringing the 2013



Bethany L. Cwalina
Participant Services Coordinator

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Cost of Health Care, continued

“Whatever method you use to estimate your health care expenses, including them in your overall income planning helps you invest that amount appropriately so you can cover health care costs throughout retirement.”

maximum to \$23,000. The same idea applies with IRAs. The 2013 annual contribution limit is \$5,500 and those 50 or older can save an additional \$1,000 a year for a maximum of \$6,500.

Another savings option is a health savings account (HSA). A health savings account (HSA) is a tax advantaged medical savings account available to taxpayers in the United States who are enrolled in a high-deductible health plan. The funds contributed to these accounts are not subject to federal income tax at the time of deposit. Unlike a flexible spending account (FSA), funds roll over and accumulate year to year if not spent. HSAs are owned by the individual and may currently be used to pay for qualified medical expenses at any time without federal tax liability or penalty.

The annual contribution limit to an HSA in 2013 is \$3,250 for individuals and \$6,450 for families. HSA holders 55 and older get to save an extra \$1,000 which means \$4,250 for an individual and \$7,450 for a family. These contributions are 100% tax deductible from gross income.

If your employer offers an HSA, it typically works just like a traditional 401(k) and your contribution is taken out of your paycheck on a pre-tax basis. Not only can your employer contribute to your HSA on your behalf but almost anyone can contribute including spouses, parents, and even friends. If you have an HSA on your own, you can still get the tax break by claiming the contribution as an “above the line” deduction on your tax return. Your taxable income will then be reduced by the amount of your contribution.

There are numerous online retirement tools that can help you to plan. Whatever method you use to estimate your health care expenses, including them in your overall income planning helps you invest that amount appropriately so you can cover health care costs throughout retirement. Today’s workers must understand that the cost of health care is expected to continue to rise significantly in future years. Creating a plan and starting to save as early as possible are two key aspects of a successful retirement savings plan. ☑

Emerging Markets, continued

“One of the primary factors for the decline in emerging markets year-to-date is the slowdown in China which... has had a domino effect on other emerging market countries.”

As shown in the chart on the previous page, there are many calendar years in which emerging markets were the top performing asset class and there are multiple years in which emerging markets were the worst performing asset class. Specifically, during 2012 emerging markets achieved a return of 18.22%, outperforming small, mid, and large cap domestic equities. Conversely, through the first half of 2013 the domestic equities were significantly outperforming the emerging markets. Specifically, the S&P 500 was up 8.84% through June 30, 2013 while the emerging markets were down 9.57% during this same time period.

One of the primary factors for the decline in emerging markets year-to-date is the slowdown in China, which has lasted longer than most investors expected. This slowdown in China has had a domino effect on other emerging market countries. Specifically, some of the more commodity-driven emerging market countries (Brazil is a good example) are experiencing slower demand from China, which is one of the largest consumers in the world economy. The decline in emerging markets has pushed the valuation levels of this asset class below their historical averages. Most of the individual emerging market countries are trading below their respective historical average and below the rest of world. For example, China is currently trading at a forward P/E of 8.3x and a dividend yield of 3.6% versus its historical average forward P/E of 12.0x and dividend yield of 2.7%.

There are two primary reasons that we currently allocate a portion of equity portfolios to emerging markets; (i) correlation benefits and (ii) compelling valuation levels.


One of the best measures of correlation is R^2 . R^2 is a measure of the volatility in returns which can be “explained” by market volatility. This statistic indicates the degree to which the returns of one variable (returns of emerging markets), can be explained by another variable (S&P 500). The correlation (R^2) between emerging markets and the S&P 500 is 0.525 for the monthly returns going back to the beginning of 1988. This implies that 52.5% of the fluctuations of emerging markets are explained by fluctuations in the S&P 500.

This is a strong indication that emerging markets have provided significant diversification in portfolios with strong returns when looking back to 1988. However, if you only look at the past ten years, the R^2 increases to 0.77, meaning the diversification benefits of emerging markets have been declining.

The primary reason for this trend is due to the increasing impact the large emerging market multi-national corporations are having on the broad emerging market indices. As these multi-national emerging market companies grow, they gain the confidence of investors and tend to be traded on a much larger scale, which in turn, increases the correlation of their respective returns with that of the domestic equity markets.

Investing in mutual funds or exchange traded funds that are actively managed can help mitigate this concern of increasing correlations. Some actively managed funds (e.g. WisdomTree) focus on investing in small or mid-cap emerging markets companies. Other actively managed funds focus on a specific geographic region (e.g. Mathews Pacific Tiger Fund). However, the trend of increasing correlations needs to be monitored closely.

The other primary reason to hold emerging market equities is current compelling valuation levels. As previously discussed, in general, emerging markets are trading at valuations below their historical averages and below the rest of world. However, emerging market valuations can fluctuate significantly, and strong trends (both positive and negative) in emerging markets can last for long periods of time.

Consequently, we do not advise trading in and out of this asset class on a short-term basis. Greenleaf Trust's current recommendation is to allocate 12% of the equity portfolio into emerging markets. This is not a permanent allocation target—it can be reduced or increased over time as relative valuation levels change and as the asset class's diversification benefits become more muted. Both of these factors need to be monitored closely in order to properly maintain a balanced portfolio that meets clients' specific risk and return expectations. 

“The other primary reason to hold emerging market equities is current compelling valuation levels [although] we do not advise trading in and out of this asset class on a short-term basis.”



Paul R. Jude
Wealth Management Advisor

“...about 100 years ago, the number of people in the United States over the age of 65 was roughly 3 million—today that number is 65 million.”

A Journey through Elder Care: Should Mom Move In?

If you have ever called into our offices, you most likely have spoken with one of our Client Service Representatives, Julie Mentzer— the Voice of Greenleaf Trust. Among her many responsibilities is the charge of reviewing the daily obituaries in order to cross-reference all decedents’ names with our systems. A bit morbid, I know, but also a necessity because when clients, trust beneficiaries, or retirement plan participants pass away, our Estate Planning team may need to take action.

In a recent obituary, a 98-year-old woman was survived by three children, and my first thought was, “Who was taking care of this woman? Her ‘kids’ have to be well into their 70s!”

According to census reports, and a book entitled, *Demographic Trends in the 20th Century*, about 100 years ago, the number of people in the United States over the age of 65 was roughly 3 million—today that number is 65 million. It is no secret that, as a country, we are living longer and healthier lives, but the discussion that we do not have enough is of the millions of elderly individuals that require assistance in basic activities of daily living (bathing, eating, dressing) and that the responsibility of providing that assistance typically resides with their children and close relatives.

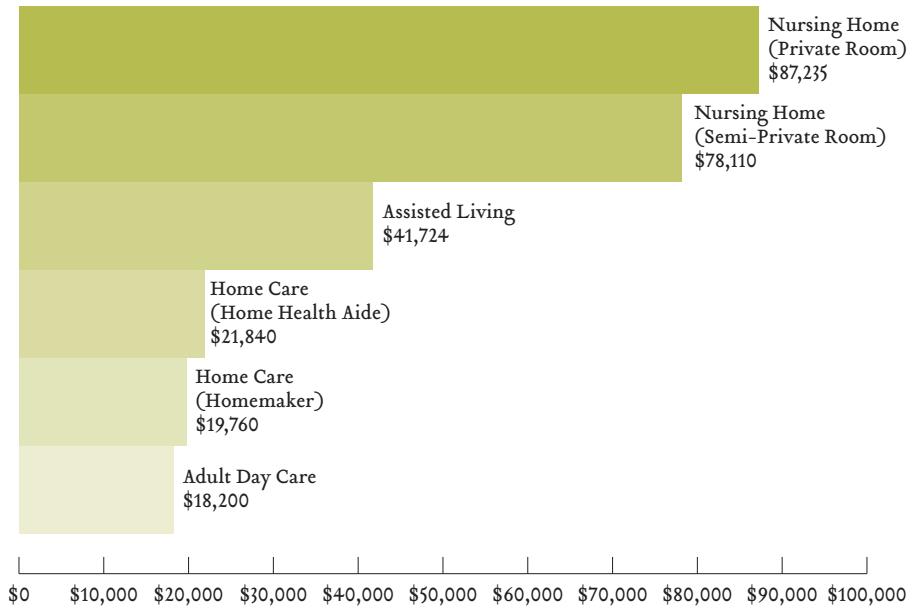
For most, this is a labor of love (taking care of your parents because they took care of you), but for each and every one of the 39.8 million people providing elder care, it is a great responsibility and with that responsibility comes great cost.

It is important to note that there are many factors that will impact the cost of elder care, including:

- 1) Location – At some point, your household will probably have the debate of whether an aging parent should move in with you or enter an assisted-living facility or nursing home. This is a complex discussion with both emotional and financial costs.
- 2) Level – The expenses associated with becoming the primary caregiver will vary widely depending on the level of assistance that your loved one will require. This can range from a homemaker who cooks and cleans a couple times a week to skilled nurses who provide 24-hour professional medical care.
- 3) Length of Time – Clearly, the longer care is provided, the larger the costs will be.

The MetLife Mature Market Institute’s 2011 report on caring for aging parents summarizes the following market cost structure:

Survey of Annual Long-Term Care Costs



“While it is prudent to prepare for a potential increase in cash outflows, often going unnoticed is the potential reduction of cash inflow.”

After accounting for the cost of the necessary medical care, some of the largest expenses stem from remodeling your home, which is done to afford privacy for both your nuclear family and the “new addition.” These expenses can range from adding handrails in the shower to installing an electric chairlift (\$5,000-\$10,000) to adding a new master suite, which *Remodeling* magazine reports will cost, on average, about \$106,000.

While it is prudent to prepare for a potential increase in cash outflows, often going unnoticed is the potential reduction of cash inflow. If hiring professionals is not an option for you and you are forced to provide care yourself, that is typically going to result in time away from work. In a recent study by AgingCare.com, 43% of caregivers have had to take time off of work due to caregiving responsibilities—consequently, 48% of them said that they are earning less money as a result.

Women bear the brunt of this responsibility, comprising about two-thirds of all caregivers—specifically, women over age 50. MetLife projects that, on average, these women will forfeit \$142,693 in would-be

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income due to leaving the labor force early and/or reduced hours of work because of caregiving responsibilities. And no matter your views on Social Security, in its current form benefits would also be reduced based on the lost income. MetLife projects that the average individual female caregiver ultimately takes an astonishing financial hit of \$324,044 in terms of lost wages and lower retirement income (male caregivers who are at least age 50 lose \$284,716).

If you are thinking that money will just be flowing directly out of your pocket, there is a silver lining. In cases where hiring professional help is not an option and mom and/or dad has to move in, you may be able to reduce your taxable income.

If you are caring for your parent you may qualify for claiming them as a dependent on your income tax return. According to the American Institute of CPAs, your parent does not even need to live with you, just so long as you are providing more than 50 percent of their basic living expenses (housing, food, and clothing). For example, you may pay the rent for their apartment.

This exemption is the same as what you would get for a child (\$3,800 in 2012). The only caveat, according to the Internal Revenue Service, is that your parent's gross income (excluding Social Security benefits) cannot exceed the deduction amount. So you will need to keep an eye on pension and investment income.

In addition to the dependent exemption, you may also qualify for a “below-the-line” deduction on your income tax return. While it is usually difficult to qualify for the Medical & Dental Expenses deduction, it may be obtainable if you are now paying large medical expenses for a parent, such as installing a wheelchair ramp or a chairlift. Of course there are a couple of conditions. First, you must be itemizing your deductions; secondly, the costs must exceed 10 percent of your Adjusted Gross Income in 2013; and finally, you must be paying more than 50% of your parent's medical costs.

As our loved ones age, their mental and physical prowess begins to wane and they are no longer able to do things quite as well as they previously could. Even though we cannot predict the date and time of when that will begin, we can ensure that we are prepared for when it does.

A wise decision is to do some advance planning together with your parents to talk about options and establish a strategy beforehand.

Since they are not the called the “Silent Generation” for nothing, here are a few points to get the conversation started:

- 1) What are mom and dad’s wants, needs, and desires? According to AARP research, at least 90% of elderly parents prefer to stay in their own homes as long as possible. Knowing that you will be carrying out their wishes will save you some headaches and make things easier on everyone.
- 2) Insurance Coverage? To truly understand your parent’s financial situation, it will be critical to understand their insurance portfolio. What’s covered? Do they maintain a long-term care policy? Determining how their medical expenses will be paid if costs exceed the insurance coverage will help alleviate many financial surprises.
- 3) Potential Costs? It’s important to research the best living situation options. As previously discussed, you may need to update/renovate/remodel your home if they move in with you or your parent’s home should they decide to maintain their own home.

No matter what the answers to these questions may be, parents and children will both feel more prepared to face the future after having, and continuing to have, conversations such as these.

For more information, contact a member of your Greenleaf Trust Client-Centric Team. If desired, we stand ready to facilitate these “family meetings” with you, your parents, siblings, and your other advisors. ☑

“No matter what the [outcome] may be, parents and children will both feel more prepared to face the future after having, and continuing to have, conversations such as these.”



If you’d like to join us in our efforts to conserve natural resources and create a greener environment, you may choose to save paper by receiving email notifications to view your statement online. Simply give us a call at 269.388.9800 and ask to speak with a member of your client centric team.

Stock Market Pulse

Index	Total Return		P/E Multiples	7/31/13
	7/31/13	Since 12/31/2012		
S&P 1500	391.07	19.95%	S&P 1500	16.0x
DJIA	15,499.54	20.06%	DJIA	15.1x
NASDAQ.....	3,626.37	20.95%	NASDAQ.....	17.5x
S&P 500.....	1,685.73	19.62%	S&P 500.....	15.6x
S&P 400	1,231.90	21.69%	S&P 400	19.2x
S&P 600	587.76	24.15%	S&P 600	20.6x
NYSE Composite	9,558.83	13.21%		
Dow Jones Utilities.....	503.97	13.54%		
Barclays Aggregate Bond	107.30	-2.28%		

Key Rates

Fed Funds Rate	0% to 0.25%
T Bill 90 Days.....	0.02%
T Bond 30 Yr.....	3.65%
Prime Rate	3.25%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	391.07	16.0x	2.00%
S&P 500.....	1,685.73.....	15.6x	2.09%
DJIA	15,499.54.....	15.1x	2.33%
Dow Jones Utilities.....	503.97.....	NA	3.89%

Spread Between 30 Year Government Yields and Market Dividend Yields: 1.64%

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