GREENLEAF TRUST

Perspectives

A Greenleaf Trust Newsletter

JUNE 2012 VOLUME 21, ISSUE 6

William D. Johnston
President, Greenleaf Trust

When You Observe Panic – Keep Your Head

US equity markets in the month of May lost nearly all of the gains made in the first four months of the year, and it is natural for investors in stocks to be unnerved and doubtful of the future. Let's talk about some of the causes for what appears to be near term panic and determine whether this is the beginning of a bad trend or a pullback that makes sense only in the near term. The difference between the two is enormous.

When was the last time you saw the yield on a ten year treasury at 1.47 %? If you responded never, regardless of your age, you would be correct. That fact alone should indicate we are in very unusual times. We know in great detail the cause of the conditions we find ourselves in as well as the pace, duration and risks to the recovery from that very bad place. Our economy is fragile and subject to risk. We know that, yet the globe continues to buy our treasury bonds in large enough amounts that it has brought the yield down below any historical level. Do investors really believe that the opportunity for return on investment in any other asset class over the next ten years will not exceed 1.47%? No, I think not. What global investors are saying is that of all securities available, they have the most trust in US dollar denominated bonds. They are also saying with this risk-averse trade that they are not certain about the future and are willing to take a small current return until that clarity returns. We should pause and say that purchasing a ten year treasury bond is not without risk of yield or capital, but that risk is not due to credit quality as it is, say, with Greek , Spanish or Italian debt. The risk associated with all maturities of five or more years is that if rates rise, the principal value of the bond will fall. Most of the buying of the ten year bond is from large institutional buyers who are simply parking money and are willing to manage the risk because they feel they have the liquidity to exit the treasury market when rates rise and also have hedge instruments available to manage the downside to principal value risk as well. This is not a good strategy for individual investors as trading costs and lack of economical hedge instruments enhance risks of not holding bonds to maturity.

Keep Your Head, continued

Let's examine what global investors are uncertain of. Push the rerun button here, Greece and the European Union collapse. We all know what happens when you are in a room with too many people and too few exits and everyone wants to leave at the same time. If the roomful of people decide collectively, to embrace an orderly and appropriately-paced exit, the room empties in a modest amount of time and all is well. I don't know about you, but I have been in a room where some simply can't or don't want to wait and feel compelled to rush the exit. Base instincts begin the spread of greed, self preservation, jealousy and irrationality. You guessed it, it didn't go well for nearly anyone.

"The question now is not whether Greece will continue to be a part of the European Union—they are being shown the exit door—but rather how many others have to get out of that door..."

The question now is not whether Greece will continue to be a part of the European Union—they are being shown the exit door—but rather how many others have to get out of that door and what the pace of the exit will be. It is becoming clear that Germany and France have drawn a line in the sand and have reached a level of tolerance that seems stretched to a rigid limit. This is understandable. Recent elections have demonstrated that Greek citizens have no further appetite for more austerity and are unwilling to sacrifice any sovereignty by aligning their social and entitlement benefits with those countries they are asking to provide Greek central banks with capital. The borrower refuses to restructure their balance sheet, and the lender is saying "no more." The conclusion then becomes clear, it is now a matter of time. Time is very important, as the duration of time allows for those who hold Greek debt to plan and execute their debt. It is also important because other European central banks have had the opportunity to stress test their own banks and infuse capital where needed to maintain the liquidity in the system necessary in the face of future devaluation of Greek debt and currency. The future for Greece is somewhere between bad and very bad, but it doesn't have to be forever. In the depths of the financial meltdown in Q1 of 2009, we suggested that developed countries in the world would have two options in the forward six years of recovery. They could 1. Infuse money into the system in the near term to lower rates, stabilize currency and stimulate recovery and simultaneously reduce longer term contingent liabilities and therefore deficits by restructuring and reducing entitlements. Or, 2. They could infuse money into the system and not address future debt and deficits by simply devaluing their currency through the printing of money.

Each country having to choose and execute either of these strategies is different in population growth, deficits as a percentage of GDP and structural debt. Those countries with the ugliest balance sheets, lowest growth rates and largest structural deficits had clearly the hardest job (Greece, Spain, Portugal, and Italy) while those that could defer politically tough decisions (United States, Germany and France), could kick the can down the road a while before fixing the problem. Greece tried to fix the issue, (we can all be critics of how artful their political leaders were) and the citizens simply said no. Elections were held and those opposing austerity won. Their future now is that of financing their growth and payment of future obligations with the devaluation of their currency by printing more money. As their sovereign currency, once they leave the European Union, diminishes in value, it will buy less and their standard of living will diminish as a result. Eventually they will face the reality of watching their incomes be consumed by inflation and tax increases necessary to support their entitlements and face larger sacrifices to right their ship.

The length of time it has taken to come to the exit decision is neither surprising nor in a way harmful. Each day added to the exit strategy allows for greater deleveraging of Greek debts by European Central banks. Soon there will be an absence of those disappointed that Greece will no longer be a member of the EU and markets will have priced in their exit and volatility over the reorganization of Greek debt and currency will diminish. The experience of the Greek exit legacy will actually help with Spain and Portugal, whose membership in the shrinking EU is yet to be determined. More artful and political leaders with more political capital may be able to have success at winning EU member support and therefore financial support if they are successful in restructuring their respective social compacts and entitlement driven structural deficits. I have less concern with Italy largely due to Italy's rich assets and huge tax evasion history. For centuries, Italian governments have allowed Italian citizens to evade taxes and therefore privately own assets that they would not otherwise have if they made good on their tax bills. This wink and nod system can be corrected if it is needed and if only marginally successful would raise government revenue substantially.

"The experience of the Greek exit legacy will actually help with Spain and Portugal, whose membership in the shrinking EU is yet to be determined."

So if Greece seems to be heading for the exit in an orderly fashion, why have markets been in such a funk during May? Patience and political will are thin. Financial markets and particularly the bond market invoke a discipline of expectations that is sometimes confusing and painful. Recent elections in France have repudiated those who have campaigned on the benefits and requirement for austerity. The essential debate in our Presidential election will be on the direction of the economy and two very divergent views on how we increase employment and reduce our structural deficits. Financial markets are both uncertain and concerned about the outcome and forecasting the future value and risk of assets. As we know, financial markets do not like uncertainty.

While the duration of time taken to set a strategy of EU reorganization has been helpful in the deleveraging of Greek, Spanish and Portuguese debt assets, it has not helped European economies and therefore continues to be of some headwind to our own recovery. This was forecasted and seemingly priced into P/E valuations yet as the reality is exposed uncertainty is heightened and further repricing continues. When added to disappointing job increase reports in March, April and May, many are left to wonder if consumer confidence and

Keep Your Head, continued

therefore domestic GDP growth are at risk—more uncertainty.

None of the above issues are new, it is the amalgamation of a weakening political will and an erosion of patience in the current course of action that fans the flames of uncertainty and confusion. Too many elements of confusion can result in a larger than can be accommodated rush for the exits and panic ensues. In an election year, truth is always the victim and individual or party truths become sound bites. A lousy employment gain number can be spun, but that doesn't make it a good number and markets know that and will react accordingly. When numbers are released that don't require spin, markets will know that as well.

The best advice each of us has received over the years is that when those about you are panicking, keep your head. Trillions of dollars were lost largely due to panic in many market crashes, recessions and depressions. Those that did not panic were rewarded vis-a-vis those that did. This pullback is not the result of recession, financial market meltdown, or catastrophic world war. The issues will be resolved, just not quickly or at the pace we all prefer.

Lauree Kosobucki, CTFA
Trust Relationship Officer

The Joy and Complexity of Charitable Giving

There are many statistics that show Americans are an enormously generous group. In fact, in a recent 2011 study, the World Giving Index ranked the United States as "The Most Charitable Country on Earth." In another article the *Quarterly Journal of Economics* reported that 90% of Americans give to charity each year. At Greenleaf Trust, we witness this generosity with our clients as many consider giving to charity an important part of their estate plans, but exactly how to give often leads to many questions.

Donating to charity would seem to be relatively simple; decide on the charity, determine an amount to give, and finally decide whether to give during life, at death, or both. For many, giving directly to an organization is the extent of their charitable plan. It is a simple and inexpensive way to give. In 2012, some would argue that with a lifetime gift exemption of $5,120,000, a direct gift is exactly the option to choose. (We'll discuss more about lifetime gift exemptions later in the article). Although direct gifting is not a bad strategy, with some common charitable planning techniques one can create a formal giving plan that offers more tax efficient options by reducing estate and gift tax exposure while potentially amplifying the benefits to the donor, the donor's family and the charity.

There is no escaping the inevitable end to life. At that point, if we have not spent our assets, our estate will transfer to family members, charity, the IRS or a combination of all three. Whom do you wish to acquire your assets and in what capacity? Which group do you feel most confident in spending your hard earned money? One thing is certain, if you do nothing there is a good chance the IRS will acquire at least some of your wealth! To date, I've not had a client that wanted to give more tax dollars to the IRS. Most people want to transfer their wealth to their heirs or charity. In a recent seminar presented by Greenleaf Trust last month, many strategies were highlighted on how to effectively transfer wealth to heirs and to charity. For more details on these techniques, please refer to the link on our home page at www.greenleaftrust.com or contact a member of our Greenleaf Trust team for a copy of the recorded material. For the contents of this article, we'll focus on transferring assets to qualified charitable organizations (e.g. public charities, donor advised funds or private foundations) and look at two common strategies. Keep in mind there are numerous planning strategies to transfer a variety of assets, including low basis stock, privately held business interest, life insurance policies, residences, real estate and gifts to children and future generations, etc.

If you currently donate regularly and don't have a planned giving strategy, begin by asking a few basic questions:

1. What charities are you giving to now and how often do you give to them?
2. What future gift commitment have you made to charities?
3. If you could make a charitable gift today, maintain control over the timing and amounts given and receive tax benefits would that be important to you?
4. Do you feel comfortable giving assets away during life or would you prefer to give at death? Would you feel differently if you could receive a current stream of income from your gift? And would that impact the amount you donate now?
5. Are you concerned with losing control of your assets? Is it important for you to remain actively involved in how those funds are spent or are you confident in the investment management of the charities of your choice?
6. Is it important to you to have your family involved in your philanthropic goals? Do you want to pass on family values and provide a learning opportunity by having family members be a part of the gifting process?

By answering these questions and consulting with your advisers, you may uncover direct giving is not the most effective way to accomplish your philanthropic goals. Designing a charitable giving plan specifically to work in concert with your other financial strategies will pay off for all parties involved.

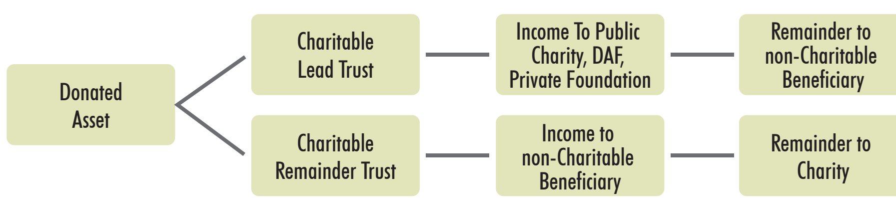
A common way to transfer wealth is by utilizing split interest trusts. These trusts are used to maximize gifts to charities, leverage gifts to non-charitable beneficiaries and reduce the donor's taxable estate. Note, unlike donating directly to charity, there are costs and administration issues associated with these strategies.

"…if we have not spent our assets, our estate will transfer to family members, charity, the IRS or a combination of all three. Whom do you wish to acquire your assets and in what capacity?"

Charitable Giving, continued

"As we briefly discussed earlier, there is a unique and significant opportunity in 2012…"

1. Charitable Lead Trusts (CLT) – This type of trust provides a stated amount of income to charity each year for a term of years, and at the end of the term the balance of the trust assets are distributed to the non-charitable beneficiaries (e.g. donor, donor's estate, family members, or trusts for children and grandchildren). (See illustration below). The benefit of the CLT is the donor is able to maximize gifts to the charity, reduce his or her taxable estate while transferring family wealth to non-charitable beneficiaries at reduced transfer tax costs. There is no charitable income tax deduction for the donor, but the income generated from the trust's assets is subtracted from the donor's gross income. The gift amount to the non-charitable beneficiaries is determined by deducting the present value of the charity's interest. One can allocate part of their lifetime gift exclusion for the amount gifted to the non-charitable beneficiary.
2. Charitable Remainder Trusts (CRT) – This trust is similar to the common grantor retained trust but because the remainder interest is distributed to charity, the CRT is a tax-exempt split-interest trust. The donor transfers property into the CRT and receives a stream of income for a term of years not to exceed 20 years or for the lifetime of the donor. At the end of the term, the charity receives the remainder interest. The donor receives a tax deduction based on the present value of the remainder interest that will transfer to charity. The remainder interest must be at least 10% of the initial fair market value of the CRT. It is most beneficial to transfer highly appreciated assets into the CRT because no capital gains tax is paid once the asset is sold. The benefits of this gifting strategy are the donor receives an income tax deduction and reduces the size of his or her estate, while benefiting a favorite charity.



As we briefly discussed earlier, there is a unique and significant opportunity in 2012 for the very wealthiest Americans to take advantage of wealth transfer strategies. As you may recall, in 2011 the estate tax and gift tax were coupled and today, in 2012, both exemptions are limited to $5,120,000. This means each individual can gift up to $5,120,000 one time during life or at death and not pay tax on that gift. As the law is written today, in 2013 without Congressional action, tax rates will revert back to 2001 rules. The estate tax and gift tax will be uncoupled and both revert to $1 million exemption. In addition, estate tax rates are scheduled to go from current rate of 35% tax in 2012 to 55% tax rate in 2013. If this happens, the use of the split interest trusts described above will benefit most with a taxable estate above $1 million.

It's anyone's guess what will happen after the election, but the current Administration has proposed a lifetime exemption back to $3.5 million for estate and GST purposes and the proposed gift tax lifetime exemption would be reduced to $1 million permanently. If the proposal passes, the result will be a significant loss of a gift tax savings opportunity. Planning to pay less taxes usually makes good sense and this is an issue we can plan around today. Washington could balance the budget and not raise taxes, but it will be difficult to do before 2013. Some think the gift tax would produce significant revenue for the government from a small population of people. For many Americans, this will not be an issue, but for those that find their estate to be worth more than $1 million, it makes sense to consult your advisers to discuss options for your specific financial situation.

As you can see, giving a gift is not always simple. There are many rules, regulations and issues to consider before deciding on a plan. In conclusion, what is important to remember is if your philanthropic goals are important to you, with the help of your CPA, estate planning attorney, and Greenleaf Trust client centric team, you can take advantage of the economics of charitable giving and achieve significant financial and planning benefits from giving back and making a difference in the non-profit world.

Retirement Readiness… Planning Ahead is Key!

Michelle M. Sanderson
Participant Services Coordinator

The term "retirement readiness" has become such a hot topic that it now requires a new definition. For an employee to be considered "retirement ready" they need to have accumulated sufficient retirement savings and/or secured other streams of income to replace approximately 80% of their pre-retirement income, which will allow them to leave the workforce. It also means securing adequate access to retiree medical coverage and long-term care solutions. Being emotionally, mentally and physically ready can be just as important as financial preparedness.

What keeps employees from being retirement ready is twofold. Employees don't save enough and they underestimate how much income they will need. Sometimes they need to be saving two to three times more than they are currently setting aside. Being able to develop and implement a retirement plan is key to retirement security. Those who do not plan for retirement reach retirement with 50% less wealth than those who do plan.

A recent survey shows that while most employees are committed to saving for retirement, only 39% of workers are confident they are building a sufficient nest egg. In addition, the recession

Retirement Readiness, continued

has made employees less confident (64% of those surveyed). More than 60% agree their nest egg is not sufficient and 43% reported having no retirement strategy whatsoever.

Most employees have changed their expectation of retirement by planning to work past age 65 or work part-time in retirement. A small percentage (4%) expects to receive financial support from their children in retirement. An even smaller percentage (1%) expects to rely on home equity (such as a reverse mortgage) as their primary retirement income source. Another option might be to move to a state with no income tax (Florida, Nevada, New Hampshire, Texas or Wyoming).

After reading this, you may be wondering if you're retirement ready. If you plan to retire within five years, here are a few ways to help test your retirement readiness:

- Estimate your monthly retirement expenses, taking into account household and food expenditures, standard healthcare, mortgage and other loan payments (if applicable), taxes and miscellaneous expenses including apparel, dining, travel and entertainment.
- Estimate your total monthly income from Social Security, pension plans, investments (including retirement investments in IRAs, 401(k) plans, etc.), and part-time jobs in retirement. Future investment income should represent no more than 4% of financial assets, calculated on an annual basis.
- For a period of four months, try to remain within self-imposed spending parameters and keep a careful record of expenditures.
- At the end of the four months, assess whether you may need to reduce your spending in retirement, increase your savings, alter your investment approach, delay retirement or continue to work part-time in retirement.

Whether you're planning to retire in 30 years or 5 years, planning is the key to being retirement ready! Some basic requirements of being ready and able to enjoy your retirement years are:

- Have sufficient income to maintain your lifestyle in retirement.
- Ensure that you will not run out of money.
- Maintain your purchasing power over the course of a lengthy retirement.
- Have a financial cushion for unexpected expenses.
- Pass on what you want to your heirs.

A budget is vital to retirement planning. Anticipate what your everyday expenses will be in retirement, but don't forget to consider what kind of bigger ticket items you may need as well. After you retire, review your budget annually. It's likely that your income, expenses and taxes will change from time to time. Research has shown that withdrawing no more than 4% of your investments annually offers the greatest possibility of sustaining a 30-year retirement. You can expect Social Security to provide approximately 20% of your preretirement salary (up to the maximum).

Medical expenses will consume a considerable amount of your retirement budget and will increase over time. While the general population in the United States spends about 5% of their annual income on health care, those age 55 and over spend substantially more, 12%, and those over age 75 spend about 14%, even with Medicare benefits.

When thinking about your "retirement lifestyle" it's important to be specific in your budget. If travel is your interest, determine a reasonable annual travel budget. If you plan to spend your days playing golf, find out how much greens fees or club memberships will cost you annually.

If you find after budgeting that you are not "retirement ready," consider working longer and delaying retirement, which provides the following benefits:

- It allows retirement investments additional time to grow.
- It provides more opportunity to continue saving for retirement – especially if your retirement plan offers to match some of your contributions.
- Certain benefits continue to be covered by your employer.
- It reduces the number of years you will rely on your retirement assets for income.

The professionals in our Retirement Plan Division would be happy to help you determine your "retirement readiness." Contact the Participant Call Center at (866) 553-8400 for more information.

Proxy Voting Client Communication

James W. Gray, CFA
Executive Vice President
Director of Wealth Management

Greenleaf Trust maintains an equity focus list of approximately 40 companies within client portfolios. In addition, we hold positions in many other equities in client portfolios either through the request of clients in the case of maintaining a legacy position or through a limited period as we migrate new client portfolios from their prior portfolio into the Greenleaf Trust portfolio. In total, Greenleaf Trust may hold over 300 individual equity positions at any given time. We may hold these legacy positions for months as we migrate new client portfolios to the Research Team approved focus list positions. As a fiduciary we must vote all proxies for each of these companies regardless of how immaterial the share count is or how limited the anticipated holding period is for any given position.

In the spirit of continuous improvement and dedication toward fiduciary excellence, Greenleaf Trust periodically reviews our business processes. Through this process, we have decided to engage a proxy voting advisory service. This service, Glass Lewis & Co., specializes in the ongoing detailed assessment and measurement of publicly traded company's leadership and board of director's performance. This firm performs analysis, tracking and assessment of management compensation plans, monitoring of board attendance and voting and other detailed analysis on a company-by-company basis. Given the ownership of Glass Lewis & Co., they develop their recommendations solely based on the best interest of the shareholders. Like Greenleaf Trust, Glass Lewis & Co. does not have any conflicts of interest. Glass Lewis & Co. effectively votes with the same mindset as that of Greenleaf Trust when we vote a proxy for a client's position in a company.

Additionally, client confidentially is of utmost importance to Greenleaf Trust. For this reason no client information has been or will be shared with this vendor. Glass Lewis & Co. will only know what companies they have been asked to place a vote on behalf of Greenleaf Trust through our existing proxy voting process. In short you will not experience any change in your portfolio or how you interact with Greenleaf Trust. This change will be completely transparent to you. As always we want to ensure that any material changes in how we handle your account is communicated to you in a timely fashion.

This shift in proxy voting will strengthen the depth of analysis for every vote due to Glass Lewis & Co.'s detailed diligence and focus on the factors that are relevant in voting proxies. In addition, this change will allow the Greenleaf Trust Research Team to focus on analysis of new positions, effective ongoing monitoring of positions and finding the next investment for client portfolios, while ensuring that proxies are voted in a prudent manner. For Greenleaf Trust focus list positions, we will engage Glass Lewis & Co. for voting of these positions as well and we will consider Glass Lewis & Co.'s analysis and thinking into our ongoing analysis of the company. The objective of this shift is to focus our resources to have the greatest benefit and impact on behalf of our clients.

Paul R. Jude
Wealth Management Advisor

It May Be Time to Reconsider Your Withdrawal Strategy

"Of course, new retirees face many questions at this stage in their lives, but two questions always tend to rise to the top of the list."

OK, so you just spent (or, if you are like me, you are in process of spending) the last (or next) 30-40 years working hard to construct a portfolio of taxable and tax-deferred accounts that will support you and your family during your non-working years... so, now what?

Of course, new retirees face many questions at this stage in their lives, but two questions always tend to rise to the top of the list.

1. How much can I withdrawal annually in retirement without putting my assets at risk of being depleted prior to my death, and
2. From which accounts and in what order should my withdrawals be taken?

If you are a Greenleaf Trust client, your Wealth Management Advisor has, most likely, answered the first question for you by preparing a Sustainability Analysis using our Monte Carlo Simulation Model. Admittedly, however, financial advisors can pay more attention to growing and guiding your investments than to constructing specific withdrawal strategies. One way to address this potential oversight is to consider a technique called asset sequencing.

Asset sequencing is a combination of withdrawal strategies that promote the systematic and tax-efficient liquidation of your assets. Keep in mind that, as with any financial and/or investment strategy, the approach that you decide to implement that answers the question of how and when to withdraw your assets should be based on the desire to accomplish a specific goal - so, a good place to start is to ask yourself whether your goal is to spend down your assets during your life time or to leave all or a portion of your wealth to family members.

If your objective is to use your assets for your own personal use, then your priority should be to avoid paying income tax on your investments for as long as you can. This can be accomplished by taking withdrawals from your assets in the sequence described below:

According to Dr. William Reichenstein, CFA, the Chair in Investment Management at Baylor University, since capital gains rates (15%) are lower than ordinary income tax rates (up to 35%), a good rule of thumb is to "withdraw funds from taxable accounts before retirement accounts."

Taking distributions from your taxable accounts first means you will pay less in taxes now by allowing assets held in qualified retirement accounts to continue to enjoy tax-deferred growth for as long as possible.

Once you have spent down most of your taxable accounts, you will want to move on to your tax-deferred accounts like company-sponsored retirement plans, IRAs and annuities. From an income tax-standpoint, it does not matter [401(k) vs. IRA] which type of account you draw on next as they are treated the same. However, postponing distributions from annuities may be beneficial since the longer you wait to receive benefits the larger the payout will be – although these distributions will also be, at least partially, taxable. One caveat here is that premature distributions from these accounts (prior to age 59½) will not only be taxable at your ordinary income tax rate, but may also be assessed a 10% penalty.

Finally, since qualified distributions from Roth IRAs are completely income-tax free, withdrawals from these accounts should be taken last. It is important to note, however, that a "qualified" distribution means that you are at least 59½ years old and the account has been open and funded for at least five years.

To switch gears (read: goals), we will now assume your intention is to leave a legacy to your heirs. In this case, the focus should be placed on reducing or, if possible, eliminating what they would owe in taxes in order for them to receive the full benefit of their inheritance.

Converse to the prior technique mentioned above, maximizing the amount that you can pass to your family after your death can be accomplished by generating retirement income from your IRAs and qualified accounts first. The idea here is to postpone taking distributions from your taxable accounts, so that your heirs can receive a favorable tax treatment called a "step-up in basis" at your death.

Consider this example, suppose you purchased XYZ stock ten years ago for $10/share and on your date of death, XYZ was trading for $100/share. In this case, the cost basis steps up to $100 allowing your heirs to avoid the capital gains tax (15%) on the $90 profit.

Since qualified retirement accounts and IRAs do not hold this preferable tax treatment, it is best to start taking withdrawals from these accounts in retirement first, then moving to your taxable accounts and finally (as a last resort) taking distributions from your Roth IRA. You should note that with this plan, your personal income tax burden will, most likely, be larger than it would be in the previous strategy, but you will be more likely to accomplish your overarching goal of maximizing the amount that you will be able to pass to your heirs.

It is important to understand that implementing an asset sequencing plan will take some time, effort and collaboration with your CPA or tax preparer, but your team at Greenleaf Trust stands ready to assist in the formulation of a deliberate withdrawal plan that will accomplish your goals and increase the longevity of your asset base.

"It is important to understand that implementing an asset sequencing plan will take some time, effort and collaboration with your CPA or tax preparer, but your team at Greenleaf Trust stands ready to assist..."

Stock Market Pulse

Index	5/31/12	% Change Since 12/31/2011
S&P 1500	302.43	5.16%
DJIA	12,393.45	2.58%
NASDAQ	2,827.34	9.02%
S&P 500	1,310.33	5.16%
S&P 400	925.63	5.90%
S&P 600	428.13	3.64%
NYSE Composite	7,463.96	-0.17%
Dow Jones Utilities	468.04	2.57%
Barclays Aggregate Bond	111.56	2.13%

P/E Multiples	5/31/12
S&P 1500	13.1
DJIA	14.2
NASDAQ	14.7
S&P 500	12.8
S&P 400	16.4
S&P 600	16.5

Key Rates

Fed Funds Rate	0% to 0.25%
T Bill 90 Days	0.11%
T Bond 30 Yr	2.67%
Prime Rate	3.25%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	302.43	13.1x	2.19%
S&P 500	1,310.33	12.8x	2.29%
DJIA	12,393.45	14.2x	2.64%
Dow Jones Utilities	468.04	NA	3.95%

Spread Between 30 Year Government Yields and Market Dividend Yields: 0.48%

MAIN OFFICE:
211 South Rose Street
Kalamazoo, MI 49007
office: 269.388.9800
toll free: 800.416.4555

HOLLAND OFFICE:
John F. Welch, CFP,® CTFA
Senior Vice President
The Bank of Holland
150 Central Avenue
Holland, MI 49423
office: 616.494.9020
cell: 231.642.1175

PETOSKEY OFFICE:
John F. Welch, CFP,® CTFA
Senior Vice President
406 Bay Street
Petoskey, MI 49770
office: 231.439.5016
cell: 231.642.1175

Retirement Plan Services:
Matthew D. Siel
Vice President
Business Development Officer
cell: 616.540.2093

BIRMINGHAM OFFICE:
Mark W. Jannott, CTFA
Senior Vice President
Investment & Estate Planning
34977 Woodward Ave., Suite 200
Birmingham, MI 48009
office: 248.530.6202
cell: 248.417.5527

TRAVERSE CITY OFFICE:
John F. Welch, CFP,® CTFA
Senior Vice President
130 South Union Street
Traverse City, MI 49684
office: 231.922.1428
cell: 231.642.1175

GRAND RAPIDS OFFICE:
John F. Welch, CFP,® CTFA
Senior Vice President
The Bank of Holland
51 Ionia Avenue SW
Grand Rapids, MI 49503
office: 616.494.9020
cell: 231.642.1175

GREENLEAF® TRUST
e-mail: trust@greenleaftrust.com
www.greenleaftrust.com