GREENLEAF TRUST

Perspectives

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William D. Johnston
Chairman, Greenleaf Trust

The Power of Friends 4

Stewardship of Investments for Non-Profit Organizations 5

Beneficiary Designations: A Simple Task That Can Have Complex Implications. 7

Are You Eating a $20,000 Lunch? 9

Is There an Investment Thesis for Renewable Energy? 10

Mitigating Risk in Concentrated Positions 13

Economic Commentary

Recently, some have asked very natural questions about the equity market and our economy. We have had a full ten percent reduction in stock prices as measured by the major indexes, and significantly more than that in emerging country indexes. Given the declines of the summer of 2015 are we now in a bear market and, if so, is the market (normally a leading indicator) signaling a return to a recession in the US economy?

Technically, the US major stock indexes (Dow Jones Industrial and S&P 500 Index) would have to reach a 20% decline from the high, or about 14,400 as measured by the Dow Jones Index, to achieve bear market status. That is an additional 2000 point decline from our October 2nd close. What can be said is that we are in a correction phase of an extended secular bull market and that some of the accelerants or amplifiers of the now seven-year old bull market have come into question with respect to their sustainability.

Last month we spent time on China and the assumptions that China's slowing GDP growth rate to the 6%-7% range would have significant collateral impact on much of the rest of the world. We argued that those assumptions, while partially true, were being overstated by global investors and particularly those who are focusing on the commodity side of the equation.

Reduced demand for oil in the face of oversupply is not good news for Saudi Arabia, Russia and Venezuela, who together supply about 30% of China's oil imports. The combination of new sources, excess reserves and lower demand has put pressure on these countries' ability to finance their budgets, albeit the Saudis have substantially greater cash reserves than either Russia or Venezuela.

Some of the collapse of pricing power can help explain Putin's increasing desire to interfere in disputes in the Baltic region as well as embrace unhelpful positions with respect to Assad and Syria. Some have assessed it as Putin's way of making Russia relevant in the face of Western sanctions, a strengthening Iran and economic difficulties at home.

Venezuela's inability to support Cuba, and specifically Cuba's medical

Commentary, continued

infrastructure, due to their declining oil revenue may well explain the recent change or softening of Raúl Castro's stance on political prisoners' releases as well as his acceleration on dialogue regarding normalizing US–Cuba relationships.

The conversations about oil-driven revenues has spilled to hedge funds and financing vehicles for exploration, production and distribution channels. High demand and limited supply produced high prices that rewarded innovation, productivity and exploration. Low interest rates and capital seeking enhanced returns created new investment vehicles financed by hedge funds and increased issuance of less than investment-grade debt (junk bonds).

In an environment of successful new technologies and high prices of product, several states experienced "Wild West" economic booms and the capital necessary to finance the expansion rushed to fill the need. Investors eager for US equity alternatives as well as alternatives to low yielding bonds were eager to invest and investment banking firms were quite willing to structure the debt instruments necessary for the deals to be made. While nowhere as large as the home mortgage credit crisis of 2008, some raise the concern that more than a few companies along the chain of oil exploration and distribution could default.

"While nowhere as large as the home mortgage credit crisis of 2008, some raise the concern that more than a few companies along the chain of oil exploration and distribution could default."

While we understand the argument, there are key differences that mitigate the size of the potential default. These bonds are not guaranteed by any government agency nor owned by individuals or pension plans. They are owned primarily by large hedge funds whose investors are in the top 1/10th of one percent of the global population, where risk is inconsequential with respect to their total net worth. Could it put some hedge funds that bet too much on this risky trade out of business, or cause them to fulfill liquidity needs by selling their ownership in US equity market positions? Sure, but those actions have already been taken, and arguments for future US equities to lessen due to this liquidity need are yesterday's news and, we think, overstated.

Much of the financial media is reacting as though we are on the front end of global slowdown. If it is true that in 2013 China accounted for 17% of the world's overall GDP we would argue that its demand for commodities has been weakening for the last twenty-four months and is close to the new normal for China going forward and we think that there is evidence to sustain that argument.

The seven major trading partners of the US in Southeast Asia have been in recession due to China's slowing economy for the past eight quarters. When I visited Australia for a month in 2013, they were beginning to feel the economic shock of a significant reduction in demand for all commodity products previously being scooped up by

China. It was palpable, and you could both see and feel it. Unemployment was increasing and there was increasing tension among domestic and migrant populations who were previously allowed to migrate to Australia to fill the jobs necessary to meet the commodity boom.

All seven trading partners have now reported stabilization in demand, and Australia noted a slight positive growth demand from China in the most recent quarter.

No one was thrilled with the jobs numbers reported in August and September in the US, and there seems to be a sharp disconnect between the equity market and consumer confidence, small business optimism index and almost all other economic indicators. Evidence of Europe's improvement is growing, our consumer is confident, economic indicators continue to incrementally advance, and the China factor is on the tail, not the front end, of the story. The reality is we have been in a bull market that has been fueled by both fundamentals and very low rates with no alternative investment to achieve both yield and capital gains. Over the past two months we have seen a correction that is at least in part returning the focus to fundamentals. I think we are closer to the tail-end of the correction than we are to the beginning.

In light of yet another gun tragedy I offer the following. In the October 4th Sunday New York Times Nicholas Kristof offers some of the best insights I have read in some time on the subject. I highly recommend its read.

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Michael F. Odar, CFA
President

The Power of Friends

Most years, the Odar family will take a break from the gray Michigan winters and head down to Naples, Florida. Two years ago while on one of those breaks, we were having dinner at the home of some dear friends (and Greenleaf Trust clients) and were discussing how my transition to President of Greenleaf Trust had been going. Naturally, the conversation moved to talent and how important the strength of our culture is to our company and our clients.

I must have spoken with conviction because a few weeks ago I received an interesting New York Times article from those same friends that brought up the importance of a topic we discussed – friendship in the workplace. Research has shown that friendship in the workplace positively impacts employee engagement and that groups of friends outperform groups of acquaintances in both decision making and effort tasks. Think about that. What would it be like to work with or be a client of a company filled with highly engaged people that work hard and make good decisions?

"... groups of friends outperform groups of acquaintances in both decision making and effort tasks."

In Adam Grant's article "Friends at Work? Not So Much", he suggests working with the type of company described above might be becoming more difficult to do because work is a more transactional place with fewer meaningful relationships. He suggests the decline of long-term employment, flextime, ability to work from home, social media, and growing time pressures have also impeded relationship building at work.

One of the most predictive questions measuring workplace engagement is "Do you have at least one close friend at work?" According to the article, in 1985 about half of Americans said they had a close friend at work: by 2004 that percentage had fallen to 30%. Although the last measurement from this survey was more than ten years ago, it's hard to imagine the trend reversing considering the proliferation of the other contributing factors mentioned.

I found the article especially interesting because employee engagement is an important part of our culture and something that we measure each year with the help of our talent selection and development partner, HUMANeX Ventures. So, naturally, as part of our annual engagement analysis we ask everyone at Greenleaf Trust if they have at least one close friend at work. I am extremely proud to tell you that in 2015 over 80% of Greenleaf Trust employees said they had at least one close friend at work.

Our culture and business are about relationships with each other and our clients. These relationships are not mutually exclusive. I truly believe that having friends at work helps us make better choices and get more done for our clients.

Stewardship of Investments for Non-Profit Organizations

N. Dean MacVicar, CTFA
Executive Vice President
Director of Institutional Relations

Non-profit and charitable organizations, be they health and human services, education or cultural in nature, provide services critical to the quality of life in the various communities in which we live, work and serve. These non-profit organizations rely on the charitable contributions of their donors to carry out their missions. They must also be good stewards of those resources, whether intended for current operations and services or held in endowment or other investment accounts for future use.

The notion of stewardship is a key element for all non-profit organizations, as they rely on donations and must be able to demonstrate that they use contributions wisely and in alignment with the mission of the organization. Ultimate responsibility of stewardship falls on the organization's board of trustees or board of directors, as well as the executive director and staff.

To the extent an organization maintains an investment portfolio, endowment or otherwise, it is important to establish strong financial principles and practices. This is important not only for the ultimate purpose of providing resources to carry out the mission of the organization, but also to carry out fiduciary obligations the organization may have to the donors that helped provide for those financial resources.

Many of the practices that form the framework of a disciplined investment process are substantiated by legislation, case law and regulatory directives. Three of the important statutes relating to fiduciary law in the United States are highlighted below:

- Uniform Management of Institutional Funds Act (UMIFA) (1972). This act provided uniform rules for the investment of funds held by charitable institutions and the expenditure of funds donated as endowments to those institutions. UMIFA is also significant in that it embraced the concept of total return.
- Uniform Prudent Investor Act (UPIA) (1994). While UPIA applies primarily to family trusts, it has served as a foundation for further modernization of fiduciary standards for charitable trusts.
- Uniform Prudent Management of Institutional Funds Act (UPMIFA) (2006). This act expands on UMIFA and further modernized best practices for non-profit organization fiduciaries, both in the area of investment strategies and spending policies for endowment and other institutional funds. UPMIFA, which was adopted by the state of Michigan in 2009, also abolished the historical dollar-value limitation on expenditures, which was part of UMIFA.

"The notion of stewardship is a key element for all non-profit organizations, as they rely on donations and must be able to demonstrate that they use contributions wisely..."

Non-profit Stewardship, continued

"Laying the strong foundation for a disciplined investment process, with a long-term focus, will help secure those resources that are earmarked for tomorrow."

Oversight of endowment and investment funds of non-profit organizations is often delegated by the board to an investment committee, finance committee or endowment committee. In addition to establishing an appropriate charter that defines roles and responsibilities of such a committee, primary responsibilities typically include:

- Determining investment goals and objectives.
- Establishing an explicit, written investment policy statement that, among other things, reiterates broad goals and objectives and addresses matters such as: asset allocation and risk tolerance, investment strategies, guidelines and restrictions, spending policy, performance standards and reporting, and monitoring for compliance.
- Approval of investment managers or advisors to implement investment policy.
- Establishing an effective communication plan (meetings, financial reporting, performance reporting, reporting to board, etc.)
- Periodic review and affirmation of objectives and investment policy statement.

Clearly, every organization's mission and needs are different, but there are some common elements relating to stewardship and fiduciary oversight of financial resources. Non-profit organizations cannot continue to address the many social, cultural, educational and health-related challenges of today without adequate financial resources, both for current needs and the needs of tomorrow. Laying the strong foundation for a disciplined investment process, with a long-term focus, will help secure those resources that are earmarked for tomorrow.

We are thankful for the services provided by the multitude of non-profit and charitable organizations in our respective communities, and have been honored to assist some of those organizations and their advisors with the stewardship of their financial resources.

Beneficiary Designations: A Simple Task That Can Have Complex Implications.

Karen A. Bouche, CTFA
Executive Vice President
Family Office Advisor

If you are the owner of an Individual Retirement Arrangement (IRA) account, Life Insurance Policy or Retirement Plan assets, you should be aware of the importance of designating beneficiaries of these assets. Effective distribution of these assets at your death can be a crucial part of your estate and wealth distribution plan.

Those of you who have taken the time to formalize an estate plan may have received direction from your attorney as to whom to name. It is important to know that the asset distribution terms written within your trust alone will not preside over the distribution of these assets, rather the beneficiary designation form will. For this reason, we recommend that your review your beneficiary designations at least annually.

For various reasons including death, divorce, or simply a change of heart, the beneficiary named at the time an insurance policy is purchased or when a retirement account is established may not remain the person you wish to receive the property. Failure to keep beneficiary designations current with your desires can lead to undesirable and sometimes embarrassing problems. These problems are entirely avoidable through a little periodic checking and follow through to be sure your designations are accurately completed. Specifically, you should regularly review the following:

1. Who do you have named as beneficiary? Be sure that any individuals that you have named are still those you desire to receive the assets. Consider any change in account value or death benefit, especially if the amount has significantly changed.
   You can have a trust named as beneficiary; however, you will want to review the terms of your trust and specifically review who the beneficiaries of the trust assets are. Additionally, depending upon how your trust is written, leaving retirement benefits to a trust can lead to an undesirable tax situation for the beneficiaries. In an attempt to avoid common issues, the trust document can be written with the intent to clear numerous income tax, required minimum distribution and trust accounting hurdles.
2. How much of the benefit is allocated to each beneficiary? When multiple individuals are named as beneficiaries, it may become appropriate to update the percentage allocated to each. For example, you may have two individuals to whom each is allocated 50% of the benefit at your death. You may change that percentage allocation to best reflect your wishes; it is not mandatory to keep them equal.
3. Have you designated a contingent beneficiary? It is wise to have a

"… we recommend that your review your beneficiary designations at least annually."

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Beneficiary Designations, continued

contingent, or secondary, beneficiary should your primary beneficiary pre-decease you or disclaim the benefit. For example, if a married individual has named his or her spouse as the sole and primary beneficiary and a trust as the sole contingent beneficiary, the surviving spouse has the flexibility to disclaim all or a portion of the benefit if he or she does not need the assets. The entire or partial balance would then flow to the trust which is written according to the decedent's wishes.

Large balance IRA considerations

There are many tax and estate planning techniques to consider when naming beneficiaries of your assets. It can be a truly crucial part of your estate plan, especially if you have sizable retirement assets or life insurance benefits. IRA balances, in particular, have become a larger and larger portion of many families' wealth. According the US Government Accountability Office report in October 2014, there are an estimated 631,149 households in America that carry IRA balances of more than $1 million. This still represents less than 2% of the approximately 43 million families that own IRAs; however, the growth of large balance IRAs is a real opportunity for planning for these families. When this situation exists, often the spouse of the IRA owner has significant assets in their own name. However, often the non-IRA assets will flow through a trust with well thought out dispositive provisions. IRA assets may be better left to a trust, with specific provisions which limit the beneficiary's access to the IRA assets — every family is unique.

> "There are many tax and estate planning techniques to consider when naming beneficiaries of your assets. It can be a truly crucial part of your estate plan..."

This "see-through trust" or "conduit trust" approach has become increasingly popular as families have looked for options with large IRA balances. Typically, a beneficiary takes control of the IRA assets upon the owner's death. To help avoid the beneficiary spending the IRA down too quickly and to allow the assets to continue to grow on a tax-deferred basis, this option may be appealing. The account owner can name a specific trust as beneficiary, which states the designated trustee(s) and sets the terms such as who can access funds, when they can access funds, and for what purpose. They can also specify if distributions should it be limited to only the annual Required Minimum Distribution (RMD) or they could elect to provide access to additional funds for certain life events such as a marriage, college, starting a business, etc. The account owner sets the terms and may provide some discretion to the trustee allowing for flexibility and judgment to be used based upon the circumstances at the time the beneficiary makes a request. It can be a great way to preserve the tax-deferred growth benefits and still provide for the beneficiaries.

As the financial markets move and affect change on the value of your retirement assets and as life changes potentially altering who you would leave your wealth to, remember to review your beneficiary designations and overall estate plan to ensure that they reflect your current wishes.

Are You Eating a $20,000 Lunch?

Michelle M. Gray
Participant Services Coordinator

Saving for retirement can be daunting. According to the Employee Benefit Research Institute, about 36% of workers have less than $1,000 in savings for retirement and 60% of workers have less than $25,000. Experts say you should save somewhere between 15 to 20 times your pre-retirement income. For example, if you make $40,000 before retirement, you may need at least $600,000-$800,000 to maintain that same $40,000 income in retirement.

If you focus only on the end number, it can be very overwhelming and seem out of reach. But have you ever stopped to think about how saving just a little money over time can really add up? Consider this… everyday items may cost only a few dollars, but when those same dollars are put toward retirement savings and invested, they can really add up!

For many working adults, eating out frequently is the norm. We can easily spend $50-$100 per week on food expenses (in addition to paying for groceries). When you pay $5-$10 to go out for lunch, you often don't think twice about it. But when you calculate that into a weekly, monthly or even yearly expense and factor in the effects of compounding had that money been invested, the numbers are staggering.

By saving just a few extra dollars, you could significantly increase your retirement savings over time. Saving just $5 a week, or the cost of a fairly inexpensive lunch, over the course of 25 years can boost your retirement savings by over $20,000. Saving just $25 a week can add up to over $100,000! Your Challenge… how can you save small amounts of money per week to ensure you are on track for retirement?

“Saving just $5 a week, or the cost of a fairly inexpensive lunch, over the course of 25 years can boost your retirement savings by over $20,000.”

LUNCH… EATING OUT	SAVINGS	SAVINGS AFTER 25 YEARS
Once a week	$5/week = $260/year	$20,762*
Twice a week	$10/week = $520/year	$41,515*
Three times a week	$15/week = $780/year	$62,277*
Four times a week	$20/week = $1,040/year	$83,030*
Five times a week	$25/week = $1,300/year	$103,792*

It's never too early (or too late) to start. No matter what your age, NOW is the time to begin or increase your savings… no matter what the amount. The sooner you begin, the more time your money has to grow. Each year's gains can generate their own gains the next year through the power of compounding. Even modest returns can generate real wealth given enough time.

So how much should you contribute? Each person is different and that number will vary based on time horizon, risk tolerance, current savings, and annual salary. You have access to simple retirement planning calculators on our Greenleaf Trust home page at www.greenleaftrust.com or by logging in to your account under Retirement Plan Login. As always, your Greenleaf Trust Participant Services Team is here to help with your savings needs.

*Assumes an 8% rate of return

Dave P. Mange, CFA
Vice President
Senior Research Analyst

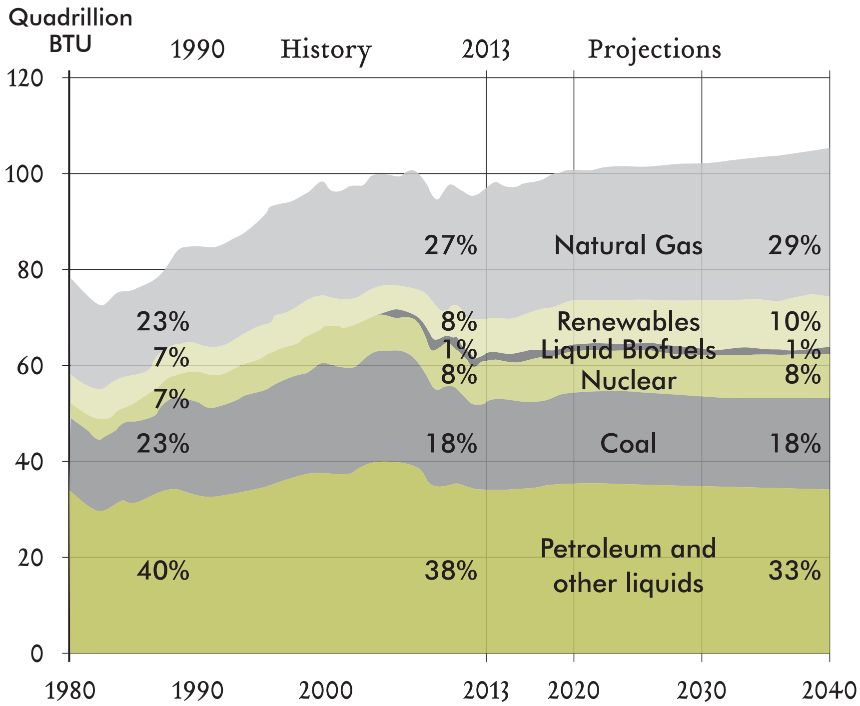
Is There an Investment Thesis for Renewable Energy?

Ten years ago, renewable energy seemed a potentially fertile field for favorable investment returns. The cost of wind and solar electricity generation was falling. Many governments including the United States were subsidizing utility scale generation facilities with tax credits and concern over reducing emissions was at least as high as it is today.

We won't name the companies here, but I back-tested a simple investment strategy over the past ten years. Buying an equal amount of the world's leading utility-scale wind turbine company and the world's leading utility-scale solar panel maker and holding those shares until September 2015 would have resulted in a massive loss. Buying those same companies five years ago would also have trailed a strategy of simply buying a basket of large cap utility companies. The words "renewable energy" had sent the stock prices of solar panel and wind turbine companies to unsustainable levels as investors projected unsustainable growth trajectories. Today, the market seems to be valuing renewable energy as a more integrated part of total energy consumption rather than

"Renewable energy continues its slow march forward."

Primary Energy Consumption by Fuels
in the reference case 1980–2040



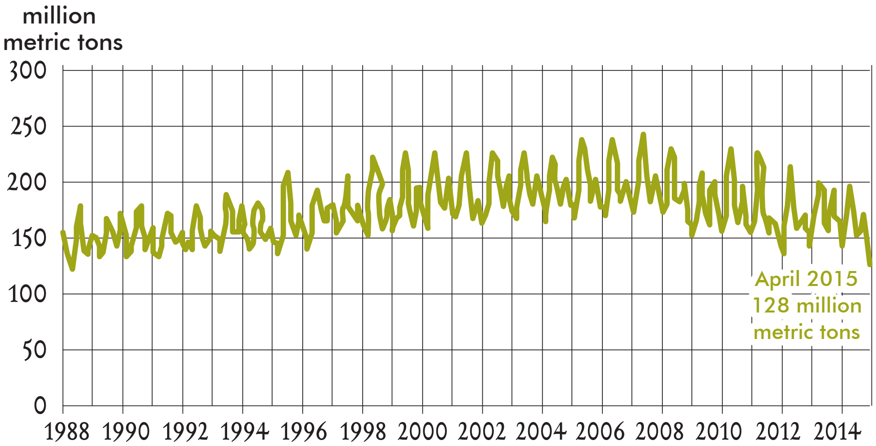
Source: US Energy Information Administration annual energy outlook 2015 as a stand alone concept.

Renewable energy continues its slow march forward. The United States Energy Information Administration (EIA) supplied the estimate in the previous chart in its 2015 annual energy outlook. Note that the chart references total US energy consumption, not merely the fuels used for generating electricity. One interesting estimate is how long it will take for the percentage of coal consumption to wane.

For the year 2015, the EIA expects that the biggest movement in electricity generation will be the replacement of retiring coal fueled generation with lower cost natural gas. While natural gas is not a renewable fuel, the abundant supply in the United States helps narrow coal's cost advantage and confers the benefit of much cleaner emissions. In fact, the EIA reported that power sector CO_2 emissions are now at a 27 year low. While the EIA does not say why this is true, we know that replacing coal with both natural gas and slightly more wind and solar is paying

Monthly Power Sector Carbon Dioxide Emissions Reach 27-year Low in April

U.S. carbon dioxide emissions from the electric power sector (Jan 1988–Apr 2015)



Source: US Energy Information Administration, Monthly Energy Review
Note: Data exclude emissions from biomass energy consumption.

benefits in reducing emissions. Note that the emissions table does NOT include transportation emissions data.

Solar power: It is probably still too early to say whether customer site distributed solar generation (roof top panels) will be the primary mode of solar energy use. It will likely be a "both of the above" development for solar. For those of us in Michigan, it will suffice to say that at least using present technology, California, Nevada and North Carolina are expected to account for 70% of utility scale capacity additions in the next two years.

"… we know that replacing coal with both natural gas and slightly more wind and solar is paying benefits in reducing emissions."

Renewable Energy, continued

"We believe that the investment paradigm for renewable energy from this point forward is that renewable sources will enter the mainstream, without tax credit subsidy."

Wind, and the Michigan Thumb Loop project.

As any Michigan resident knows, Michigan has more wind than sun. The Michigan Public Service Commission reported in February 2015 both DTE energy and Consumer's Energy are meeting Michigan's renewable energy standards. I have included the link to that report for those who would like to read it, and there is a map of recent renewable energy projects on page 18 of that report that may prove to be of interest. http://www.michigan.gov/documents/mpsc

Wind energy is now approaching cost effectiveness without investment tax credits, based on the use of larger turbines that can yield positive results with average wind speeds of 8 miles per hour. Michigan has identified the "thumb" area, mostly Huron and Tuscola counties, as the most viable location for wind turbines. According to the PSC report, Michigan now has 942 wind turbines.

The PSC report helpfully lists the manufacturers of the wind turbines in an appendix to the report. Listed are the usual European leaders, but also prominent is G.E. Energy. Without going into detail, the renewable energy component of General Electric is not a large percentage of G.E.'s revenue. We believe that the investment paradigm for renewable energy from this point forward is that renewable sources will enter the mainstream, without tax credit subsidy.

As a case in point, we recently purchased shares in a power line transmission operator that linked the Michigan Thumb Loop wind project to the rest of Michigan's energy transmission grid. While renewable energy is a part of the story, the company operates across the entire electric energy spectrum from renewable to natural gas to nuclear. As we continue to scan the utility sector for attractive investment opportunities, it is likely the renewable sources of energy will increasingly be a part of the total energy blend for independent energy producers, state regulated utilities and infrastructure development companies.

Mitigating Risk in Concentrated Positions

Steven P. Phillips
Wealth Management Associate

Due to a variety of reasons, many portfolios run the risk of holding a concentrated position in an individual stock. The question of what to do with such a large holding inevitably arises but is often ignored due to a variety of emotional attachments to the stock, aversion to the tax consequences of selling the stock, or a genuine belief that the concentrated holding is a solid investment that will outperform the market. However, most research suggests that holding a concentrated position offers more risk than reward. A concentrated position increases a portfolio's exposure to one stock and industry sector, which is contradictory to the all-important principle of diversification. The result is an increase in both risk and volatility, usually accompanied by lower than average returns.

Maybe some investors feel comfortable with volatility though. After all, the greater the risk, the greater the reward, right? Unfortunately, when it comes to investing within the same overall asset class, higher volatility often reduces overall portfolio returns. Let's take a look at two hypothetical portfolios with the same average annual returns but varying levels of volatility.

PORTFOLIO	YEAR 1 RETURN	YEAR 2 RETURN	YEAR 3 RETURN	AVERAGE ANNUAL RETURN	STANDARD DEVIATION
A	20%	-15%	10%	5%	17.56%
B	15%	5%	10%	5%	5%

ORIGINAL INVESTMENT	YEAR 1 VALUE	YEAR 2 VALUE	YEAR 3 VALUE
$500,000	$600,000	$510,000	$535,500
$500,000	$575,000	$603,750	$664,125

"… most research suggests that holding a concentrated position offers more risk than reward."

Both portfolios had an average annual return of 5% over a three year period. However, due to the increased volatility of Portfolio A, the account balance after three years is $128,625 less than the balance in the more stable Portfolio B. This illustrates how increased volatility actually reduces returns and makes a strong case for the value of having a well-balanced and fully diversified portfolio. When it comes to reducing the risk of a concentrated holding, there are a number of solutions available.

Divest Immediately

The first and easiest option is to divest a large percentage of the concentrated holding immediately and reinvest the proceeds into a balanced portfolio. If an investor has a longer time horizon, a low risk tolerance, lower tax costs, or there is greater volatility in the stock that is owned, this may be an ideal option. However, any stock sale will trigger

Mitigating Risk, continued

a capital gains tax, and a large enough sale may also put unwanted downward pressure on the price of the stock. If the individual equity has been owned for less than one year, short-term capital gains apply and the gains will be taxed at ordinary income tax rates. If the stock has been held for more than one year, long-term capital gains apply. Most investors will fall into either the 0% or 15% long-term capital gains brackets, depending on their income. As of 2013, any investor who is subject to the highest tax bracket possible (39.6%) will face a capital gains tax of 20%.

Staged Sale

If the idea of paying a large tax bill all in one year is not appealing, investors may opt for conducting what is known as a staged sale. Using this strategy, an investor would spread out his or her sales over several years to reduce the tax exposure in any one given year. This provides flexibility in determining which shares to sell first in order to maximize tax efficiency. Keep in mind that the decision to conduct a staged sale, say over a five-year period, means that the portfolio may have more risk and volatility due to the concentrated position being held for a longer time frame.

> "The first and easiest option is to divest a large percentage of the concentrated holding immediately and reinvest the proceeds into a balanced portfolio."

Gifting

Gifting shares is another option for slowly reducing a concentrated position. Whether it is to your children, grandchildren, or your favorite charity, an individual is able to gift $14,000 out of their estate on an annual basis. For married couples, this means up to $28,000 worth of shares in a concentrated position can be gifted annually. This strategy can also be combined with divesting shares immediately or staging sales over a longer time frame. For example, a staged sale that is set up to occur over a five-year time frame would allow the investor to gift an additional $70,000 if single and $140,000 if married out of their estate with no tax consequences.

Charitable Remainder Trust

Another option available is for the investor to set up a Charitable Remainder Trust. With this strategy, an investor would transfer shares of the concentrated position into a charitable trust. This could possibly qualify the investor for a charitable deduction for the year in which the trust is established and the transfer of assets occurs. In addition, once the funds are in the trust, they can be sold and diversified into other holdings, all without being subject to capital gains. In other words, an investor can fully diversify their portfolio without triggering an immediate capital gains tax while also reducing their overall tax burden due to the charitable deduction. The investor can then name themselves as the initial beneficiary. The donor can select to receive annual income streams, either for the remainder of their lifetime or for a set number of years. The funds in the trust are taxable once any disbursement is made. Upon the death of the initial beneficiary, the remaining assets in the plan would transfer to the charitable organization named in the trust, typically exempt from any gift or estate taxes.

These are only some of the options available when attempting to reduce a concentrated position and the option that is best for you takes thoughtful consideration. If you would like to reduce your stake in a concentrated position, give Greenleaf Trust a call today. In coordination with your tax advisor, we can develop a plan that is custom-tailored to fit your needs while easing your mind about the long-term value of your investments.

"… when attempting to reduce a concentrated position… the option that is best for you takes thoughtful consideration."

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	9/30/2015	Total Return Since 12/31/2014
S&P 1500	444.16	-5.23%
DJIA	16,284.70	-6.88%
NASDAQ	4,620.16	-1.61%
S&P 500	1,920.03	-5.29%
S&P 400	1,368.91	-4.66%
S&P 600	650.19	-5.49%
NYSE Composite	9,799.69	-9.59%
Dow Jones Utilities	576.83	-4.15%
Barclays Aggregate Bond	109.58	1.00%

P/E Multiples	9/30/2015
S&P 1500	16.5x
DJIA	13.8x
NASDAQ	19.0x
S&P 500	16.4x
S&P 400	17.7x
S&P 600	18.8x

Key Rates

Fed Funds Rate	0% to 0.25%
T Bill 90 Days	0.01%
T Bond 30 Yr	2.88%
Prime Rate	3.25%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	444.16	16.5x	2.22%
S&P 500	1,920.03	16.4x	2.28%
DJIA	16,284.70	13.8x	2.57%
Dow Jones Utilities	576.83	NA	3.58%

Spread Between 30 Year Government Yields and Market Dividend Yields: 0.66%

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