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Mid-Year Up Periscope	4
Millennials: The Super Saving Generation	5
College Savings Options	6
The Bucket List	8
Trust Distributions – Not as Simple as You May Think	10

## Economic Commentary

Greece has been in the financial news much of the last month, and the markets have reacted with enough volatility around that news to warrant some reminders of what the issues are and what the future implications might be for both the equity and bond markets. Almost two years ago, we devoted time to the Greek debt crisis when markets were quite unstable, and there was a great deal of talk about threats of European bank failures, and debt default contagion running rampant through Spain and Italy as well. Much has happened since then to solidify EU banks and stabilize the Euro, yet Greece just defaulted on a debt payment to the International Monetary Fund (IMF) and the Eurozone is threatening to kick Greece out. What gives?

Let's do a bit of review. The Eurozone was created in 1999, and began to function in earnest in 2000. Many will say that it is an economic alliance, yet there are as many that will suggest it is more politically than economically motivated. Members in alphabetical order are: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain. The common elements of the union were to create a common currency, trade agreements, a central bank (ECB) and to have common monetary policies. At the time, there were thought leaders who promoted the concept as a way to create the United States of Europe and facilitate stronger GDP growth and central bank mechanics, to smooth cycles of expansion and recession. In times of normal economic cycles the union survived – but never really prospered as envisioned – and in more recent challenging economic times the union has come under real pressure to survive.

Creating a union of disparate countries and cultures is idealistic at best. One need only look at the member nations to understand that language is not the only difference among them. In almost every description of cultural components such as government structure, religion, education, geography, social compacts and history the countries, many of whom share common borders, are really worlds apart. To assume that monetary policy alone

*Commentary, continued*

“To assume that monetary policy alone could bind the [European] Union members together is wishful thinking on steroids...”

could bind the Union members together is wishful thinking on steroids, and so it is not surprising that some of the Union may come unraveled, especially in light of the tremendous global economic implosion that occurred just a decade into the history of the EU.

Greece represents 0.39% of global GDP while Germany represents 5.82% of global GDP. Guess who has most of the political and economic sway within the EU? Certainly not Greece, and given the size of their economy, Germany is without question the largest political force in the EU. While Jean-Claude Juncker from Luxembourg is President of the European Commission, and Mario Draghi from Italy is the President of the European Central Bank, it is well known that Angela Merkel, the Chancellor of Germany, is and has been the driving force to demand more from Greece than the Prime Minister of Greece Alexis Tsipras has been willing to deliver.


Tsipras came to power through the left wing of the Greek political system and won the vote overwhelmingly on an anti-austerity campaign. The post-election reality of the depth of Greece's economic recession and bloated debt levels didn't provide Tsipras any leverage in his negotiations with the ECB and International Monetary Fund on debt restructuring. Without substantial debt restructuring (substantial forgiveness combined with lower interest rate and longer terms), default is inevitable and for reasons that the majority of observers are unaware.

Popular perception places the fault of the Greek financial condition squarely on the shoulders of politicians who “gave away the farm” with rich social benefit programs that destroyed productivity and initiative and were unsustainable over time. There is no question that there are disparate social welfare programs throughout the EU member nations; however, the percentage of GDP that member nations spent on social benefit programs is not significantly different and averages around 22% of GDP. Greece spends 21.2% of GDP on social benefit programs, thus the argument that Greece is out of line with member nations doesn't hold water. As a side note, the United States' allocation to social benefit programs is 19.1% of GDP.

Since Tsipras was elected, the government has raised taxes on corporations and individuals. They have increased the VAT (value added taxes are a form of sales tax to the manufacturer or deliverer of services), added taxes to investments, increased real estate taxes and eliminated many legacy social programs that were historically patronage in nature. Implementation of these measures has angered the left, eroded Tsipras' political capital and left Greece still unable to pay its debts. Asking the wrong question rarely gets you to the right answer.

The EU economies have been struggling between recession and growth for the past seven years, with Greece being in recession for all but two of the last seven. Higher taxes on an increasingly smaller economy doesn't provide more revenue. In fact, the higher unemployment rate of Greece (25 %) demands higher social benefit program costs, which eats away at smaller government coffers.

Was Greece an example of spending beyond their means? Yes, for certain, as are most nations within the EU. Why were some members of the EU able to manage through the great global recession? Largely because their economies recovered at greater rates than did the Greek economy. The pathway out of recession is to ease monetary policy, not to tighten it, yet that is the policy that the ECB is taking with respect to Greece and, from a distance, it makes no sense. The threat of kicking Greece out of the EU is short sighted even in light of the EU being a fragile, if not failed, concept to begin with. The ECB and European Commission does have leverage; however, it should by now be abundantly clear that forcing more austerity on a recessionary economy with 25% unemployment (46% for adults under 40) will not create GDP growth and, therefore, more tax revenue to pay existing and future sovereign debt. If the ECB and International Monetary Fund want to be paid back, their mission ought to be a stronger, not weaker, Greece.

On Monday, July 6th, the Greek citizens will vote on a referendum accepting the restructure plan that the EU, ECB and IMF have been negotiating with Tsipras and his finance minister. While some in Greece fear being left out of the EU, there are many Greeks who feel that is the best opportunity for their future, and there are a number of economists that have similar perspectives. Having a common currency between separate nations is not always a good thing. Great Britain knew this and thus, as a strong member of the EU, they retained their sovereign currency while still retaining member nation status. Greek industries that export goods cannot control the currency price of their goods in other nations because those goods are priced in euros. If they had a return to the drachma, the value of the drachma would fall and their global pricing would improve. To be certain a return to the drachma would have immediate negative consequences for many Greeks, as asset values would plummet and inflation would dramatically increase in the near term, yet the promise of greater export competitiveness and cheaper tourism trade is an option that many in Greece prefer over continued stagnation, high unemployment and a growing perception that the ECB, EU and IMF now rule Greece. Should the referendum vote be a resounding no, the negotiating teams must seek a different route to the solution of Greece's financial condition. 

**“Should the [Greek] referendum vote be a resounding no, the negotiating teams must seek a different route to the solution of Greece’s financial condition.”**



*Michael F. Odar, CFA  
President*

“In 2015, our focus has been on four key initiatives: Culture, Stewardship, Innovation, and Purposeful Growth.”

## Mid-Year Up Periscope

Goals for organizational behavior should be clear, challenging, and measurable. We take that approach each year in the development of our strategic initiatives.

At the beginning of 2013, we set out to create more focused time for our talented team to spend ‘with’ and ‘for’ our clients. It was an acknowledgement that we wanted and could be doing more for them by improving many of our processes and work flows to make us more efficient.

We have accomplished a lot over the past two years, and our agreed-upon plan at the beginning of 2015 was to keep on going. In 2015, our focus has been on four key initiatives: Culture, Stewardship, Innovation, and Purposeful Growth.

On June 29th at our mid-year Up Periscope meeting, our leadership team met to assess our progress on 2015 strategic initiatives, acknowledge accomplishments, and determine where additional resources were needed. The meeting was all day and filled with candor. Below are some of the highlights.

We continue to work hard every day to nurture our culture and reinforce the importance of high performance with accountability. I believe the awards we have been honored with this year from organizations like Best & Brightest provide us with feedback that we have a work environment that engages and inspires our team to do great work for our clients.

Stewardship is the responsible overseeing and protection of something worth caring for and preserving. This year we have worked aggressively to integrate our customer relationship management (CRM) software into other organizational systems to ensure that our Client Service Standards are upheld. We are measuring the results with client surveys and holding everyone accountable with Key Performance Indicators (KPIs) focused on client service.

Innovation is transformation of workflow, more sophistication, more automation, and more operational excellence. In order to meet the growing sophistication of our clients, we have been broadening our investment capabilities for clients and began to place qualified client assets with KKR Prisma Spectrum fund, a multi-strategy hedge fund, this April. We have also made significant enhancements to our website including several retirement planning tools for our Retirement Plan clients.

Purposeful growth helps to ensure that we will be around from generation to generation. I am excited to announce the location of our new northern Michigan office at 125 Park Street in Traverse City, Michigan. Our new office and team growth in northern Michigan will help us enhance and expand the delivery of client service in northern Michigan. We have also been expanding our social media presence, added six new talented team members, and continue to grow our Family & Foundation Services Division.

Half-way through the year I am pleased with the progress we have made on our strategic initiatives and excited about things to come. ☑

## Millennials: The Super Saving Generation

The best educated, largest, and most diverse group of investors in America are the Millennials. Born between 1981 and the early 2000s, this generation has grown up with increasing access to information, and thanks to the Internet – and especially social media – is more globally aware.

The youngest investor generation makes up a full third of the American population. They are the most college educated of any generation and are already committing serious money into the investment market.

Millennials are not only concerned about their own well-being, they are also engaging in their communities like none before them. Contrary to popular belief, the “social network” has made them more socially conscience and interested in making a contribution to society. The internet has given them a means not only to become inspired, but to take action on social issues. In addition, the internet has given Millennials a platform to invest in their own interests and talents. Statistically, the Millennial generation is becoming entrepreneurs more frequently and earlier than any previous generation. In other words, in a critical mass not seen before, Millennials are actively and deliberately planting the seeds and know what they want the fruit of their labor to look like.

They are aware of the need to put away money for retirement – 70% have already started, which is a surprisingly upbeat statistic if you consider what obstacles have already been put in their way.

Millennials became adults during the Great Recession, which shook investor confidence, and witnessed what was necessary to bounce back. Additionally, the aging population has limited job availability, leaving Millennials with a 12.5% unemployment rate. On top of that, many jobs are becoming automated as technology advances.

While 61% of Millennials have attended college, that record comes with a cost: an average \$40,000 student loan debt – more than twice the average American. Not surprisingly, average credit card debt is more than \$4,000 per Millennial.

This has created a tendency for Millennials to gravitate toward lower-risk portfolios, aimed more at preserving wealth with modest growth rather than less conservative investments seeking a greater return in the market.

But Millennials are savvy – saving more, saving earlier, and seeking out professional guidance more than any previous generation – preparing to reap the benefits of the most important factor of retirement planning on which Millennials are capitalizing, time.

Millennials will live longer than any previous generation, giving them more time to save for retirement and more time to enjoy it. With Social Security unlikely to be available without reform and long life expectancy, Millennials



*Gabrielle D. Contesti*  
*Participant Services Coordinator*

“The youngest investor generation makes up a full third of the American population.”

*Super Savers, continued*

will have to personally save more than other generations before.

To make the most of their working years and be prepared for their golden years, Millennials will need to begin/continue to:

- Save as much as possible in a company-sponsored retirement plan or IRA, taking full advantage of their company's match, if applicable
- Set aside 3-6 months of expenses as a safety net to avoid tapping into retirement savings
- Pay off credit card debt
- Consider a Roth 401(k) or Roth IRA contributions
- Increase overall contributions to investment savings by 1% each year
- Explore a Target Date Fund as a simplified, low effort savings vehicle

The most difficult step is the first step. Deciding to temporarily part with a portion of income with the belief it will come back multiplied upon retirement is a step Millennials must take. Fortunately they are, by-and-large, collectively taking this first step — and then some. ☑



*Andrew L. Riker, CFP®  
Senior Wealth Management Advisor*

**“Individuals  
(typically parents or  
grandparents) can  
set aside funds for  
college expenses in  
numerous ways ...”**

## College Savings Options

Individuals (typically parents or grandparents) can set aside funds for college expenses in numerous ways including separate accounts in the parent's or grandparent's name, irrevocable trusts such as a 2503 C or Crummey, 529 Qualified Tuition Programs, or a Coverdell Education Savings Account. However, 529 Savings Plans or Uniform Transfers to Minors Accounts (UTMA) are more frequently used. Below is an overview of these two vehicles.

### 529 Savings Plan

529 plans are named after section 529 of the Internal Revenue Code. Individual States offer 529 plans, which are educational savings plans designed to help families set aside funds for future educational expenses. Plans vary from state to state.

Michigan's 529 plan, or Michigan Education Savings Plan (MESP), is offered and administered by TIAA CREF. The MESP is a valuable college savings tool with tax advantages and solid investment options. The MESP provides for State of Michigan income tax deductions (for Michigan residents) on contributions, and qualified distributions are free from federal and state income tax (for Michigan residents). Key features of the 529 Plan include: earnings accumulation that is tax-free; free from income, state residency or age restrictions. The MESP has flexible contribution options and reasonable fees. Contribution limits per year are up to \$140,000 for married couples (\$70,000 for single filers) without a reduction in the applicable gift tax exclusion amount. However, if you contribute that maximum amount in one year, no additional gifting is



allowed for the next five years. You may also choose to gift up to the gift tax exclusion amount (currently \$14,000) each year to fund these accounts, with no restrictions on future annual gifting. Funds must be used for qualified higher education expenses, or a penalty may be charged. It's often believed that money in a Michigan 529 has to be used for educational expenses within the state. This is not the case. Dollars in a Michigan 529 can be used at any eligible higher educational institution nationwide and abroad.

ADVANTAGES OF 529 SAVINGS PLANS	DISADVANTAGES OF 529 SAVINGS PLANS
<p><b>Control</b> 529 Savings Plans help to ensure that the funds will be used to support college expenses.</p>	<p><b>Control</b> Funds are designated for higher educational use only, and owners are limited to choosing among investment options offered by the company running the plan.</p>
<p><b>Tax Benefits</b> Earnings grow tax-free, and withdrawals are exempt from federal income tax and state tax for Michigan residents. Michigan allows for a state income tax deduction on contributions up to \$5,000 for a single return, and \$10,000 for a joint return.</p>	<p><b>Penalties</b> If withdrawals take place for non-qualifying expenses, a 10% penalty will be imposed in most cases.</p>

**UTMAs**

An UTMA is easy, inexpensive, and allows a minor to own securities. While UTMA accounts are not specifically designed to provide financing for college, they are frequently used for this purpose because the assets become available to the minor when he or she reaches the age of majority. The age of majority can range from 18 to 21, and is selected when the UTMA is established. At the age of majority, the funds in the UTMA become property of the child and he/she can use the money for whatever purpose they desire, a concern for many parents.

Transfers (gifts) to an UTMA are subject to certain gift tax rules. Generally, the annual exclusion amount can be transferred to an UTMA by both an individual and spouse with no tax implications. Higher amounts may involve filing gift tax returns, although actual gift tax payments may not be required.

“The type of savings vehicle you choose depends on individual circumstances and goals for the ultimate use of the funds.”

ADVANTAGES OF UTMA PLANS	DISADVANTAGES OF UTMA PLANS
<p><b>FLEXIBILITY</b> Control over investments, and ability to withdraw money at any time for any purpose deemed necessary by the custodian.</p>	<p><b>CONTROL</b> At the age of majority, the child controls the money and can spend the funds as he or she chooses.</p>
<p><b>SIMPLICITY</b> UTMAs are relatively inexpensive and easy to establish and manage.</p>	<p><b>POSSIBLE FINANCIAL AID IMPLICATIONS</b> Because the funds are treated as child's the funds could negatively impact ability to qualify for financial aid.</p>
<p><b>PREFERENTIAL TAX TREATMENT</b> If the child is under age 18, the first \$1,000 of income earned by the account is tax-exempt, and the second \$1,000 is taxed at the child's rate. However, any amount in excess of \$2,000 is taxed at the parent's rate.</p>	

The type of savings vehicle you choose depends on individual circumstances and goals for the ultimate use of the funds. Please contact your team at Greenleaf Trust, who would be pleased to discuss all of your savings options in more detail and help develop a plan to meet your individual needs. ☑



*Nicholas A. Juble, CFA  
Vice President  
Assistant Director of  
Wealth Management*

“... we are upgrading our portfolio management and reporting processes by adding a fourth “bucket” to the approach.”

## The Bucket List

Most of us are familiar with the notion of a “bucket list,” a concept popularized by the 2007 film by the same name. As in the movie, bucket lists are often populated with a variety of extreme sporting adventures, philosophical pursuits, and making right by loved ones – basically a compilation of all the things we wish we had been doing all along.

This article is actually about a different kind of bucket list, but it does involve doing something we wish we had been able to do a long time ago. Specifically, we are upgrading our portfolio management and reporting processes by adding a fourth “bucket” to the approach. Elaboration to follow, but suffice to say that the fourth bucket will greatly enhance our team’s ability to adapt your portfolio to changing market conditions while simultaneously improving reporting capabilities.

In the context of asset management, a portfolio is traditionally divided into three categories: equity, fixed income, and cash. We affectionately refer to these categories as “buckets” and the amount of your portfolio we allocate to each bucket is the most important investment decision we will make on your behalf. In recent years, an additional category known as “alternative investments” or simply “alternatives” has entered the conversation. This aptly named category is populated with something other than traditional equities, bonds, and cash; the alternative to which can include a variety of investments including commodities, real estate and hedge strategies, among others.


Alternative investments can provide diversification and correlation benefits to a traditional portfolio and our in-house research team has selectively advocated for the use of alternatives in client portfolios for quite some time. Under the traditional “three-bucket” construct, we have held these instruments in the equity bucket for lack of a better place to house them. Unfortunately, this inherently restricts us to using these instruments only as an alternative to equity and not as an alternative to fixed income holdings. Holding alternatives solely in the fixed income bucket would create a similar limitation, while moving them back and forth between buckets would impact reporting capabilities, reducing transparency for our clients. Enter the fourth bucket.

Our new “four-bucket” structure builds on the traditional construct of equity, fixed income and cash by adding a fourth category specifically for alternative assets. While it may not seem like rocket-science, adding an explicit fourth bucket significantly enhances our ability to adapt your portfolio based on our outlook while enabling clearer reporting to you, our client, at the same time.



Let's consider a simple example. Suppose your portfolio is allocated with 70% to equity and 30% to fixed income – we'll ignore cash for simplicity – and suppose our independent research team determines that a 10% allocation to alternative assets was appropriate for your portfolio. Historically, we would place that allocation in the equity bucket and re-label it “equities and alternatives,” which inherently means we are funding the alternatives purchase with dollars that would have otherwise been used to buy stocks. The result is a portfolio that actually holds 60% equity, 10% alternatives, and 30% fixed income. This may or may not be the optimal approach depending on market conditions and our expectations therein. Another approach would be to maintain the full allocation to equities and fund the alternatives purchase with fixed income dollars as follows: 70% equity, 10% alternatives, 20% fixed income, and a third approach would be to fund part from equities and part from fixed income: 65%/10%/25%. Varying market expectations would dictate the most appropriate way to position the alternatives allocation within the broader portfolio and the fourth bucket provides the requisite flexibility to implement a portfolio that reflects our views.

Importantly, the four-bucket structure will also enhance our dialogue with you, our clients, by adding transparency to the way we report on your portfolio. Assuming your portfolio includes an allocation to alternative assets, the weighting therein will be clearly reflected in the pie charts displayed on your periodic statements and performance reports. Today, the pie chart for a portfolio with 65% equity, 5% alternatives, 25% fixed income and 5% cash would have a 70% wedge labeled “equities and alternatives,” a 25% wedge for fixed income and a 5% wedge for cash. Once we formally implement the fourth bucket, the pie chart for that same portfolio would have a unique wedge for each category. Likewise, the conversations shared between you and your wealth management advisor in your portfolio review meetings will include discussion of your portfolio positioning within the four-bucket construct.

We plan to formalize the fourth bucket during the third quarter of 2015. Importantly, the implementation will not result in any immediate changes to your underlying portfolio, but it will set the stage for potential repositioning in the future if and when changes are recommended by the research team. Rest assured there will not be any surprises as we will continue to manage to your goals and investment objectives as discussed and understood by your trusted advisors at Greenleaf Trust. 

“We plan to formalize the fourth bucket during the third quarter of 2015.”



*Carlene R. Korchak, CTFE  
Vice President  
Trust Relationship Officer*

“When creating a trust, “the sky is the limit” is a fairly accurate adage to apply as the grantor decides how to structure the dispositive terms of the document.”

## Trust Distributions – Not as Simple as You May Think

A trustee has many duties and one of the most important is handling distributions according to the terms of the trust. The grantor (the person establishing the trust) sets up the terms for distribution, and then relies on the trustee to execute those terms appropriately. Often the grantor provides for outright distribution of trust assets, but in many circumstances assets are held in trust and distributed over time. The grantor may desire certain amounts or percentages to be distributed at a beneficiary’s certain ages, or may direct that distributions be made based on certain standards described in the trust. It is this last category of distributions that is called “discretionary distributions” because they are based on the discretion of the trustee. Discretionary distributions require careful analysis and handling on the part of the grantor when the trust is written, on the part of the beneficiary when requesting funds, and on the part of the trustee when deciding whether or not to distribute funds.

When creating a trust, “the sky is the limit” is a fairly accurate adage to apply as the grantor decides how to structure the dispositive terms of the document. As mentioned above, a standard for making distribution decisions provides the guidance a trustee needs to follow the grantor’s intent. One standard often used in trust documents is “for

the beneficiary’s health, education, maintenance and support.” Each of those words can be interpreted in different ways, and it is up to the grantor to decide how specific or restrictive they would like to be. For example, does education mean post-high school, private pre-school or elementary school, trade school, a training program that leads to some type of certification? What about full-time versus part-time enrollment after high school? Might the grantor want to include a requirement for evidence of passing grades for post-high school educational distributions? Is the trust to pay for tuition, books and fees only, or can the beneficiary request funds for transportation to and from class, or for living expenses/room and board? For those grantors who prefer a very broad standard, another common standard is “for the beneficiary’s best interests, welfare and happiness” which allows the trustee to be very generous when interpreting a beneficiary’s request.

There are other factors a grantor may want to consider when determining dispositive provisions as the trust is drafted. Should the trustee make any value judgments before making a distribution? For example, should a beneficiary be able to demonstrate that he or she can manage his or her financial affairs responsibly prior to receiving a distribution? Does the beneficiary need to prove

that he or she is drug or alcohol free? If there are multiple beneficiaries of a trust, must distributions be made equally? Do certain beneficiaries, such as a surviving spouse or a certain generation of descendants, have preference over other beneficiaries? Can the trust be depleted prior to the stated termination date in order to meet the needs of the beneficiaries? Should other resources available to the beneficiary be considered before making a distribution from the trust?

After receiving a request from the beneficiary, the trustee has many things to consider. First and foremost, the trustee must determine if the request meets the distribution standard and other definitions or specific requirements in the trust, as well as fitting the purpose for the trust. A trustee has a duty of loyalty and impartiality to all beneficiaries (current and future), so he/she must consider the impact of the request vis-a-vis the other beneficiaries and their current or potential needs. This can be a bit challenging when there are significant age differences and differences in lifestyles among the beneficiaries, but it is important to assure the sustainability of trust assets for everyone's needs.

In addition to these issues, the trustee has other matters to consider. If there is a co-trustee, adviser, or trust protector named in the trust, are they to be consulted prior to making a distribution decision? Are there value judgments to be made per the terms of the trust and, if so, has the beneficiary met those

requirements? If the trust allows for the discretionary distribution of income or principal, which would be more appropriate to use? (This decision is often based on analysis of income tax consequences for the trust and the beneficiary.) If there is uncertainty about the decision or a lack of clarity in the trust document, case law can be consulted for guidance or the probate court can be petitioned for direction.

The beneficiary can help the process by providing appropriate information to the trustee with the request. When Greenleaf Trust is serving as trustee, our trust officers ask the beneficiary to submit the request in writing and explain the purpose for the request, the dollar amount, and the timing or frequency of the distribution(s). We ask for any supporting documentation such as bills or invoices, lease agreements, receipts, budgets, etc. It is also helpful to know as much as possible about the background of the situation that helps support the request.

After reading this far, you can see that naming a trustee is a critical decision. The grantor should select someone who will be impartial and fair to all beneficiaries, who has the ability and time to understand the terms of the trust, who can make appropriate value judgments, and who can analyze tax consequences and the sustainability of assets to meet the purpose of the trust. For complex family situations and estate plans, it often makes sense to name a corporate trustee to assure that

appropriate expertise and impartiality can be applied to the situation.

When Greenleaf Trust serves as trustee, we use experienced trust officers as well as a committee process to provide oversight to the discretionary distribution process. Once a beneficiary submits a request with supporting documentation, the trust officer reviews the request and the terms of the trust, contacts any co-trustee, adviser or trust protector when necessary, provides background information and makes a recommendation. That recommendation is then reviewed and finalized by a committee made up of individuals with extensive background in trust administration, as well as tax and legal expertise. In this way, the grantor's and all of the beneficiaries' interests are well-served.

This may all sound very clear-cut, but from my years of experience I can tell you that some of the lengthiest and most involved discussions at our Trust Committee meetings revolve around discretionary distributions. Many requests are straightforward, but those that are not (such as dealing with unforeseen circumstances or differing needs of beneficiaries) require "all hands on deck" in terms of background and expertise in the room. The benefit of the wisdom of an experienced team versus the decision of one individual is definitely evident in this process as we work hard to follow the grantor's purpose and to fairly represent all beneficiaries of the trust. ☐

## Stock Market Pulse

Index	Total Return Since		P/E Multiples	6/30/2015
	6/30/2015	12/31/2014		
S&P 1500 .....	478.50	1.56%	S&P 1500 .....	17.7x
DJIA .....	17,619.51	0.04%	DJIA .....	14.4x
NASDAQ.....	4,986.87	5.90%	NASDAQ.....	20.4x
S&P 500.....	2,063.11	1.23%	S&P 500.....	17.5x
S&P 400 .....	1,502.17	4.20%	S&P 400 .....	19.7x
S&P 600 .....	719.20	4.16%	S&P 600 .....	20.9x
NYSE Composite .....	10,805.20	-0.31%		
Dow Jones Utilities.....	550.32	-9.39%		
Barclays Aggregate Bond.....	108.78	-0.34%		

## Key Rates

Fed Funds Rate .....	0% to 0.25%
T Bill 90 Days.....	0.00%
T Bond 30 Yr.....	3.10%
Prime Rate .....	3.25%

## Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500 .....	478.50	17.7x	2.03%
S&P 500.....	2,063.11	17.5x	2.10%
DJIA .....	17,619.51	14.4x	2.27%
Dow Jones Utilities.....	550.32	NA	3.66%

Spread Between 30 Year Government Yields and Market Dividend Yields: 1.08%

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