GREENLEAF® TRUST

Perspectives

A Greenleaf Trust Newsletter

JULY 2024 VOLUME 33, ISSUE 7

Michael F. Odar, CFA®
President
Chief Executive Officer

2024 Mid-Year Update 2

Taking It With You? 5

All From One or Some From All 9

10-Minute Tasks to Reduce Estate Stress: Simple Steps Now to Save Hours Later 12

Am I Small Now? 15

Celebrating the Importance of Independence

Independence Day, or the Fourth of July, celebrates the adoption of our Declaration of Independence on July 4, 1776, by the Second Continental Congress in Philadelphia. Its signing formally marked our country's independence from Great Britain and the ability to control our own destiny in the best interest of the American people. We also believe in the importance of independence and celebrate it.

According to S&P Global Market Intelligence, there have been approximately 235 bank mergers over the last two years ending in 2023. What can happen when banks merge? Well, for one of the parties involved it can mean the loss of independence. From our perspective, it's the loss of their ability to control their commitment to their Four "Cs" – Clients, Culture, Community, and Colleagues.

I saw this happen firsthand in the late 1990s as a financial advisor at First of America Bank when it was acquired by National City Bank out of Cleveland, Ohio. The approach from National City was "it's our way or the highway" and any legacy practice, service, product, technology platform, or procedure was being replaced. Relationships matter. In this case, the loss of independence ensured our clients' needs did not come first. Instead, it was the shareholders' needs. The culture quickly dissolved from one of teamwork and pride in serving clients in our community to just doing the job. It also became quickly evident that most career growth opportunities would now require a move to Cleveland. Valued, talented teammates left the bank (some voluntarily; some involuntarily) and, in more than a few instances, left the community. The Kalamazoo community was negatively impacted. All of this provided me with the impetus to make a change, and with good fortune I found my purpose with Greenleaf Trust.

I am proud that Greenleaf Trust is structured to remain a privately held, trust-only bank in perpetuity. This eliminates the possibility of an acquisition or merger and ensures that our core culture of service, along with our guiding value system, will remain intact from

Celebrating the Importance of Independence, continued

generation to generation. Our independence eliminates the possibility of our clients' interests being superseded by the policies of a distant corporate office. It also allows us to stay committed to our Four "Cs".

Finally, I would like to celebrate John Welch, Senior Vice President, Managing Director – Northern Michigan, and wish him a happy retirement from his Greenleaf Trust family. John joined the team at the beginning of 2009 and has led our efforts in Northern Michigan for the last 15 years. John and his team have grown our Northern Michigan market from essentially "Hello, we are Greenleaf Trust and new in town" to 286 client relationships and nearly $1.5 billion in assets under advisement. We wish John and his wife, Tracey, all the best as they start the next chapter of their lives together. Thanks, John!

"I would like to celebrate John Welch... and wish him a happy retirement from his Greenleaf Trust family."

2024 Mid-Year Update

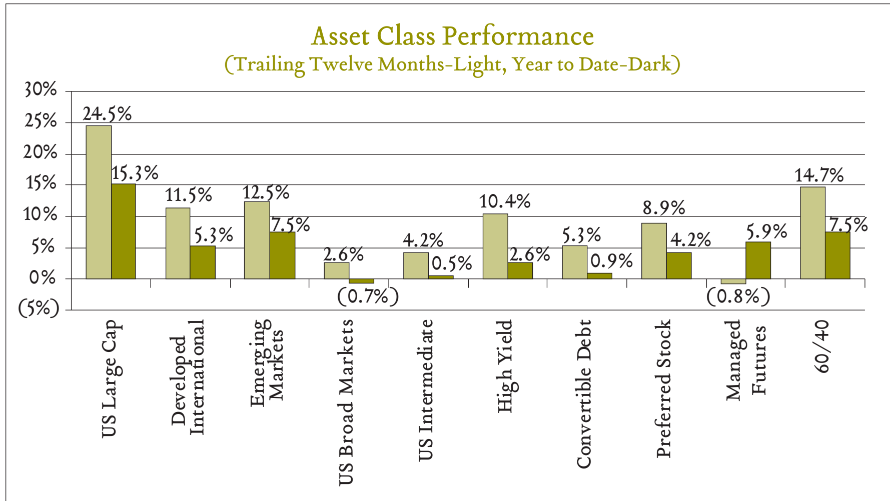
Nicholas A. Juhle, CFA®
Chief Investment Officer

The first half of 2024 continued the positive momentum seen in 2023 across financial markets. The likelihood of a recession has diminished compared to a year ago. Meanwhile, a stronger-than-expected labor market and stalled progress on inflation have created a challenging environment for Fed policymakers. Looking ahead to the second half of the year, monetary policy remains in focus as the upcoming US presidential election is sure to dominate the headlines.

A Healthy Start

At our client seminars to start 2024, we said we hoped for a "normal" year after five consecutive calendar years with global stocks rising or falling by more than 15%. Well, the first half of 2024 has been a little better than normal for stocks and a little worse than normal for bonds.

Year-to-date, global equities are up more than 12%. Domestic large caps are up 14.4%, while developed international and emerging market stocks are up 5.3% and 7.5%, respectively. At the same time, core bonds are up 0.5% and the 10-year Treasury bond rate has risen to 4.40% compared to 3.88% starting the year. Even a balanced portfolio composed of 60% stocks and 40% bonds is up 7.5% in the first six months of the year.



Labor Market Cooling but Solid

Job openings have continued to trend lower in 2024. Through April, open positions declined to 8.1M, down from 8.9M starting the year and a peak of 12.2M in March of 2022. More importantly, the ratio of job openings to unemployed workers now stands at 1.2:1, down from a peak of 2:1. Declining job openings indicate the labor market is coming into better balance, a positive development for policymakers focused on bringing inflation back to targeted levels because it lessens the chance of a harmful wage-price spiral. That said, the labor market remains strong. Monthly payroll additions averaged 250K in the first half of the year, consistent with full year 2023 levels. Year-to-date, the unemployment rate has moved 0.3% higher to 4.0%, but remains quite low by historical standards.

"Declining job openings indicate the labor market is coming into better balance..."

Inflation Range-Bound?

Despite a gradually cooling labor market, inflation, as measured by yearly changes in the Consumer Price Index (CPI), has been stuck between 3.1% and 3.5% year-to-date. That's down from an average of 4.1% in 2023 and a peak of 9.1% in June of 2022, but still higher than Fed Policymakers (and consumers) would like. Although the CPI index generates more headlines, the FOMC uses the Personal Consumption Expenditures (PCE) index when gauging its 2% inflation target. PCE has ranged from 2.5% to 2.7% year-to-date. May PCE showed a 2.6% increase in prices, compared with 2.7% in April.

2024 Mid-Year Update, continued

A Patient Fed

The Federal Reserve is charged with maintaining a very delicate balance with a very blunt set of tools. We all want to see inflation return to 2% swiftly, which could be easily achieved if we were all also on board with crashing the labor market to achieve it. The goal of restrictive monetary policy is to gradually slow economic activity to bring inflation back to targeted levels without slowing so much as to risk sending the economy into a recession. After reaching what appears to be a peak policy rate level of 5.25%-5.50% in July 2023, Fed policymakers have not been in a hurry to cut rates. Their patience has been bolstered by the strong labor market and stubborn inflation. The bond market has been less patient and it's easy to forget that just six months ago, investors were pricing for six rate cuts in 2024. With four meetings left this year, investors are now pricing for just two cuts, while Fed projections from June indicate just one cut.

"We believe short-term market-timing strategies are unlikely to improve long-term outcomes."

Election Year

US federal elections are slated for Tuesday, November 5, 2024. Both polls and prediction markets indicate that the presidential contest is currently too close to call. We recommend clients be wary of headlines suggesting one candidate or the other will help or harm the stock market. Historically, U.S. stocks have performed well under both Republican and Democratic administrations, including both Presidents Biden and Trump. The fact that an election is on the horizon has not historically been a good reason to trim equities. On average, S&P 500 returns have been positive in:

- The fourth year of a Presidential term
- The fourth year of a Democrat's term
- The fourth year of a Republican's term
- In the year prior to a Democrat being elected
- In the year prior to a Republican being elected
- During the period between the election and inauguration, and
- In the first year of a new President's term

Today's political climate is polarizing for a number of reasons, but reading this list, anticipated stock market performance really shouldn't be one of them.

Looking Forward - Capital Market Assumptions

As for the market experience going forward, we share our updated capital market assumptions below. These forecasts represent our expectations for average annualized returns for each asset class over the next ten years. Over the next decade, there will be years where returns exceed our expectations and years where returns trail our expectations. We believe short-term market-timing strategies are unlikely to improve long-term outcomes.

Asset Class	Historical Returns 1994-2024	10 Year Expected Return (Jun 2024)	10 Year Expected Risk (Annualized vol.)
US Large Cap	10.14%	6.50%	17.00%
US Mid Cap	11.15%	8.50%	19.00%
US Small Cap	10.21%	8.50%	21.00%
Developed International Equities	5.69%	7.50%	18.00%
Emerging International Equities	4.64%	8.75%	22.00%
Core Fixed Income	4.12%	4.60%	5.50%
Non-Core Fixed Income	7.02%	6.70%	11.00%
Diversified Alternatives	4.64%	6.50%	8.00%
Cash	2.37%	3.90%	0.50%
Inflation	2.52%	2.25%	1.50%
60/40 Public Portfolio		6.00%	11.00%

Source: Greenleaf Trust, as of 6/30/2024

We continue to recommend most of our clients hold a full weight to global equities in accordance with their individualized risk profile, and we remain marginally more constructive on international equities. Concurrently, in this relatively uncertain environment, we are utilizing diversifying strategies (alternative assets) that can access return drivers uncorrelated with traditional stock and bond markets.

Despite an ever-changing landscape, our disciplined approach and long-term orientation serve us well as we endeavor to create comprehensive investment solutions that help our clients reach their financial goals. On behalf of the entire team, thank you for allowing us to serve on your behalf and good luck in the second half of the year.

"Despite an ever-changing landscape, our disciplined approach and long-term orientation serve us well..."

Taking It With You?

George F. Bearup, J.D.
Senior Legal Trust Advisor

Humans sometimes make interesting choices, both in life and at death. It is not surprising the number of individuals who want to be buried in their grave with particular items that have emotional, sentimental, and sometimes even intrinsic value. This desire to take it with you often becomes public knowledge, especially when celebrities are involved. A few of the more entertaining examples of buried items with a celebrity over the years include:

- George Burns was buried with three cigars;
- Humphrey Bogart was buried with a whistle;
- Bela Lugosi was buried in his Dracula cape;
- John Kennedy was buried with a whale tooth that was engraved with the Presidential Seal;
- Tony Curtis was buried with a Stetson hat, an iPhone, his Navy medals,

Taking It With You?, continued

and seven packets of Splenda;
- Whitney Houston was buried wearing $750,000 of jewelry; and
- Sammy Davis Jr./ was buried with $70,000 of jewelry (but his widow subsequently had his body exhumed and the jewelry removed to pay Sammy's taxes).

Another notorious example is when a flamboyant Beverly Hills oil heiress was buried sitting in her Ferrari wearing a lace nightgown "with the car seat slanted comfortably." (I wonder if this internment prompted Stevie Ray's Cadillac Coffin lyrics?)

Savvy casket manufacturers now cater to what their customers want and produce caskets that include "memory drawers" and secret compartments to house the decedent's prized possessions.

While these burials are arguably legal since the decedent owned the item that they are buried with, there can be limits on implementing these whimsical or "capricious" wishes found in a Will.

"Some 'take-it-with-me' provisions might not be enforced by courts that preside over the decedent's Will."

Public Policy Limits: While the celebrity examples are entertaining, they also carry a cautionary tale. Some "take-it-with-me" provisions might not be enforced by courts that preside over the decedent's Will. While the law strives to honor a decedent's wishes and to protect his or her interests and it adheres to the principle of an individual's autonomy, society can impose some limits on that autonomy. Practically speaking, the decedent's desire to be buried with their property is a form of property destruction, whether the decedent's body is to be buried in a $150,000 Ferrari, or with only three cigars. While an individual is free to destroy their own property while alive, courts tend to be hostile, or at least highly suspicious, to the testamentary destruction of the decedent's valuable assets.

Grave Robbery: For example, in one well-publicized court decision, the decedent, Eva, directed in her Will that she be buried with her "diamonds and other jewelry, together with certain enumerated photos." The person who administered Eva's probate estate had failed to place her diamonds and jewelry in her coffin before she was buried. After Eva's casket was sealed and buried, the fiduciary then asked a probate judge to exhume Eva's body so the missing jewelry could be placed beside her body. The judge refused to exhume Eva's body to add her diamonds and jewelry. Eva's direction in her Will was legally unenforceable and against the state's public policy. Eva's direction to be buried with her jewelry was against that state's public policy, and to enforce the direction found in Eva's Will would "encourage grave robbery" since her Will was a public document that was filed with the local probate court. Rather than focus on the whether any grave robbery was likely to occur, the judge emphasized the potential harm to the public's interest from encouraging such behavior and "the possibility of desecration, looting, and destruction of burial grounds." Meksras Estate, 63 Pa. D&C 2d 371 (C.P. Orphan's Court 1974).

In contrast, this public policy against grave looting apparently was not of concern when the heiress was buried in her Ferrari, since she had the foresight to instruct her estate's representative that her Ferrari and body were to be buried in a 9 foot by 17 foot unusually deep grave and then covered with cement to deter any potential grave looting.

Property Destruction: Another legal concern to unusual directions to be buried with valuable items is a state's public policy against unreasonable property destruction. While owners of personal property are free to destroy or misuse their property while they are alive, their right to destroy their valuable property at death is much more restricted as a matter of a state's public policy. For example, the law prohibits the destruction of visual art that is "of recognized stature" during the artist's lifetime. The famed 1960s author Jacqueline Susann directed the executor of her estate to burn her diary upon her death, a diary that was later valued at $3.8 million. The same with the author Franz Kafka who wanted the only copies of his then-unpublished masterpieces, The Castle and The Trial, destroyed, but that direction was ignored because a court concluded that the manuscripts' destruction would make society "worse off." In short, being buried with priceless items can easily be viewed as a form of destruction-at-death directive which is contrary to many states' public policy. While these two authors could have easily destroyed their manuscripts while alive, they were denied that right on their deaths.

This limitation on the destruction of one's property at death is not limited to artists. One Will provision called for the razing of the owner's home after her death. A judge presiding over her Will's admission to probate found that Will directive to be invalid because it was "unexplained, capricious, and harmful to the decedent's neighbors." The trial judge balanced the conflict of the right of the dead to control their own property against the "rights of the living." Eyerman v. Mercantile Trust Co., 524 S.W. 210 (Missouri Court of Appeals, 1975.) Consequently, while a decedent is supposed to be treated with dignity and their autonomy respected about their own property and what is to be done with it, courts have at times ignored this principle when it appears that the living will suffer a great hardship (e.g., their heirs impoverished) or granting a posthumous right to destroy will be wasteful and harmful to society. In the razed house case, the court concluded: "Further, this power of the state is one of inherent sovereignty which allows the state to 'say what becomes of the property of a person, when death forecloses his right to control it.'"

Practical Considerations: While the decedent's idiosyncratic wishes to be buried with valuable items occurs with limited frequency, it is possible that the public disclosure through a Will filed with the probate court could lead, if not to grave robbery, to family disputes, or the possible exhumation of the body to retrieve the valuable items such as when Sammy Davis's widow reopened his grave to retrieve jewelry to pay his tax liabilities. Or a court concludes that the

"In short, being buried with priceless items can easily be viewed as a form of destruction-at-death directive which is contrary to many states' public policy."

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Taking It With You?, continued

Will's direction to bury valuable items is against public policy since it invites gravesite desecration or capricious waste. To deal with these public policy limitations, consider the following:

1. Use Letter of Wishes: It is better for the decedent's Will to simply refer to the decedent's separate letter of wishes where these burial-destruction desires are expressed, but which does not become a matter of public record. Some courts have based their refusal to permit valuable property to be buried with the decedent on the grounds that the probate process arguably makes the state a "partner" of the wasteful decedent.
2. Use a Revocable Trust: If the concern is that a probate court will not permit the decedent to be buried with valuable items, then an "I want to take it with me" direction placed in a revocable trust, which is not filed with the probate court. This assures that the public will not know that the decedent is buried with valuable items, and it avoids the 'invitation to grave robbery' concerns, or a court's conclusion that the state is somehow a "partner" in the decision to destroy valuable property.
3. Use a Funeral Representative: Under Michigan's Funeral Representative statute, a "take it with me" direction could be included in the Funeral Representative designation form. The person named as the decedent's Funeral Representative must act as a fiduciary to carry out the decedent's wishes, including the handling, disposition, or disinterment of the decedent's body. This would assure the decedent that the fiduciary in charge of their estate and assets will not ignore their testamentary wishes.

"The trial judge balanced the conflict of the right of the dead to control their own property against the 'rights of the living.'"

The Egyptians were buried with their priceless possessions. Why can't we? If the idea to be buried with one's cherished possessions is more common than we realize, and a goal is to avoid questions of vague public policy, it makes sense to not include "take it with you" provisions in a Will that either creates the invitation to grave robbery (and thus implicates public policy concerns) or where a court views itself as a 'partner' that condones waste. Use either a side letter-of-wishes or a revocable trust to identify those specific 'take it with me' instructions. And if there is a concern that the person put in charge of the decedent's estate will not honor the decedent's dead-hand control and destruction of property, include directions in the decedent's formal designation of a Funeral Representative who is legally bound to follow their instructions about their specific burial wishes.

All From One or Some From All

Sanford C. Leestma II, CFP®
Senior Wealth Management Advisor

Every person coming into retirement has struggled with the shift in mindset from work income to income from retirement assets. While this shift can be taxing, deciding which account(s) to withdraw from and when to withdraw from them can also be taxing. Up until retirement, focus is mostly on saving; meeting with advisors to determine what accounts to use and when to save in those accounts to get to your retirement goals. This can lead to a combination of taxable, tax-deferred, and tax-exempt accounts. Examples of the different accounts are shown below. How many different types of accounts you have can make the decision of what accounts to withdraw from and when to withdraw a little more complicated. The goal, when making withdrawals, is to maximize your income and minimize your taxes throughout retirement.

Investment accounts fall into three main tax categories:

- **Taxable accounts** – These are standard or non-retirement investment accounts. They are funded with after-tax money. Taxes are paid annually on realized capital gains and on any income that is generated by assets within the account.
- **Tax-deferred accounts** – Retirement accounts like a traditional IRA, 401(k), 403(b), TSP, SEP, and Simple IRA. They are funded with pre-tax money. Since the money isn't taxed when contributions are made, taxes are owed when withdrawals are taken. The full amount of the withdrawal is generally taxed as ordinary income.
- **Tax-exempt accounts** – Retirement accounts like a Roth IRA or Roth 401(k). They are funded with after-tax money. Since the money is taxed before contributions are made, taxes are not owed when withdrawals are taken.

"As long as you stop and smell the roses, you're doing great!"

So, when making withdrawals, do you take it all from one or some from all? Maybe some sort of combination of withdrawals? Decisions about which account and how much can have an impact on the amount of taxes you will pay and also the sustainability of assets. An article I read said, "Taking retirement income from your investment portfolio in retirement is like walking through a minefield." I think that's a bit dramatic. Maybe more like the difference between walking through Edison and Ford Winter Estates and the Betty Ford Alpine Gardens. Both are spectacular, but the amount and size of the blooms afforded may differ depending on where and when you visit. As long as you stop and smell the roses, you're doing great!

There are different withdrawal strategies that should be considered when taking income from investments in retirement. Since no single

All From One or Some From All, continued

withdrawal strategy is best for everyone, it is worth evaluating the different options. With any strategy, there is a trade-off between tax-deferred growth and future tax liabilities. The following are three different strategies to evaluate.

Traditional or Standard Withdrawal Strategy

This strategy draws down taxable accounts first, then tax-deferred accounts, and finally tax-exempt accounts. This strategy is implemented to maximize the tax-deferred growth.

Proportional or Pro Rata Withdrawal Strategy

This strategy draws proportionally from taxable accounts and tax-deferred accounts first, then from Roth accounts. This rules-based strategy is easy to implement and may help to manage current and future tax brackets. It works best and can make sense as a simple approach with larger tax-deferred accounts and smaller taxable accounts.

Personalized or Tailored Withdrawal Strategy

This dynamic strategy takes withdrawals in a way that can help to control the income tax bracket you are in. There are different ways to take withdrawals and different reasons to do so. A personalized strategy that is being used more often is taking withdrawals from tax-deferred accounts, before Required Minimum Distributions (RMDs) begin; up to the amount where any additional distribution would push income into a higher tax bracket. Other reasons for tailoring a withdrawal strategy include having highly appreciated assets or larger, one-off, expenses that would push income into a higher tax bracket in any given year.

"Just like anything with taxes, withdrawal strategies have several exceptions to consider."

If all the investment accounts are in the same category, then all withdrawals are taxed the same way. If you have more than one type, then a withdraw strategy should be determined and discussed on an annual basis with your advisors. Just like anything with taxes, withdrawal strategies have several exceptions to consider.

The traditional strategy allows for current taxes to be lower in the beginning years of retirement, postponing as much tax as possible. Once the taxable accounts are depleted and money is then withdrawn from the tax-deferred accounts, some of the income taken will likely fall into a higher income tax bracket. Also, since the tax-deferred accounts were undisturbed and allowed to continue to grow, there is a chance the RMD will be more than is needed for income in any given year and therefore paying more than is needed in taxes. Analysis shows that leveling out taxes and staying in lower income tax brackets throughout retirement

can potentially help with lowering overall taxes and improving portfolio sustainability.

If withdrawals for retirement income are made from tax-deferred accounts as well as taxable accounts, until RMDs begin, the first thing to consider is what tax bracket to stay in makes the most sense. The level of income depends on different circumstances, which is part of any withdrawal strategy analysis. If the 12% bracket is considered, then joint filers can receive income up to $94,300 and individuals up to $47,150.

Federal Income Tax Brackets

Marginal Tax Rate	Single Filers	Head of Household	Married Filing Jointly	Trusts and Estates
10%	0-11,600	0-16,550	0-23,200	0-3,100
12%	11,601-47,150	16,551-63,100	23,201-94,300	
22%	47,151-100,525	63,101-100,500	94,301-201,050	
24%	100,526-191,950	100,501-191,950	201,051-383,900	3,101-11,150
32%	191,951-243,725	191,951-243,700	383,901-487,450	
35%	243,726-609,350	243,701-609,350	487,451-731,200	11,151-15,200
37%	609,351+	609,351+	731,201+	15,201+

One reason this strategy is being utilized more is because the SECURE 2.0 Act raised the age account owners need to begin taking RMDs to 73. This provides a greater opportunity to spread out taxes and reduce future RMDs by reducing account balances. Withdrawing funds in a low tax bracket until RMDs begin allows you to take less income in higher brackets later in life. Withdrawing funds within slightly higher tax brackets can also prove beneficial. Withdrawals from tax-deferred accounts can be used as income or converted into Roth IRAs. Roth conversions allow you to move money out of a traditional IRA and into a Roth IRA. Taxes are owed on the amount converted but then they grow tax-free. This can be especially useful in a year where income is unusually low, perhaps in a year when larger charitable donations are made, i.e., funding a donor advised fund.

"Withdrawing funds within slightly higher tax brackets can also prove beneficial."

Another strategy that can be paired with this is a Social Security optimization strategy. There are many reasons for taking Social Security benefits earlier or later, but delaying benefits until age 70 could allow for the reduction of tax-deferred accounts even more and allow Social Security benefits to increase. Another reason to try to keep RMDs lower is the Medicare income-related monthly adjustment amount (IRMAA). Medicare Part B and Part D premiums are based on modified adjusted gross income (MAGI) from two years ago. For instance, the Part B monthly premium adjustment for 2024, which is added to the base Part B premium of $174.70, goes from $69.90 per month to $174.70 at the 2022

All From One or Some From All, continued

MAGI of $129,000.01 for individuals and $258,000.01 for joint filers. So, the total Part B premium for 2024 would go from $244.60 ($174.70 + $69.90) to $349.40 ($174.70 + $174.70) per insured individual.

Yet another reason for using a tailored strategy includes having highly appreciated assets in taxable accounts. If you are planning on leaving money to others after you pass, you might consider not selling them for income but rather taking income from tax-deferred or tax-free accounts. The assets receive a step up on the cost basis meaning the cost gets a reset to the value at your passing and the capital gains taxes that the inheritor would have had to pay from selling go away. This can be substantial, depending on how much assets have appreciated.

“The “best” strategy for withdrawing funds from tax-deferred and tax-exempt depends upon uncertain factors…”

So, we have considered a few withdrawal strategies for those who pay substantial taxes in retirement. In general, after satisfying any RMDs, you should withdraw funds from taxable accounts before retirement accounts. However, before RMDs begin, you should consider withdrawing sufficient funds from tax-deferred accounts to fully use lower tax brackets.

The “best” strategy for withdrawing funds from tax-deferred and tax-exempt depends upon uncertain factors such as lifespan, future health, the account owner’s and beneficiary’s future tax rates, and whether any funds will be left to a charity. Nevertheless, knowledge of the key factors should help us develop an informed and appropriate withdrawal strategy. The client centric team at Greenleaf Trust is ready to run any analysis or answer any questions you may have.

10-Minute Tasks to Reduce Estate Stress: Simple Steps Now to Save Hours Later

Alexandria Solis-Mullen, J.D., CTFA
Senior Estate Settlement Officer

Planning for the inevitable can be lengthy and laborious work, but some tasks have an outsized impact on estate administration. Here are eight things you can do now that take only minutes but can save hours of work and frustration for your loved ones in the future.

Set Up a Password Saver App

One of the simplest yet most effective steps you can take is setting up a password saver app. These apps securely store all your usernames, passwords, and digital keys in one place, accessible through a master

password. Your master password will need to be accessible after you are gone, such as by sharing with your spouse or keeping a copy wherever you secure your highly sensitive documents. Setting up a password saver app ensures your estate administrator and chosen loved ones can easily access necessary information without the frustration of guessing or resetting passwords. Password saver apps, such as KeePass, Dashlane, and LastPass, offer varying levels of service and security. Research to find one that meets your needs.

Compile a List of Online Accounts with Digital Assets

In today's digital age, many of us have valuable digital assets, including social media accounts, cloud drives, digital photo albums, email accounts, and cryptocurrencies. Take a few minutes to compile a list of these accounts and any special instructions. Ensuring your estate administrator or loved ones are aware of these accounts can prevent the loss of valuable memories and assets. And don't forget to save your login information in your password saver app.

Write a One-Page Explanation of Memorial Preferences

Your memorial preferences are deeply personal and communicating them can prevent a lot of confusion and stress. Write a one-page document outlining your wishes for your memorial service, burial, or cremation. There are even simple fillable forms available for free online that can help you structure your directions. Detailing your preferences ensures that your loved ones can honor your wishes without second-guessing or disagreements.

Compile Important Papers

Compiling important papers might seem daunting, but even a single, outdated statement for each account can be incredibly helpful. Focus on collecting (note the task is collecting, not organizing!) at least one document for each of your assets, such as bank, retirement, and investment account statements, property tax statements, policy cover sheet, etc. in one central location and let your estate administrator know where to find them. These documents will act as breadcrumbs, leading your estate administrator to your assets and making the administration of your estate much smoother.

"These documents will act as breadcrumbs, leading your estate administrator to your assets and making the administration of your estate much smoother."

Communicate Your Plan

Open and honest conversations with your loved ones about your end-of-life plans, including your estate plan, health directives, and funeral wishes can be uncomfortable. But communication heard directly from

you provides clarity, context, and reassurance to loved ones. Take a few minutes to write out several bullet points of the most important things you want to convey. This will help you narrow your topics and get the conversation going when you're ready.

"... communication heard directly from you provides clarity, context, and reassurance to loved ones."

Plan for Pets

If you have pets, make sure those who will handle your affairs know about them and can quickly arrange for their care. Write a letter with any special instructions regarding their food, medical needs, and daily routine. Ensuring your pets are cared for according to your wishes can provide peace of mind for both you and your family.

Create a Contact List

A comprehensive contact list can save your estate administrator and loved ones a lot of time and trouble. Include names, phone numbers, email addresses, and mailing addresses of important contacts. Even having one form of contact information for each person is immensely helpful. This list will make it easier for your family to inform and coordinate with everyone who needs to know about your passing.

Use a Checklist for Essential Household Tasks

Creating a simple checklist of essential household tasks for your loved ones can provide guidance and reduce the burden during a difficult time. This checklist can include steps like contacting a lawn care provider, which utility accounts are paid monthly or quarterly, which day the recycling is picked up, how to operate the generator in a power outage, etc. Having a clear, step-by-step guide ensures that nothing important is overlooked. This is particularly important if you are the only person handling bill pay and key tasks for your household.

By taking any of these eight simple steps now, you can reduce the time, effort, and stress your loved ones will face after your passing. These actions, while quick to complete, can have a meaningful impact and ensure your estate is administered as smoothly and quickly as possible, with peace of mind for you now, as well as your loved ones later.

Am I Small Now?

Katie Mallette, QPA®, QKA®, ERPA
Senior Recordkeeping Analyst - Team Lead

In the retirement plan world; size matters!

Size, in the sense I am referring to, means the number of participants in a plan and how that number can affect the requirement of needing to be audited by an independent certified public accounting (CPA) firm. A plan reports their number of participants on a required annual Form 5500 which is submitted to the U.S. Department of Labor (DOL). If the plan is "large," it needs an audit.

If the word audit makes you cringe, you are not alone. However, plan audits are routine and can be a normal part of sponsoring a qualified plan. That said, they are not free. An audit can cost an employer anywhere from $7,000 - $11,000 on average.

From a historical perspective, with the enactment of the Employee Retirement Income Security Act of 1974 (ERISA) came the requirement of filing an annual report with the DOL. Along with this came the need to have an independent CPA conduct an examination of the plan's financial statements to form an opinion on whether the statements are presented in accordance with generally accepted accounting principles (GAAP). The DOL then gave a waiver of that audit requirement for small plans, identified as qualifying plans having fewer than 100 participants at the beginning of the plan year. The question is, who is a participant?

> "The DOL then gave a waiver of that audit requirement for small plans,... fewer than 100 participants at the beginning of the plan year. "

There have been significant changes and enhancements to Form 5500 brought upon from recent legislation, namely the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE) and the SECURE Act 2.0 of 2022. One of the key changes is the modification of participant-counting methodology for defined contribution (DC) plan types.

Up until 2023, an employee was considered a participant towards the 100-person threshold if they were eligible to participate in the plan. Meaning, even if the employee chose not to save using the plan's retirement vehicle, they were included in the count as a participant.

SECURE Act 2.0 came to the rescue and outlined a new method of counting!

For reporting periods beginning on or after January 1, 2023, the definition of who counts as a plan participant will now only include individuals with an account balance at the beginning of the year! This is a game changer! If you don't have a balance, you don't count!

The impact of the regulatory update will result in a large reduction of the overall plans that will need to be audited. It is estimated that over 19,000 plans will no longer need an audit and can file a shortened version of Form 5500 (Form 5500 – SF). This counting method will save thousands of plans thousands of dollars!

Stock Market Pulse

Index	6/28/2024	Total Return Since 12/31/2023
S&P 1500	1,231.22	14.35%
Dow Jones Industrials	39,118.86	4.79%
NASDAQ	17,732.60	18.57%
S&P 500	5,460.48	15.29%
S&P 400	2,930.09	6.15%
S&P 600	1,296.98	-0.74%
NYSE Composite	18,026.50	8.31%
Dow Jones Utilities	906.67	4.90%
Barclays Aggregate Bond	2,146.63	-0.71%

P/E Multiples	6/28/2024
S&P 1500	24.8x
Dow Jones Industrials	22.4x
NASDAQ	43.6x
S&P 500	25.6x
S&P 400	18.7x
S&P 600	16.8x

Key Rates

Rate	
Fed Funds Rate	5.25% to 5.50%
T Bill 90 Days	5.27%
T Bond 30 Yr	4.56%
Prime Rate	8.50%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	1,231.22	24.8x	1.36%
S&P 500	5,460.48	25.6x	1.33%
Dow Jones Industrials	39,118.86	22.4x	1.87%
Dow Jones Utilities	906.67	22.1x	3.96%

Spread Between 30 Year Government Yields and Market Dividend Yields: 3.20%

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