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The Great Wealth Transfer

When I was first starting out in the financial services industry there was a popular book by Harry S. Dent Jr. titled *The Great Boom Ahead*. Written in 1994, Dent detailed the impact the waves of maturing Baby Boomers would have on all aspects of American life. Data from the U.S. Census Bureau show that there were over 76 million born during the “baby boom” between 1946 and 1964. Of particular interest to me at the time was the impact their retirement savings would have on capital markets and the creation of wealth. Now, over 30 years later, economists are talking about the Great Wealth Transfer.

According to those economists, Baby Boomers, the youngest of whom are 61 years old and the oldest are 79 years old, will be transferring massive amounts of wealth they created to their heirs over the next two decades. Estimated amounts range from \$100 to \$124 trillion. Their heirs will mostly include Gen X (born between 1965 and 1980) and the Millennials (born between 1981 and 1996).

From “Boom” to “Transfer,” my interest remains on the impact on capital markets but has shifted from creation to inheritance of wealth. How are we preparing the next generation of clients? What will those younger generations want and need? How charitably inclined are they?

According to the 2024 Bank of America Private Bank Study of Wealthy Americans, the younger generations get most of their financial information from social media, are looking beyond traditional capital markets for investments (i.e. alternative assets), use a financial advisor as their primary advisor and are just as charitably inclined but potentially in different ways than their parents. Interestingly, about 30% of the respondents say their families have experienced strain over inheritance mostly due to interpersonal family dynamics. The survey included 1007 respondents with at least \$3 million in investable assets who were over 21 years old.

So, as we think about our own situations, how do we mitigate the potential strain caused by this transfer of wealth? It doesn’t have to be complicated. Starting with a thoughtful wealth transfer plan and lots of communication can go a long way.

For our clients, a wealth transfer plan is an important component of their

The Great Wealth Transfer, continued

“When it comes to communication, our clients have found Greenleaf’s facilitation of family meetings very valuable over the years.”

overall wealth management plan. Coordination with their estate planning attorney and accountant during the plan’s construction and execution is also essential. And as tax laws, philanthropic desires, asset amounts and potentially family dynamics change, so should the plan.

When it comes to communication, our clients have found Greenleaf’s facilitation of family meetings very valuable over the years. The focus of the meeting is directed by the client and can include anything they feel is important to discuss with their family. Often, they include discussions on specific topics such as wealth transitions, next generation financial literacy, philanthropic planning, estate tax management, estate settlement actions, etc. Or they can include a simple review of their wealth management plan. We recognize that family dynamics and needs are not static and change as they grow and evolve.

I hope everyone has an opportunity to give thanks and spend their Thanksgiving holiday with family and friends, or both. I am thankful for my family, friends, teammates and the trust our clients put in us. ☑



Nicholas A. Juble, CFA®
Chief Investment Officer

Economic Commentary

Investment markets built on their robust 2025 returns in October. Global equities appreciated more than 2% for the month and core bonds returned 0.4%, bringing year-to-date returns for a balanced portfolio to nearly 14%. Looking ahead, there are uncertainties related to an extended federal government shutdown, trade policy headlines and persistent geopolitical tensions. Nevertheless, markets have continued higher and there is reason for optimism as the Federal Reserve makes a pivot toward easing policy rates.

Federal Government Shutdown

As of this writing, the U.S. government continues to be in a partial shutdown, which is beginning to exert a tangible, negative effect on the economy. The primary impact to growth is the direct loss of government services and a reduction in consumer spending due to the estimated 750,000 federal workers furloughed and another 650,000 working without pay. The longevity of the shutdown will determine its impact on Q4 growth and its resolution remains a key variable for the near-term outlook. Prediction markets place 50% odds on reopening by November 15 and 83% on reopening by November 30. Either outcome suggests that this will likely be the longest government shutdown on record, but also likely precludes any meaningful long-term impact on growth.

U.S. Fiscal Update

The U.S. Treasury recently released its full-year fiscal data, confirming total revenue of \$5.2 trillion and total spending of just over \$7 trillion, resulting in a budget deficit of \$1.8 trillion for fiscal year 2025. This figure, the third largest on record, underscores the structural fiscal imbalance facing policymakers.

Looking ahead to fiscal year 2026, similar deficits of \$1.8–2.0 trillion are expected by forecasters. A significant element of rising deficits are net interest outlays, which totaled nearly \$1 trillion in fiscal year 2025. The level of interest outlays depends significantly on monetary policy set by the Federal Reserve, which pivoted to reducing interest rates in September.

Federal Reserve's Data Challenge

A direct consequence of the government shutdown is the indefinite delay of key economic data releases from the Bureau of Labor Statistics (BLS) and the Bureau of Economic Analysis (BEA). The September jobs report was not produced and it would be optimistic to expect the October report to be released on November 7. The BLS did release a consumer price index (CPI; inflation data) report for September on October 24 (originally scheduled for October 15) so the Social Security Administration could tally its annual cost-of-living adjustment. However, White House officials stated that the October report would most likely not be produced – a historical first – as much of the data is gathered in person by government employees affected by the shutdown.

This lack of official data complicates the decision-making process for both investors and the Federal Reserve, which has explicitly tied its policy path to incoming economic indicators. In this environment, private surveys and alternative high-frequency data will take on an outsized importance for assessing economic momentum.

The Federal Reserve's pivot to an easing cycle is arguably one of the most significant support pillars for the market. Following the 0.25% rate cut in September, market-implied probabilities and the Fed's own projections signal a clear path toward further accommodation. The consensus forecast suggests a terminal rate of 3.25–3.50% by the end of 2026, implying at least two quarter-point cuts next year. This is a proactive policy adjustment aimed at sustaining economic expansion amid signs of slowing global growth and heightened domestic policy uncertainty. This accommodative stance has marginally lowered the discount rate, lending aid to equity valuations.

Tariffs – Continued Headline Risk

An evolving trade policy narrative continues to generate market-moving headlines. In October, US-China trade tensions continued with reciprocal

“The level of interest outlays depends significantly on the monetary policy set by the Federal Reserve, which pivoted to reducing interest rates in September.”

Economic Commentary, continued

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actions, but also saw diplomatic engagement and agreement on a framework for a potential deal. In response to China’s October 9 export restrictions on rare earth minerals and battery components, the U.S. administration threatened new 100% tariff on all Chinese imports. The S&P 500 fell nearly 3% on the escalation but quickly recovered amid softening rhetoric from both sides. On October 26, negotiators reportedly finalized a framework for an agreement that would halt steeper American tariffs and Chinese rare earths export controls. On October 30, President Trump and Chinese President Xi Jinping held talks in South Korea where they were able to reach a truce. President Trump said the total combined tariff rate on Chinese imports will fall from 57% to 47% and the pact covered a range of trade issues including rare earth export controls, fentanyl trafficking and U.S. soybean exports.

Maintaining Discipline

During periods when the landscape is clouded by conflicting data – or a lack of data – and policy shifts, a disciplined and diversified approach to investing is paramount. Your commitment to a sound, long-term financial strategy remains the most reliable course for navigating the changes that lie ahead. On behalf of our entire team, thank you for your continued trust. ☑



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Chief Information Officer and Chief
Information Security Officer*

Holiday Cyber Alert: Scammers Already Warming Up Ahead of the Season

As we close the books on Cybersecurity Awareness Month in October, the warning signals are already flashing; cyber-criminals have shifted into high gear, targeting consumers and businesses alike ahead of the upcoming holiday rush.

Analysts report that as the shopping frenzy, travel bookings and charitable giving intensify, so do scams, especially classic vectors like fake shipping notices, too-good-to-be-true deals and bogus donation pleas. According to one expert, phishing attempts can increase by as much as 400% between October and the start of the holiday season.

Some of the latest trends include:

- Advanced personalization and AI-powered lures. Fraudsters are now using more tailored messages, crafted from data about holiday

purchases and seasonal patterns, making scam emails and texts harder to spot.

- Fake-retail and “mega-deal” bait-and-switches. During the busiest shopping period of the year, fake online stores and deeply discounted “flash” offers are being used to lure victims into handing over payment details.
- Gift card, charity and shipping scams remain front-and-center. Victims are seeing messages that appear as trusted brands, delivery services or charitable organizations asking for urgent action, payment or donations.

What this means for you:

With holiday activities already ramping up, it’s more important than ever to double-check before you click, donate or buy. Here are a few practical steps:

- Hover (don’t click) on links in emails or messages to verify the web address; if it looks odd, don’t use it.
- Beware of urgency (“Act now!”, “Only 2 left!”) — it’s a time-tested tactic.
- When shopping online, use official sites or trusted retailers; avoid deals from unknown sellers with ultra-low prices.
- For charities, verify registration and legitimacy before donating.
- If you receive a shipping or delivery notification out of the blue, log into your account directly (don’t follow the link) to check status.
- Be mindful of using public Wi-Fi or shared devices when making purchases or entering payment details.

Bottom line: Even though the calendar just turned from Cybersecurity Awareness Month, the heightened risk is already here. The holiday season may bring joy, but it also brings opportunity for scammers. Stay alert and secure and you’ll be far more likely to keep your season happy rather than hacked. 

“...phishing attempts can increase by as much as 400% between October and the start of the holiday season.”



*Michael Holmes, J.D., CTFA
Assistant Vice President, Senior Trust
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“Digital estate planning is the process of identifying, organizing and preparing instructions of what happens to your online accounts and electronic files if you become incapacitated or after your death.”

Digital Estate Planning: Managing Your Online Assets

In today's connected world, our financial and personal lives are increasingly digital. From online banking and investment platforms to social media, cloud storage and digital currencies, much of what we value no longer exists solely on paper. However, when most people think about estate planning, they focus on physical and financial property like homes, retirement accounts, personal belongings, but overlook their growing digital footprint.

Digital estate planning is the process of identifying, organizing and preparing instructions for what happens to your online accounts and electronic files if you become incapacitated or after your death. It is a crucial, and often forgotten, part of a complete estate plan.

What Exactly Are Digital Assets?

Digital assets encompass any electronic record or online account that has personal, financial or sentimental value. While the range of these assets continues to expand, they generally fall into several categories:

- Financial accounts: Online banking, investment and cryptocurrency accounts.
- Personal accounts: Email, social media and messaging applications.
- Digital property: Photos, videos and documents stored in the cloud or on personal devices.
- Online businesses and domains: Websites, blogs and e-commerce stores.
- Subscriptions and memberships: Streaming services, shopping accounts or rewards programs.
- Loyalty and travel rewards: Airline miles, hotel points, and retail rewards.

Many of these accounts contain important data or financial value and nearly all require credentials to access. Without planning, heirs and fiduciaries may face legal or technical barriers when trying to locate or manage them.

Why Digital Estate Planning Matters

Ignoring digital assets can create real challenges during estate administration. Loved ones may not know what exists, where to find it or how to access it. In some cases, privacy laws and service agreements can prevent others from logging into or closing your accounts without explicit authorization.

A well-structured digital estate plan helps to:

- Prevent financial loss. Online investment accounts, cryptocurrency wallets or business assets could become inaccessible without the right credentials or instructions.
- Protect personal memories. Digital photos, videos and correspondence can hold immense sentimental value and deserve to be preserved for family members.
- Reduce the risk of identity theft. Unattended accounts are vulnerable to hacking or misuse.
- Simplify estate administration. A clear record of digital assets saves time, expense and confusion for executors and family members.

In short, digital estate planning ensures that your online life is handled with the same care and precision as your physical and financial legacy.

Four Steps to Building a Digital Estate Plan

1. Take Inventory of Your Digital Assets

Start by listing all online accounts, apps and digital files that have personal or financial significance. Include where each account is held, its purpose and how it can be accessed. For accounts that require passwords, consider using a secure password manager. Many password managers allow you to designate a trusted contact who can gain access if you are incapacitated or deceased.

2. Designate a Digital Executor

A digital executor is the individual responsible for managing your digital assets upon death. Some states legally recognize this role, allowing the person to work alongside your traditional estate executor. Their responsibilities might include closing social media accounts, transferring ownership of digital files or managing online subscriptions. Choose someone who is both trustworthy and comfortable navigating technology.

3. Integrate Digital Assets into Your Legal Documents

Your will, trust and powers of attorney should specifically reference your digital assets. These documents should authorize your fiduciaries to access, manage or close your online accounts in accordance with applicable laws. Most states, like Michigan and Florida, have adopted a statutory version of the Revised Uniform Fiduciary Access to Digital Assets Act (RUFADAA), which provides a legal framework granting fiduciaries limited access to digital accounts—so long as you have provided them with written consent in your estate planning documents.

4. Review Platform-Specific Options

Many major technology companies now offer tools for managing digital legacies. For example, Google's Inactive Account Manager allows you to share account data or delete your account after a set period of inactivity.

“A clear record of digital assets saves time, expense, and confusion for executors and family members.”

Digital Estate Planning: Managing Your Online Assets, continued

Apple's Digital Legacy Program lets you name legacy contacts who can access your Apple ID data after your passing. Reviewing and activating these settings can greatly ease the transition for family members later.

Keeping Your Plan Current

Like other elements of your estate plan, your digital plan should be reviewed and updated regularly. As you open new accounts, change passwords or adopt new technologies, make sure your inventory stays current. It is also important to discuss your digital estate plan with your financial planner, attorney and anyone who will have fiduciary responsibilities. Coordination among your professional advisors helps ensure that your wishes are clearly documented and legally enforceable.

Advisor Insight

Digital estate planning represents the next evolution of thoughtful financial and legacy planning. While it may seem like a small detail, addressing your online presence can prevent significant complications for loved ones and protect both financial and personal information.

At Greenleaf Trust, we encourage our clients to view digital estate planning as an extension of their comprehensive estate strategy. Taking the time to document and safeguard your digital assets ensures your affairs are managed smoothly and your legacy, both online and offline, is preserved with care. 



*Brian C. Farrell, CFP®, CPWA®
Senior Wealth Management Advisor*

Charitable Gifting Planning Process

In 2024, charitable giving in the United States grew to nearly \$600 billion, up 6.3% from the prior year, fueled by stock market gains across individuals, foundations, bequests and corporations (givingusa.org). As we approach year-end 2025, charitable gifts are top of mind for many families.

When advising clients on charitable giving, we focus on the most important factor: How can we help align your capital with your goals and objectives?

For many families, giving charitably is a core value and the IRS has created incentives to support this generosity. From a financial planning standpoint, the key is determining what you want to support, how much you want to give and the most tax-efficient way to structure your gifts.

Understanding the Tax Planning Landscape

The IRS provides every taxpayer a standard deduction of \$15,750 (\$31,500 for married couples filing jointly in 2025), with an additional deduction if you are over 65 or blind. Deductions help to reduce your income when calculating your tax liability. This becomes your “hurdle rate” for deducting charitable contributions.

Note: With recent tax legislation, taxpayers may be eligible for an “above-the-line” deduction of up to \$1,000 (\$2,000 for married couples filing jointly) for charitable gifts, so long as the gift is not made to a donor-advised fund or private foundation.

Determining Your Deductible Amount

If you plan to give enough to exceed the standard deduction (while including other potential deductions), you need to consider:

- The type of organization (public vs. private charity)
- Your adjusted gross income (AGI)
- What type of property you’re giving

The following chart provides a helpful reference for allowable itemized deductions based on property type and recipient:

Charitable Deduction Limits

Property Type	Public Charity	Private Charity
Cash	FMV, up to 60% of AGI	FMV, up to 30% of AGI
Ordinary Income Property	Basis, up to 50% of AGI	Basis, up to 30% of AGI
Long-Term Capital Gain Property	FMV, up to 30% of AGI	FMV, up to 20% of AGI
Related-Use Personal Property	FMV, up to 30% of AGI	Basis, up to 20% of AGI
Non-Related-Use Personal Property	Basis, up to 50% of AGI	Basis, up to 30% of AGI

Note: Depreciable property is subject to the lesser of original basis or fair market value for deductibility purposes.

Example: If you want to give \$110,000 to a public 501(c)(3) organization:

- Cash gift: You’d need at least \$183,334 of AGI to deduct the full amount (60% limit)
- Long-term appreciated securities: You’d need \$366,666 of AGI to deduct the full amount (30% limit)

Any excess charitable deduction can be carried forward for up to five years, retaining its character for future use.

Choosing the Best Giving Method

Cash: The majority of donors (64%) give online. Cash contributions allow for the highest AGI deduction limit (60%) and provide immediate, flexible

“Deductions help to reduce your income when calculating your tax liability.”

*Charitable Gifting Planning Process,
continued*

“There are numerous ways to give charitably, and with proper planning, you can take full advantage of their charitable giving.”

funding for charities. (nptrust.org)

Appreciated Securities: Donating securities held for more than one year allows you to reduce potentially concentrated positions or highly appreciated securities while avoiding capital gains tax. You’ll receive a deduction based on the fair market value (basis if held if less than one year), making this an especially efficient strategy for highly appreciated assets.

Donor-Advised Funds (DAFs): These increasingly popular vehicles now hold over \$250 billion in assets (nptrust.org). DAFs are treated as public charities for deduction purposes but allow you to receive an immediate charitable deduction while distributing grants to charities over multiple years. This strategy works particularly well during high-income years.

Qualified Charitable Distributions (QCDs): For individuals over age 70½, QCDs allow you to donate up to \$108,000 annually directly from your IRA. These distributions are excluded from taxable income and aren’t subject to AGI limitations. QCDs can also satisfy required minimum distributions.

Charitable Remainder Trusts (CRTs): CRTs function similarly to donor-advised funds, providing a large upfront charitable deduction while allowing the funds to grow. You or your heirs receive an income stream during the trust’s term, with the remainder ultimately going to charity. The year-one charitable deduction is based on IRS tables calculating the remainder interest, subject to AGI limitations.

Private Foundations: Some families choose to establish private foundations to manage their charitable giving. These foundations can make grants to public operating charities but face the most restrictive AGI limits and must distribute at least 5% of assets annually. Both CRTs and private foundations require annual tax filings.

Moving Forward

There are numerous ways to give charitably, and with proper planning, you can take full advantage of current tax laws while supporting the causes you care about most. We welcome the opportunity to discuss your charitable goals and help you implement a tax-efficient giving strategy that aligns with your family’s values.

Your client centric team is ready to help you develop a charitable giving plan. Lets talk. ☒

This article is for informational purposes only and should not be construed as tax, legal, or investment advice. Please consult with your tax advisor, attorney, or Greenleaf Trust advisor regarding your specific situation.

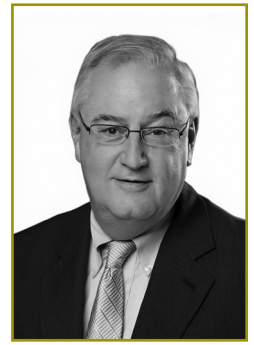
What is the *Cy Pres* Doctrine?

Many estate plans include provisions for charity, whether in the form of a financial amount designated for the decedent's favorite charities (a *pecuniary bequest*) or a specific asset or dollar amount left in trust to provide for a charity. If the charity no longer exists, or it no longer serves the purpose that the decedent wanted to support, what happens to that charitable gift or trust? In these situations, the legal principle of *cy pres* appears.

In Michigan, at common law, the *cy pres* doctrine is used to permit a court to modify or terminate a charitable trust and thus direct the charitable trust's property to a new, related charitable purpose when the original charitable purpose becomes impossible, unlawful or impracticable to achieve. In effect, a judge redirects the use of the assets that were pledged to the trust creator's original charitable purpose or finds a new charity that serves the purpose or constituency close to what the former charity served. This legal doctrine was first recognized in Michigan one hundred years ago.

The purpose of the *cy pres* doctrine is to ensure that the trust property continues to serve the trust creator's original charitable intent, rather than to allow the trust to fail to carry out that charitable intent. However, before the *cy pres* doctrine is invoked by a court, the judge must first determine if the trust's creator had a *general charitable intent* to devote the trust property to charitable purposes, even if that intended purpose is frustrated, or a *specific charitable purpose* when the *cy pres* doctrine is not available to find a new charitable purpose of the dedicated funds. *Cy pres* will apply when there is a general charitable purpose, to redirect the charitable bequest or charitable trust. If the decedent's expressed a *specific charitable purpose* that can no longer be fulfilled, then the charitable bequest, or trust, fails and will not be carried out.

This *cy pres* doctrine is reflected in Michigan's Trust Code. That statute provides that if a trust's particular charitable purpose becomes unlawful, impracticable, or impossible to achieve, and no alternative 'taker' is named or provided for in the trust instrument, or the judge finds that the trust's creator had a *general* (rather than a *specific*) charitable intent, then the trust will not fail, and the trust property will not revert to the trust creator or to the creator's successors in interest, e.g., family members. Instead, the judge can apply the *cy pres* doctrine to modify or terminate the trust by directing that the trust property be applied or distributed in a manner that is, in the judge's opinion, consistent with the trust creator's original intent. [MCL 700.7413(1).] In effect, this Trust Code provision applies a presumption of trust creator's charitable intent, rather than



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Senior Legal Trust Advisor

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What is the Cy Pres Doctrine?, continued

“...if the terms of a trust results in a distribution to a noncharitable beneficiary ‘taker’, that trust provision will prevail over the judge’s *cy pres* power to modify or terminate the trust...”

requiring some affirmative evidence of that charitable intent.

Michigan’s *cy pres* statute indicates that a judge cannot apply the *cy pres* doctrine if the trust instrument provides for an alternative ‘taker’ if the original charity, or its charitable purpose, is frustrated, as the presence of an alternate ‘taker’ is evidence of a specific charitable intent by the decedent. By identifying an alternate recipient in a Will or trust tied to the charitable bequest, it is presumed that the decedent contemplated that the selected charity might no longer exist, or the charity’s purpose had changed. The statute further provides that if the terms of a trust results in a distribution to a noncharitable beneficiary ‘taker’, that trust provision will prevail over the judge’s *cy pres* power to modify or terminate the trust if at that time the trust property would either revert by the trust’s terms to a living trust creator, or less than 50 years have passed since the trust’s creation.

A recent Michigan example of the application of the *cy pres* doctrine was a 2022 federal court case that dealt with a deed of trust that established the City of Grand Haven’s Duncan Park. A ‘reverter’ clause was part of the donor’s deed of trust that created the public park. That transfer deed also contained some conditional administration responsibilities. The City of Grand Haven later reformed some of those park administrative provisions by amending a city ordinance that governed the Park. The federal court held that the deed’s ‘reverter’ clause was not triggered when the City’s amended its ordinance, and even if the deed’s ‘reverter’ clause had been activated, the *cy pres* doctrine would still have applied to prevent the property’s return to its donor (or the donor’s successors in interest).

Another recent court decision that gained some national notoriety was the Dartmouth College’s 2020 decision to close the College’s Hanover Country Club. Robert Keeler, a 1936 graduate of Dartmouth, who died in 2002 at the age of eighty-eight, bequeathed to Dartmouth College money to be used for the “sole purpose of upgrading and maintaining its golf course” with the intent that alumni could return and use the golf course. No surprise, Dartmouth accepted Mr. Keeler’s charitable bequest. Today, that bequest would have a value of about \$3.8 million. After its acceptance of the charitable bequest, Dartmouth asked for additional flexibility in how it used this gift. Mr. Keeler’s family denied that request and responded that any money in the charitable fund set aside for the golf course’s maintenance that was not used to maintain or upgrade the course needed to be sent to the nonprofit Robert T. Keeler Foundation which supports children of need. The Keeler family’s position was made clear in a 2005 Statement of Understanding. Dartmouth College closed the golf course in 2020 when it stated that it could no longer afford to maintain the golf course, for context at a time when Dartmouth’s endowment

fund exceeded \$8 billion! Dartmouth refused to return the funds to the Keeler Foundation as directed by the Keeler family. In court, Mr. Keeler's family members claimed that the *cy pres* doctrine should not be applied because there was no charitable purpose close as possible to Mr. Keeler's original intent – to maintain and upgrade Dartmouth's golf course. Dartmouth argued that Mr. Keeler's gifted funds could be used to support the Dartmouth's varsity golf teams and other related golf activities at the campus. The Court sided with Dartmouth, without ever examining Dartmouth's claims that it was 'unable to financially keep the golf course going,' even with the funds provided in Mr. Keeler's charitable bequest. [Dartmouth's annual operating budget exceeds \$1 billion.]

When an individual establishes a charitable trust or makes a charitable bequest, it is important to distinguish between their *general charitable intent*, which allows a court to apply the *cy pres* doctrine when there is a future change in the charity's circumstances, or the named charity disappears, or alternatively articulate a *specific charitable intent*, or purpose, for the charitable gift, which may prevent the judge applying the *cy pres* doctrine. This specific intent can be exemplified by the trust instrument identifying alternate 'takers in default' if the charitable purpose is later frustrated, or by including a statement of specific intent, or that it is a *material purpose* of the trust that the donor wants his or her charitable gift to be applied only for one specific purpose and for no other, and that the trust (or charitable bequest) will fail if that purpose becomes impossible to fulfill.

For example, a trust provision makes a large specific bequest to a charitable trust that is to be used to support a rural hospital. e.g., an endowment, yet that hospital no longer exists due to a lack of government funding. If the trust creator adds to the hospital's charitable bequest the statement 'and no other use is permitted,' those words indicate a *specific intent* that will prevent the application of the *cy pres* doctrine.

Judges tend to find the *cy pres* doctrine appropriate in situations that tend, with hindsight, to challenge credulity like the Dartmouth College case. To implement the donor's intent, especially if it is a *specific intent* to benefit only one charity, or for only one specific charitable purpose, a trust instrument or gift agreement needs to make that intent abundantly clear to prevent application of *cy pres* doctrine. ☑

“When an individual establishes a charitable trust or makes a charitable bequest, it is important to distinguish between their *general charitable intent*... or alternatively articulate a *specific charitable intent*...”



Chris A. Middleton, CTFA
Chief Retirement Plan Officer

“Although this mandate may sound straightforward, it creates significant administrative and operational work for employers and retirement plan industry providers.”

Roth Catch-Up Contribution Mandate

Much has been written about the numerous retirement plan implications of the SECURE 2.0 Act since it was enacted at the end of 2022, which triggered several changes in 2023 and 2024. Now, after a two-year postponement, another significant provision milestone is upon us. Beginning in 2026, the Act mandates that catch-up contributions (CUPs) must be made on a Roth basis, for “high-paid” retirement plan participants earning more than \$145,000 in FICA wages during the prior calendar year. This threshold is indexed for inflation and applies only to employees who received FICA wages—self-employed individuals such as sole proprietors or partners are excluded from this requirement.

CUPs allow individuals aged 50 and older to contribute additional amounts to retirement accounts beyond the standard IRS limits. For example, in 401(k) plans, the standard payroll deferral contribution limit in 2025 is \$23,500, with an additional \$7,500 CUP allowed. For IRAs, the base limit is \$7,000, with a \$1,000 CUP. Under the new Roth mandate, eligible high-paid individuals (HPIs) must make these CUP’s on an after-tax Roth basis. This shift, presumably aimed at raising more federal revenue, may affect tax planning and retirement income strategies.

Although this mandate may sound straightforward, it creates significant administrative and operational work for employers and retirement plan industry providers. For starters, plans that do not offer Roth contribution options will be unable to accept catch-up contributions from HPIs, effectively defaulting their catch-up eligibility to \$0. This creates a compliance risk and underscores the need for plan sponsors to ensure Roth options are available and properly administered. Additionally, plan sponsors must notify eligible participants of the Roth requirement and ensure their systems can distinguish between Roth and pre-tax contributions.

Payroll providers will play a critical role in identifying HPIs and managing contribution processing. They must monitor pre-tax and Roth deferrals separately and ensure that contributions are correctly classified once the IRS deferral contribution limit is reached. Plans may administer catch-up contributions using either the spillover method—where contributions automatically continue as catch-up once the regular limit is met—or the separate election method, where catch-up contributions are elected independently.

Whenever new procedures are introduced, mistakes are bound to happen so administrators should be prepared to correct errors in

contribution classifications. Two IRS-approved correction methods are available:

1. *Form W-2 Correction:* Supports recharacterizing pre-tax CUPs as Roth, and reports them on the W-2 for the year of contribution. This method is time-sensitive and must be completed before the W-2 is filed.
2. *Form 1099-R Correction:* Supports converting pre-tax CUPs and earnings to Roth, and reports the total as taxable income on Form 1099-R. This method offers more flexibility and is preferred for corrections that would be identified after the calendar year is over (e.g. during year-end testing).

To comply with the Roth catch-up mandate, plan sponsors, payroll providers and recordkeepers must coordinate data exchange, monitor contribution limits and ensure accurate participant communications. Systems must be configured to track Roth CUPs status, apply the Roth designation appropriately and support participant deferral changes. Plans must also ensure that participants have an effective opportunity to opt out of Roth CUP's if desired.

In summary, the Roth CUPs requirement introduces a significant operational shift for retirement plans. It affects plan design, payroll processing, participant communications and compliance procedures. Employers and retirement plan providers must ensure that all systems and stakeholders are aligned to meet the January 2026 implementation deadline and maintain compliance with IRS regulations. 

“To comply with Roth catch-up mandate, plan sponsors, payroll providers and recordkeepers must coordinate data exchange, monitor contribution limits and ensure accurate participant communications.”

Stock Market Pulse

Index	10/31/2025	Total Return Since 12/31/2024	P/E Multiples	10/31/2025
S&P 1500	1,527.92	16.47%	S&P 1500	27.6x
Dow Jones Industrials.....	47,562.87	13.34%	Dow Jones Industrials.....	23.6x
NASDAQ.....	23,724.96	23.53%	NASDAQ.....	38.4x
S&P 500	6,840.20	17.50%	S&P 500	28.5x
S&P 400	3,246.26	5.26%	S&P 400	19.8x
S&P 600	1,435.53	3.31%	S&P 600	21.9x
NYSE Composite	21,459.58	14.45%		
Dow Jones Utilities.....	1,111.57	15.77%		
Barclays Aggregate Bond	2,337.80	6.80%		

Key Rates

Fed Funds Rate	4.00% to 4.25%
T Bill 90 Days.....	3.79%
T Bond 30 Yr	4.65%
Prime Rate	7.00%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	1,527.92	27.6x	1.17%
S&P 500	6,840.20	28.5x	1.14%
Dow Jones Industrials....	47,562.87	23.6x	1.56%
Dow Jones Utilities.....	1,111.57	20.5x	3.13%

Spread Between 30 Year Government Yields and Market Dividend Yields: 3.48%

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