GREENLEAF® TRUST

Perspectives

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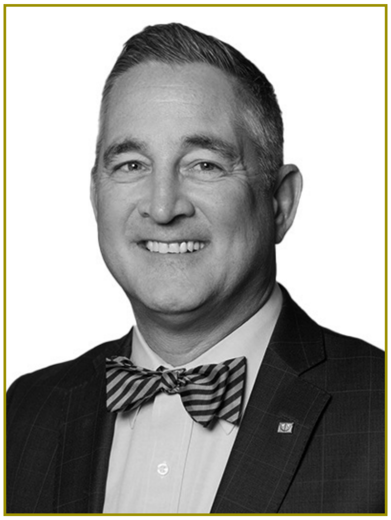

Michael F. Odar, CFA®
Chief Executive Officer

Who's The Next You?

Succession planning can definitely be one of those things like cleaning the garage, scheduling a dentist's appointment, taking care of the check engine light on your car or unloading the dishwasher. They are all things you can get to later. You know you should take care of them, and you will; just not now. For a business though, putting off succession planning can be much more disruptive than a dirty garage or full dishwasher.

According to a 2023 survey conducted by Benchmark International, a global mergers and acquisitions firm, over 61% of family-owned businesses in North America have no formal, written succession plan in place. This lack of or poor planning is something we have seen play out at both family-owned businesses as well as large publicly traded companies over the years. Without a well-thought-out formal succession plan, a company opens itself up to numerous costly risks. Consider the potential impact on a company facing next level leadership power struggles, decision making chaos, key talent turnover, loss of customers, legal troubles, operational instability or strategic misalignment. Each of these risks on their own can be severely troublesome. Together they spell almost certain demise for the company.

Because of our vast knowledge of and experience with proper estate planning, we recognize the importance of creating a formal succession plan by design and not by chance. We also recognize the importance of having those plans extend beyond ownership and senior executive leadership.

We have a formal succession plan for our chairman of the board, vice-chair, chief executive officer and president that is reviewed and approved annually by our board of directors. For us though, that type of planning is also applied throughout the company. Succession planning is an iterative process and not an event. The process starts with asking our executive leadership team – who's the next you? It's a powerful and difficult question to answer when given serious purposeful thought. The answer requires honest self-reflection, commitment, vulnerability and courage to identify your potential replacement. Reassurance is important that eventually it's a replacement of their role and not necessarily their unique qualities.

Our preference is to grow our own. If our collective thoughts identify that their potential replacement is already at Greenleaf, more focused

Who's The Next You?, continued

customized development with that person can begin. If interested in that type of growth involving the leadership of others, we can begin providing opportunities and experiences with dedicated coaching. It is also made clear that growth and leadership at Greenleaf can occur without necessarily managing people. Next step, we ask that developing leader – who's the next you?

Our succession planning process is inclusive and helps us build a culture of leadership readiness. By being proactive we can mitigate the risks of surprises and ensure we are able to Serve Clients More from generation to generation.

Economic Commentary

Nicholas A. Juhle, CFA®
Chief Investment Officer

My colleague Chris Burns and I kicked off the year on the road, delivering our 2025 Year-in-Review and 2026 Outlook seminars throughout the state of Michigan before heading south to conclude the tour in Naples, Florida. It was a privilege to connect with so many of you during these sessions. If you were in attendance, thank you for joining us. For those who could not make it, a video recording of our Kalamazoo presentation is now available under the "News" tab on our website.

Investment Landscape

We enter 2026 following a historic stretch for equities. The S&P 500 recently achieved a rare feat; three consecutive years of gains exceeding 17% (2023–2025), a streak seen only five times in the last century. While performance in January was less robust, economic tailwinds and a strong earnings growth forecast are reasons to be optimistic about the year ahead for equities. In the bond market, expectations for 2026 suggest a more stable environment. The 10-year Treasury yield began the year at 4.16%, reflecting this more patient outlook. Equity markets outside the U.S. have continued to perform well, with global growth seeming to settle back into historical norms following five years of COVID related irregularities.

> "While performance in January was less robust, the economic tailwinds and a strong earnings growth forecast are reasons to be optimistic about the year ahead for equities."

A Resilient Economic Foundation

The U.S. economy remains on stable ground with forecasts calling for real annualized GDP growth of 2.1% exiting the year. Moreover, the probability of a recession within the next year appears low. Consumer activity remained strong throughout the holiday season with higher income earners accounting for much more than their share of spending – the top 10% of households are responsible for roughly 50% of consumer spending. U.S. employers added fewer jobs than expected in December suggesting the labor market continued to "slowly slow" through the end of the year. December payroll gains totaled 50K, in line with the full year average, but below forecasts for +70K. While employers are not hiring aggressively, there is also little evidence of widespread layoffs. The unemployment rate moved slightly lower in December to 4.4%, higher than the 4.1% rate at the beginning of 2025, but historically low nonetheless. The earnings outlook for 2026 appears favorable with consensus expectations for 15% earnings growth from S&P 500 constituents this year.

Market participants will keep an eye on inflation as it continues to hover in the high two percent range. The annual rate of inflation remained at 2.7% in December, matching November and meeting market expectations. In the context of its dual mandate, Fed policymakers are generally expected to prioritize the labor market. The Fed left policy rates unchanged at their January 28 meeting and so long as there is not a notable increase in CPI in the coming year, we believe rate cuts will continue apace as the year progresses. The market is currently anticipating two rate cuts for 2026 which appears to be a reasonable base case. With the notable exception of Japan, most developed countries' central banks are expected to continue cutting interest rates over the coming 12-month period.

Watching the "Washington Clock"

Three significant policy considerations are currently front-and-center for investors as they look forward into 2026. Most immediate is the January 30 funding deadline. Following a record-long 43-day shutdown in 2025, investors are assessing whether lawmakers have the appetite for another prolonged battle over government spending. While certain sectors like agriculture and defense are funded for the full year, the rest of the government remains in limbo. We expect heightened market noise as the deadline approaches, though historical data suggests these events rarely derail long-term market fundamentals.

The Supreme Court is still assessing the legality of Trump's sweeping reciprocal tariffs as they declined to make a ruling on the matter in January. Betting markets only see a 30-35% chance that the high court will uphold the tariffs. While the outcome is uncertain, the administration has signaled that it has other options available that can effectively mimic the current tariff policy should the court rule against them.

Further out is the deadline to review the US-Mexico-Canada Agreement, known as the USMCA. July marks the critical six-year "joint review" of the deal, which President Trump struck during his first term in office. The three nations must decide whether to extend the trade deal for another 16 years or face potential renegotiation, revision or even termination by 2036. Early talks are already underway as all three nations assess its performance and potential

"Three significant policy considerations are currently front-and-center for investors as they look forward into 2026."

Economic Commentary, continued

improvements, especially concerning labor, competitiveness and digital trade. With the formal report to Congress delivered in January, the conversation is shifting from simple implementation to potential renegotiation.

Looking Ahead

As we navigate the first quarter of 2026, we encourage investors to maintain discipline. Whether dealing with headlines from Washington or the nuances of trade negotiations, a long-term time horizon remains your most effective asset. On behalf of our entire team, thank you for the opportunity to serve on your behalf. We look forward to a healthy and prosperous 2026.

Wendy Z. Cox, J.D., CTFA
Director of Personal Trust, Chief Fiduciary Officer

Cultivating Humanity in Trusts

How Preparedness Helps Families Flourish in a Complex Trust Landscape

Most people have the structures of estate planning in place – trusts, wills, powers of attorney. Prepared estate planning requires us to look beyond the four corners of the documents and includes an understanding of the why behind the planning and the outcomes that can be expected. Countless families have broken apart over the division of family wealth and treasures. This is almost always avoidable if we have the courage and compassion to address issues honestly and with listening and empathy. Even the most complex estates can be managed in a way that promotes family harmony for the long term. The ultimate success is when a family can celebrate and grieve their loved one knowing that they don't have to worry about the transition of family wealth.

Trust breakdowns rarely come out of nowhere. In many cases, early signals – such as unclear expectations or lack of shared understanding around distributions – are present well before the administration begins. When these issues go unaddressed, families may fill the blanks themselves, creating a strain where none needs to exist. Addressing these issues in advance can strengthen relationships – and even be a source of joy.

Many times, the structure of a trust will treat children or grandchildren differently. It may be that the distributions are unequal or that one beneficiary's share will be held in trust rather than distributed outright. This may be because of special needs, concerns about substance abuse or mental health, or spendthrift behaviors. People create trust structures to address these issues, but they don't have the conversation with the children as to the why.

A specific example would be Child A is able to manage money and will receive their share outright. Child B should not have access to funds directly and their share will be held in trust. This is the correct decision from a structure standpoint. However, if at the parent's passing this is a surprise to Child B, they will construct a narrative to explain it, likely that the parent loved Child A more. This can be avoided by the parent having a loving, clear conversation with Child B about why they are being treated differently from their sibling.

Planning for blended families is also fraught with potential disaster. There is often a desire by the grantor for everyone to continue to get along after their passing; however, this may not be reality. Attempting to force children to work with a step-parent or step-siblings is typically unsuccessful. Common mistakes include making children trustees over their step-parent, or making siblings who don't get along co-trustees. These are control issues. We should not put people in control of money for the benefit of an individual they don't get along with. Funds should either be managed by a disinterested trustee or distributed outright so that the funds are separated thus eliminating anything to argue over. Even when people get along, the shift in power by giving one person control may lead to new problems.

The family cottage is another example of potential disaster. The family cottage has great sentimental value because of shared memories but retaining it may not be feasible. Is there also enough money to maintain it? Can each child contribute equally? Do children (and their spouses) get along? It is important to have a realistic conversation about what may happen and what the potential pitfalls are and make the decisions based on the evidence. If there is not a way to fund the cottage over the long-term, selling a sentimental asset but preserving long-term relationships may be the better route.

Another common set of problems involves fully completing, updating and managing the assets themselves. Are the beneficiary designations up-to-date and do they include contingent beneficiaries? Is the home really in the trust and have we verified that information? Can the assets actually be divided the way that we want? Some oil and mineral interests and closely-held assets are very difficult to divide. Do we understand any private alternatives or other illiquid investments and can we pay all of the bills and care for family members if they cannot be liquidated? If we do not verify these items, we may end up in the probate court in spite of the planning, or we may frustrate the estate planning entirely.

The best estate planning doesn't end with the signing of the documents, but also includes honest, candid reflection and conversation about why the decisions were made, being realistic about the individuals involved and follow up on all of the details to make sure that everything truly is in order. No one likes to talk about these things – they are hard. But these courageous conversations result in better outcomes and less family strife. Your team at Greenleaf Trust looks forward to having these conversations with you.

"Prepared estate planning requires us to look beyond the four corners of the documents and includes an understanding of the why behind the planning and the outcomes that can be expected."

Nicole E. Asher, CFP®, CPWA®, ChFC®
Senior Vice President, Senior Wealth Management Advisor

A Time Capsule from 1988

What Retirement Planning Used to Look Like

I don't know about you, but when my favorite football teams are done for the season, I find myself wrestling with a sense of emptiness and suddenly have time on my hands come Saturday and Sunday. With temperatures outside in the single digits, snow whipping sideways and the wind howling, I decided it was finally time to tackle some of those boxes that had been silently judging me from the back of the closet – the ones demanding to be organized, or more honestly purged. One of those boxes were items that belonged to my late father-in-law, Jack. The box was full of treasures - World War II medals, his Ray Ban aviator sunglasses from the 1940s, a pipe that belonged to his father and a newspaper clipping, carefully saved from *The New York Times* dated June 12, 1988. The headline read "Mapping a Strategy for Retirement." Other than those related to my husband and his sister's high school achievements, it was the only article he'd clipped and kept. What made it particularly poignant was the timing - Jack was born on June 27, 1924, which meant he saved this article just two weeks before his 64th birthday.

Reading this 38-year-old retirement planning advice was like cracking open a financial time capsule. Some guidance has aged remarkably well, while other recommendations made me cringe. The clipping even included a summary of consumer rates from that summer where money market funds were paying 6.62%, and home mortgages stood at a staggering 10.63%. And we thought we had it bad right now, try to imagine that conversation with your mortgage broker today!

"Reading this 38-year-old retirement planning advice was like cracking open a financial time capsule. Some guidance has aged remarkably well, while other recommendations made me cringe."

When Time Isn't On Your Side

One thing that immediately jumped out at me was the article's target audience - people in their 40s and 50s who were *just beginning* to plan for retirement. Yikes! While it's never too late to start, waiting until your 40s or 50s means you've already missed out on decades of compound growth. The timeless lesson? Start planning as early as possible. Your future self will thank you profusely.

To the article's credit, it got the fundamentals right - it recommended determining how much cash you'd need to cover retirement living expenses. That's still the perfect place to begin any retirement plan today.

The Inflation Monster of the 80s

Here's where things get interesting. The article quotes a financial planner who warned that "money generally loses half its buying power over 10 years, so what sounds like a lot of money today may not be." While we've recently experienced an inflation spike coming out of COVID, it was nothing compared to the prolonged inflation nightmare of the 1970s and 80s. That planner's warning reflected the harsh reality of the times.

To put this in perspective, over the past 30 years, average inflation has run about 2.5% annually, with money losing roughly 22% of its buying power over 10 years – not 50%. The Federal Reserve targets a 2% inflation rate, which would take about 35 years to halve purchasing power, not 10. Don't get me wrong – inflation's erosion is absolutely real and must be factored into your planning. It's just typically much slower than what people were experiencing back when Jack saved the article.

The Vanishing Pension

The article also talked extensively about company pensions, which have sadly become as rare as a rotary phone. Unless you work for the government, public sector or a unionized industry, traditional pension plans have mostly gone the way of the dinosaur. Most private sector companies shifted to 401(k) plans decades ago, and even where pensions still exist, many have been frozen in place.

There was also discussion of the Tax Reform Act of 1986, a major overhaul that simplified the tax code and aimed for greater fairness. It slashed the number of tax brackets from 15 down to just two (later adjusted to three) and dropped the top individual income tax rate from 50% to 28% – a massive cut. The bottom rate rose from 11% to 15%. To offset the revenue loss from lower rates, the law eliminated or reduced many deductions and tax loopholes, broadening the tax base so more income was taxed. It even eliminated the preferential treatment of long-term capital gains, taxing them as ordinary income, though this was later reversed.

Most policy analysts view the 1986 reform as a genuine achievement – imperfect but significant – especially compared to today's political gridlock on tax policy. It's often cited nostalgically as an example of when both parties could actually work together on complex legislation. Whether its specific policy choices were optimal remains contentious, particularly regarding its effects on inequality and certain industries, but the fact that it happened at all seems almost miraculous from our current vantage point.

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The Advice That Aged Like Milk

But here's what really made my jaw drop – the asset allocation recommendations. According to the article, you should divide your investments equally between growth and income in your 40s, shift to 75% income at age 50, and move entirely into fixed income at age 55 because "you can't afford to lose money at that age."

Say what?

Can you imagine being 80 years old today and having moved to all fixed income at age 55? Let me paint you a picture of what you would have missed. If someone had followed that advice and gone 100% bonds at age 55 in 1999, they would have earned solid returns of around 4–5% annualized through 2024. Not bad, right? But here's the kicker – a 60/40 stock-bond portfolio over that same period would have returned approximately 7–8% annualized.

Let's talk real dollars. Starting with $3 million at age 55 in 1999, a 100% bond

A Time Capsule from 1988: What Retirement Planning Used to Look Like, continued

portfolio would have grown to approximately $8-10 million by 2024. Sounds pretty good! But that 60/40 portfolio? It would have grown to approximately $15-18 million. By staying with the 60/40 approach rather than going all fixed income, you would have gained an extra $6-8 million. *That's not a typo.*

And remember, the 1999-2024 period wasn't exactly smooth sailing. This timeframe included the dot-com crash from 2000-2002, the financial crisis of 2008-2009, the COVID crash in 2020 and the rare simultaneous decline in both stocks and bonds in 2022. Despite all that volatility and all those gut-wrenching moments, the equity exposure in the 60/40 portfolio significantly outperformed over the full period.

"That old "your age equals your bond percentage" rule has been largely discredited, especially given out increased life expectancies."

The Takeaway

That old "your age equals your bond percentage" rule has been largely discredited, especially given our increased life expectancies. If you're 80 years old today, you could easily live another 10 to 15 years or more. You still need growth in your portfolio to combat inflation and support that longevity.

Finding Jack's clipping reminded me that financial wisdom evolves as our world changes. Some principles endure - start early, plan carefully, consider inflation. But others, like the idea that you should abandon stocks entirely in your 50s, turned out to be overly cautious advice that would have cost people dearly.

I wonder what financial advice from today will make our children and grandchildren smile and shake their heads 38 years from now. What are we getting wrong? What will seem as outdated as the advice to go 100% bonds at 55? Only time will tell but I hope they find our old articles as fascinating as I found Jack's.

Preparing for the Silver Tsunami: What Happens to Company 401(k) Plans?

Jaron Tuttle, QKA®
Relationship Manager

By the year 2030, all 73 million Baby Boomers will have reached age 65, only 4 years from now. This is the demographic shift, often called the "Silver Tsunami" or "Peak 65", which corresponds with the time the Baby Boomers are reaching retirement age. As this generation of business owners move toward retirement, most of the conversation centers on how they will fund their after-career phase. But the demographic shift also impacts the millions of employees who depend on employer-sponsored retirement plans – especially in the 2.3 million U.S. businesses owned by Baby Boomers.

For many workers, the employer-sponsored retirement plan is their primary savings vehicle. When a company owner retires, especially if the business is sold, transitions or ceases operations, those retirement plans can change in ways employees may not anticipate. Ownership changes can also trigger ERISA-related compliance matters that must be addressed, such as plan amendments, updated service provider agreements and potential plan terminations.

Business Ownership and Retirement Benefits

In many small and mid-sized businesses, the owner plays a direct role in sponsoring, funding and overseeing the company's 401(k) plan. Their devotion to the business often extends to maintaining a competitive benefits package, which can include employer contributions such as a match and/or profit share. When a Baby Boomer owner retires, the future of that 401(k) plan can become unclear, particularly if there is no family successor or clear transition plan in place.

If the Business Is Sold

A sale does not automatically mean the end of the 401(k) plan, but it can change significantly. A new owner may:

- Reduce or eliminate employer matching contributions
- Replace the existing plan with a different one
- Change investment options or plan providers
- Alter vesting schedules or eligibility requirements
- For employees, this can mean interruption, doubt or even reduced retirement savings over time. The type of business sale (asset vs. stock), can drastically change how the retirement plan is managed

New Company Owners – Merger/Acquisition

When a business is acquired or merged, the transaction can have significant implications for 401(k) plan compliance because the plan sponsor, structure or assets may change. The new employer must determine whether to maintain the existing plan, merge it with another plan or terminate it, all of which trigger specific fiduciary, reporting and operational requirements as noted above. Issues such as eligibility rules, vesting schedules, plan assets, nondiscrimination testing and timely transfer of contributions must be carefully managed to avoid violations. As a result, companies typically conduct due diligence and coordinate with legal, tax and plan administrators to ensure a smooth transition that remains compliant with ERISA and IRS regulations.

"When a business is acquired or merged, the transaction can have significant implications for 401(k) plan compliance because the plan sponsor, structure or assets may change."

If the Business Operations Cease

If no buyer is found and the business operations cease, the company-sponsored 401(k) plan is forced to terminate and distribute participant assets. Employees must then decide what to do with their savings, such as:

Preparing for the Silver Tsunami: What Happens to Company 401(k) Plans?, continued

- Rolling over their balance into a new employer's plan
- Rolling their funds into an Individual Retirement Account (IRA)
- Cashing out (which would trigger taxes and penalties)

While employees still own their account balance, the loss of future employer contributions can have a major impact on long-term retirement planning.

"While much attention is placed on how Baby Boomer retirements impact business owners themselves, the reality is that their decisions move outward–particularly through employe-sponsored 401(k) plans."

What Employers Can Do to Protect Their 401(k) Plans

To minimize disruption, retiring owners and their advisors can take proactive steps that benefit both the business and its employees, such as:

- Creating a formal succession or transition plan that includes the retirement plan
- Communicating clearly with employees about potential changes
- Structuring business sales to preserve existing benefits where possible
- Notifying and working with plan administrators and service providers to ensure smooth transitions
- If a merger or acquisition is planned, consult with an ERISA attorney to ensure proper transition for governance purposes

A Retirement Transition That Affects More Than Just Owners

While much attention is placed on how Baby Boomer retirements impact business owners themselves, the reality is that their decisions move outward—particularly through employer-sponsored 401(k) plans.

As the Silver Tsunami continues, now is the time for organizations to review their 401(k) governance, succession plans and transition strategies. With careful proactive planning and communication both owners and employees can move into the next phase with confidence.

Creditor Protection for IRAs

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

The good news is that most individual retirement accounts (IRAs) are protected from the claims of judgment creditors. The not-so-good news is that not all IRAs are creditor-proof. As a result, some basic estate planning strategies may be impacted by limited exempt property statutes and other judge-imposed limitations when it comes to protecting wealth held in an IRA.

Exempt Property Statute

Michigan's exempt property statute provides an extensive list of assets that cannot be taken by judgment creditors to satisfy their judgement. Sadly, that statute is not current in many of its provisions that are intended to protect a debtor's assets. For example, statute protects farm animals and only $3,500 of home equity. Most folks no longer own farm animals to sustain themselves and their families. A quick skim of Michigan's exempt property statute leads to the conclusion that it is long overdue for an update to bring it into the 21st century.

IRAs are Protected from Creditors

As noted above, the good news is that Michigan's exempt property statute lists both traditional IRAs, Roth IRAs and retirement annuities, as protected or exempt assets.

- *Exception Creditors:* Under the Michigan exempt property statute though, a judgment creditor will not be prevented from reaching IRA assets if contributions were made by the IRA owner within 120 days of filing for bankruptcy or they are nondeductible or after-tax IRA contributions made to the IRA. Nor will the exempt property statute bar claims of a former spouse under an order that is entered by a divorce court, i.e., the owner's IRA can be divided in a divorce.

All other judgement creditors are unable to reach the debtor's traditional IRA or a Roth IRA, regardless of the amount or value of that IRA.

Inherited IRAs

Currently the Michigan exempt property statute does **not** protect inherited IRAs. Accordingly, an inherited IRA is not protected from the reach of the judgement creditors of the debtor who inherits an IRA (either a traditional or Roth IRA). There is currently interest in some circles to add inherited IRAs to the extensive list of statutorily exempt property categories, so inherited IRAs in the years to come may become protected. Currently, eight states now extend their statutory creditor protection to inherited IRAs: Alaska, Arizona, Florida, Idaho, Missouri, North Carolina, Ohio and Texas. A beneficiary who lives in one of these states who inherits an IRA should take some comfort in knowing that their inherited IRA will be protected by their resident-state's statute.

Bankruptcy

Federal Bankruptcy law exempts a maximum dollar amount held in an IRA (but not an inherited IRA) from inclusion in the bankrupt's estate that is divided among the debtor's creditors. That maximum amount of protection is $1,512,350 in 2024-2025. Retirement funds held in a qualified plan, like a 401(k) account, are protected with an unlimited amount of creditor protection so long as the funds remain held in the employer-sponsored retirement plan.

More importantly, if funds held in an IRA can be 'traced' back to amounts that were rolled into the IRA from a qualified plan account, like a 401(k) account, then those traceable funds held in the IRA can exceed the $1,512,350 IRA dollar-limited protection. For example, if the IRA owner held an IRA with $1.5 million

"A quick skim of Michigan's exempt property statute leads to the conclusion that it is long overdue for an update to bring it into the 21st century."

Creditor Protection for IRAs, continued

and she rolled another $2.0 million into her IRA from her 401(k) account on retirement, the entire balance of her traditional IRA, or $3.5 million, is protected in bankruptcy. That is why it is important to be able to 'trace' IRA funds back to their origin when retirement plan contributions were accumulated in a qualified plan account.

Only One IRA

Unfortunately, according to one federal bankruptcy court based in Michigan, only one IRA is protected from creditor claims in Michigan under the Michigan exempt property statute. This conclusion was reached by that federal judge who focused on the language used in Michigan's exempt property statute, which identifies as exempt property *"An individual retirement account or individual retirement annuity as defined in 408 [traditional] or 408A [Roth]."* The bankruptcy judge felt that if the Michigan Legislature wanted more expansive protection for a debtor's IRAs, it could easily have used the words 'any, or all, or a specific enumeration or amount.' If that narrow interpretation is accurate, then an individual who owns both a traditional IRA and a Roth IRA can have one of their IRAs taken to satisfy a creditor's judgment. *[In re Spradlin, U.S. Bankruptcy Court, 1999.]*

"Unfortunately, according to one federal bankruptcy court based in Michigan, only one IRA is protected from creditor claims in Michigan under the Michigan exempt property statute."

Hopefully, an amendment will be considered to Michigan's statute to clarify that more than one IRA can be protected under the exempt property statute with so many individuals now encouraged to convert some of their traditional IRA to a Roth IRA as part of their retirement planning. This narrow interpretation of Michigan's exempt property statute tends to overlook the ease of an IRA owner to consolidate two or more traditional IRAs into a single IRA (or the same for two or more Roth IRAs) and thus shelter those combined retirement investments from the claims of a judgment creditor.

Planning Implications

These rules and the currently narrow interpretation of how many IRAs are protected can lead to planning complications when it comes to owning IRAs and the steps that can be taken to protect them from creditors. Consider the following:

1. *Tax Burden Does Not Shift:* It is bad enough for the owner to lose his IRA to a judgment creditor. Added to that loss of wealth when the creditor takes the traditional IRA in satisfaction of its judgment is the fact that it becomes a taxable distribution to the IRA owner, not the judgment creditor. The IRA owner is the one who is treated as taking a taxable distribution from his or her IRA and it is the IRA owner who must pay the income tax burden associated with that distribution. This tax consequent can lead to a bunching of that tax deferred taxable income into the year that the IRA is taken by the creditor, at marginally higher income tax bracket.

2. *Segregated Self-Directed IRAs:* Some IRA owners want to use self-directed IRAs to invest in private equity investments or other higher-risk investments. Those self-directed IRAs are dangerous since their investments are often opaque, illiquid and hard-to-value. There is also a higher risk of self-dealing prohibitions with a self-directed IRA which can lead to the traditional IRA no longer being qualified as a tax-deferral device. The risk that the IRA is no longer tax exempt can be mitigated to some extent if the self-directed IRA is held separate from 'other' retirement investments held in another traditional IRA. If the self-directed IRA runs afoul of IRS's prohibited transaction rules, then the entire IRA loses its tax-exempt status. By segregating the private equity investments into their own IRA addresses the risk by protecting the other, more conventional, investments held in the 'other' IRA. If Michigan's statute only protects one IRA, and the self-directed IRA holds hard-to-value, illiquid, assets, the judgment creditor may quickly pursue the conventional IRA to satisfy its judgement. Segregating risk-oriented investments from traditional investments in separate IRAs may be a good tax-planning strategy, until the realization that only one IRA may be protected under Michigan's exempt property statute.
3. *Inherited IRAs:* With the SECURE Act, most inherited IRAs must be 'emptied' within 10 years of the IRA owner's death. Many who inherit an IRA leave the assets in the IRA for the full ten years, to exploit the tax-deferred growth of the inherited investments. Someday the inheritor will have to pay income taxes on the inherited IRA and its future growth when its assets are distributed. Since an inherited IRA is not protected from creditor claims under Michigan's statute (but may be protected if the inheritor lives in a state which protects inherited IRAs), if the inherited IRA is seized in satisfaction of a judgment, that just means more taxable income will be attributed to the inheritor in a single year. If the inheritor has his or her own traditional IRA, it is better to 'spend-down' the inherited IRA first before tapping into the inheritor's own IRA (traditional or Roth).
4. *Roth Conversions:* There are several good tax reasons to convert a traditional IRA to a Roth IRA. Unfortunately, many current Roth conversions are made over an extended period when sufficient non-IRA assets become available to pay the federal income tax due on the partial Roth IRA conversion. That said, many of these installment conversions lead to two separate IRAs, a traditional IRA slowly being depleted by the annual conversions, and a slowly growing Roth IRA. Once again, there are two IRAs owned by the individual, and only one is protected under Michigan's exempt property statute according to one federal bankruptcy judge.
5. *Qualified Plan Rollovers:* When an individual retires from their employment, he or she often rolls over their retirement account balance, like a 401(k) account, to an IRA, where they feel that they have far more control over

"These rules and the currently narrow interpretation of how many IRAs are protected can lead to planning complications when it comes to owning IRAs and the steps that can be taken to protect them from creditors."

Creditor Protection for IRAs, continued

their investment choices. As noted above, if these assets held in a rollover IRA can be 'traced' to their retirement plan origin, then they are not limited to the artificial dollar amount that protects a traditional IRA in a future bankruptcy. When I practiced law I often encouraged that the rollover from the qualified plan be placed into a separate IRA (apart from any traditional IRAs that the owner maintained outside of his or her retirement plan savings) just so that 'tracing' back to the retirement account could be easily determined, and thus the ability to navigate around the bankruptcy's $1,512,350 dollar limit of IRA protection. With the one IRA protected under Michigan's statute, that segregation of traced qualified plan assets may prove to be bad advice, since if the 401(k) funds are added to the traditional IRA held outside of the qualified plan, all those retirement funds, regardless of their value, will be protected because they will be held in *one IRA account.*

"When an individual retires from their employement, he or she often rolls over their retirement account balance, like a 401(k) account, to an IRA, where they feel that they have far more control over their investment choices."

IRAs now comprise a substantial part of an individual's net worth, often with balances in the millions of dollars. Individuals are encouraged, both by financial planners and by Congress [see the SECURE Act 2.0] to open Roth IRAs. Keeping those IRA assets protected from potential creditor claims is an important part of any estate plan. But not all IRAs are protected, at least under Michigan's exempt property law as it is currently written. Until the statute is rewritten or clarified by a Michigan court, it is best to hold all assets in a single traditional IRA, or a single Roth IRA. Hopefully, too, Michigan's statute will be interpreted to protect both traditional and Roth IRAs, so that a choice does not have to be made by an owner 'which of my IRAs do I protect?'

Oliver E. Krings, CISSP, ABCP
Chief Information Officer and Chief Information Security Officer

Tax Season Warning: Rising IRS & Tax Fraud Risks — How to Protect Yourself

As tax filing season approaches, IRS-related fraud attempts are increasing nationwide, targeting individuals with complex finances and strong credit histories. Criminals are using realistic emails, text messages, phone calls and fake tax professionals to steal personal information, redirect refunds or pressure victims into urgent payments.

The Most Common Current Tax Scams

- *IRS Impersonation Messages*
  - Fraudsters claim to represent the IRS and demand immediate action

or payment. The IRS does not threaten arrest or request gift cards, wires or cryptocurrency

- *Tax Identity Theft & Refund Fraud*
  - » Criminals file fraudulent tax returns using stolen personal information to collect refunds before legitimate taxpayers file
- *Phishing & Fake IRS Texts*
  - » Scammers send realistic emails or texts promising refunds or warning of "account problems" to steal login credentials
- *Fake Tax Credits & Bad Online Advice*
  - » The IRS continues to warn about false tax credits promoted on social media and by dishonest preparers
- *Fraudulent Tax Preparers*
  - » Some preparers promise inflated refunds or submit inaccurate returns, exposing clients to audits, penalties and legal risk

"Criminals are using realistic emails, text messages, phone calls and fake tax professionals to steal personal information, redirect funds or pressure victims into urgent payments."

Greenleaf Trust Recommendations

- *Pause before acting on urgent tax requests*
  - » Urgency is a common red flag. Legitimate tax matters allow time to verify
- *Verify IRS contact independently*
  - » The IRS typically initiates communication by mail. Avoid clicking links or using phone numbers from unsolicited messages
- *Protect your tax identity*
  - » Consider an IRS Identity Protection PIN (IP PIN) and use strong, unique passwords with multi-factor authentication
- *Work only with trusted tax professionals*
  - » Be cautious of anyone promising guaranteed refunds or asking for secrecy
- *When in doubt — consult your Greenleaf Trust team before responding*

As tax-related scams continue to evolve, awareness and careful verification remain the most effective defenses. Greenleaf Trust encourages clients to reach out to their Client Centric Team before acting on any suspicious tax-related request.

Stock Market Pulse

Index	1/30/2026	Total Return Since 12/31/2025
S&P 1500	1,555.64	1.67%
Dow Jones Industrials	48,892.47	1.80%
NASDAQ	23,461.82	0.97%
S&P 500	6,939.03	1.44%
S&P 400	3,437.10	4.05%
S&P 600	1,549.15	5.69%
NYSE Composite	22,719.32	3.38%
Dow Jones Utilities	1,091.27	2.24%
Barclays Aggregate Bond	2,351.36	0.11%

P/E Multiples	1/30/2026
S&P 1500	27.1x
Dow Jones Industrials	25.3x
NASDAQ	36.8x
S&P 500	27.7x
S&P 400	20.9x
S&P 600	22.6x

Key Rates

Fed Funds Rate	3.50% to 3.75%
T Bill 90 Days	3.60%
T Bond 30 Yr	4.87%
Prime Rate	6.75%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	1,555.64	27.1x	1.16%
S&P 500	6,939.03	27.7x	1.14%
Dow Jones Industrials	48,892.47	25.3x	1.56%
Dow Jones Utilities	1,091.27	18.9x	3.23%

Spread Between 30 Year Government Yields and Market Dividend Yields: 3.71%

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