GREENLEAF TRUST

Perspectives

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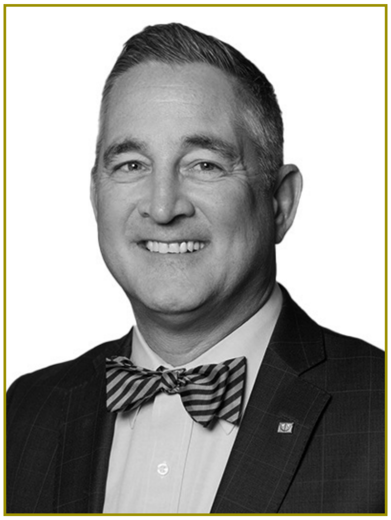

Michael F. Odar, CFA®
Chief Executive Officer

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Beyond the Portfolio

We are in a relationship business. Part of the founding vision for Greenleaf Trust was to create a holistic wealth management firm where teammates could have more than just transactional relationships with clients. They could have meaningful long-term relationships with clients built on trust and support. They could elevate the client experience by really getting to know them, their family and their needs.

Thirty-five years ago, I got into the financial services business because I had a passion for investing and helping clients with their financial lives. What I found when I started working at Greenleaf Trust is that it can become so much more. You develop trusted friendships with clients that inspire you to do more for them.

One of those clients was Frank Taylor. Frank became a Greenleaf Trust client in 2000, and I was lucky enough to serve as his wealth management advisor, although, I think my real title at the time was junior research analyst. Frank became one of my first clients. His main long-term goal was a retirement filled with travel.

Our meetings together quickly evolved from me wanting to be all business and review the intricacies of his portfolio to the two of us just talking about life. Frank was a magnificent conversationalist; asking thoughtful questions and then listening intently. Through our conversations, he taught me about the importance of mindfulness and how to be a better listener. I'm still aspiring to become one.

Frank retired from the W.K. Kellogg Foundation in 2007, married his husband, Barry, and together they moved down to Naples, Florida in 2008. That's when his long-term goal came to fruition. Some of his travel adventures included communing with blue-footed boobies in the Galapagos Islands, hanging out with polar bears on the shore of the Hudson Bay, camping on Ellesmere Island near the North Pole, swimming in the Amazon River, walking on safari in Botswana's Okavango Delta, working in Alaska as a garbage collector and riding his Harley. The same one he arrived on for our first meeting.

Over the years, whenever the Odars would visit Naples, we always spent time with Frank, Barry, and Frank's son, Damian and his family. We would have dinner, go to the beach, take a boat ride or simply have a glass of wine.

Beyond the Portfolio, continued

As meaningful as my friendship with Frank was, my friendship with his son Damian and his family is maybe even more so.

Sadly, Frank Taylor passed away on March 17, 2026.

Frank would not have liked that I wrote this article about him. Sorry, Frank. But I wanted to highlight what I believe is at the heart of our work at Greenleaf Trust. We help clients pursue their financial goals, but over time, we often become part of each other's lives. Those relationships are built on trust, strengthened through shared experiences and remembered long after the portfolio reviews are over. Thank you, Frank, for your friendship, your wisdom and the example you set. You made me a better advisor-and a better person.

Nicholas A. Juhle, CFA®
Chief Investment Officer

Economic Commentary

2026 Mid-Year Update

In the first half of 2026 investors weathered dramatic shifts in the economic and geopolitical landscape. While expectations have changed since the year began, the underlying economy has shown remarkable stamina. Meanwhile, a resilient labor market and an energy-driven spike in inflation have created a complex environment for Fed policymakers. Looking ahead to the second half of the year, the path forward on the war in Iran, monetary policy and AI infrastructure investments are likely to remain center stage.

"…the path forward on the war in Iran, monetary policy and AI infrastructure investments are likely to remain center stage."

A Bumpy Ride

In January, we discussed the core assumptions baked into the economic outlook. These variables included real GDP growth, inflation, job gains, fed funds rate expectations and corporate earnings.

	Real Growth	Inflation	Job Gains	Fed Funds	S&P 500 Earnings
	Similar to 2025	*Energy Higher*	*Improved versus 2025*	*One 2026 Hike*	*Strong Growth Expected*
2026 Expectations (as of 6/30/26)	2.10%	3.50%	80k/mo	4.00%	$341/sh
Initial 2026 Expectations	2.00%	2.80%	68k/mo	3.25%	$310/sh
Change versus Initial	+0.10%	+0.70%	+12k/mo	+0.75%	+$31/sh
2025 Outcomes	2.1%	2.7%	10k/mo	3.75%	$271/sh (E)

	Real Growth	Inflation	Job Gains	Fed Funds	S&P 500 Earnings
	Similar to 2025	*Energy Higher*	*Improved versus 2025*	*One 2026 Hike*	*Strong Growth Expected*
Change vs. 2025	Flat	+0.8%	+51k/mo	+0.25%	+69/sh (25%)

The first six months of 2026 have delivered a vastly different narrative than what forecasters predicted in January as the Iran conflict drove increases in inflation and a shift in the monetary policy outlook. In spite of these shifts, broad market resilience has remained the overarching theme. Driven by a relentless secular expansion in artificial intelligence infrastructure, global equities have marched to historic highs. Year-to-date, global equities are up more than 11%. Domestic large caps are up 10.2%, while developed international and emerging market stocks have generated returns of 9.4% and 23.8%, respectively. At the same time, core bonds are up 0.7% and the 10-year Treasury bond rate sits at 4.47%. A balanced portfolio comprised of 60% stocks and 40% bonds is up 7.1% in the first six months of the year as financial markets have proven resilient in the face of uncertainty.

Labor Market Resilience

Despite a sweeping downsizing of the federal workforce, private enterprises have continued to hire new employees at a rate that has surprised economic skeptics. Monthly job gains for May came in at a robust 172k and employers added 565k jobs in Q2, more than doubling forecasts.

The national unemployment rate has held steady at 4.3%. While this is slightly up from the cyclical lows of prior years, it remains exceptionally low by historical standards, indicating a balanced labor market.

Inflation: Energy Shocks and Potential Abatement

Inflation re-emerged as a primary concern during the first half of the year, driven almost entirely by geopolitical supply shocks. Headline Consumer Price Index (CPI) inflation surged to an annual rate of 4.2% for the May reading, marking the highest annual rate the economy has seen since early 2023. This spike was heavily fueled by a 23.5% annualized jump in energy costs which is the direct result of the war in Iran and the subsequent blockades surrounding the critical Strait of Hormuz. Core CPI, which strips out volatile food and energy, has remained stickier at 2.9%, sitting above the central bank's long-term 2% target.

Looking forward, however, there is reason to believe these localized price pressures may soon abate. Preliminary diplomatic breakthroughs indicate that a peace deal in the Middle East is near. While the micro-level political details of the agreement do not directly impact domestic productivity, the operational downstream implications are vital. The cooling of the conflict is expected to reopen the Strait of Hormuz, normalizing global crude oil

"The first six months of 2026 have delivered a vastly different narrative than what forecasters predicted in January as the Iran conflict drove increases in inflation and a shift in the monetary policy outlook."

Economic Commentary, continued

and fertilizer shipments. This supply-side relief should act as a welcome deflationary tailwind for consumers in the fall.

A Conflicted Fed under New Leadership

The macroeconomic developments of 2026 have put the Federal Reserve in a delicate position, right alongside a historic changing of the guard. Chairman Warsh takes the helm at a crossroad where the executive branch has actively messaged a desire for aggressive interest rate cuts to encourage domestic borrowing, yet a 4.2% headline inflation print makes near-term cuts a mathematical impossibility for the wider Federal Open Market Committee (FOMC).

At the recent June meeting, the Fed unanimously voted to leave the benchmark federal funds rate unchanged at 3.50% to 3.75%. However, the updated "Dot Plot" revealed a distinctly hawkish shift:

- *The Median Pivot:* The median expectation among officials was revised to project one interest rate hike in 2026, a stark reversal from the March projections which signaled a rate cut.
- *Committee Dispersion:* The dots show wide disagreement. Eight members project no change through year-end, while a combined nine members expect anywhere from one to three hikes. Only a single participant still projects a cut.

"While the Fed maintains a moderately restrictive posture, the American consumer has consistently beaten expectations."

Chairman Warsh has championed a supply-side regime change, arguing that massive, AI-driven productivity gains may allow the economy to support lower structural rates over the long run without stoking demand-driven inflation. For now, the bond market has fully adjusted to this hawkish baseline, pricing in exactly one rate hike for the remainder of 2026 and projecting a flat, unchanged rate path through 2027.

Retail Sales Surprises and a Historic IPO Pipeline

While the Fed maintains a moderately restrictive posture, the American consumer has consistently beaten expectations. Retail sales recently surprised significantly to the upside, expanding at a healthy 6.9% nominal rate. Even when factoring in the 4.2% inflation drag, real consumer spending remains in a positive expansion phase. While energy outlays at gas stations naturally led the nominal gains (+26.5%), robust growth in brick-and-mortar (+9.1%) and online retail (+12.2%) reinforces that consumer behavior remains exceptionally healthy.

Beyond the hard data, a historic milestone caught the world's attention this month: SpaceX officially transitioned into a publicly traded company on June 12, 2026. Trading on the Nasdaq under the ticker symbol SPCX, the company raised a record-setting $75 billion to become the largest initial public offering (IPO) in stock market history. Extraordinary investor demand on opening day sent shares surging well past their debut price, pushing the company's market capitalization above the $2 trillion threshold. With AI heavyweights OpenAI and Anthropic widely expected to follow SpaceX into the public sphere later this year, this listing marks a monumental opening act for a historic new capital-raising cycle on Wall Street.

Looking Forward - Capital Market Assumptions

As we evaluate the market experience going forward, we share our updated 10-year capital market assumptions below. These forecasts represent our long-term expectations for average annualized returns and volatility across major asset classes. We maintain that disciplined asset allocation outlasts short-term market-timing strategies.

Asset Class	Historical Returns Public (1994-2026)	10 Year Expected Return (June 2025)	10 Year Expected Risk (Annualized vol.)
US Large Cap	10.90%	6.50%	17.00%
US Mid Cap	11.38%	7.25%	19.00%
US Small Cap	10.54%	7.50%	21.00%
Developed International Equities	6.81%	7.00%	18.00%
Emerging International Equities	6.15%	8.00%	22.00%
Core Fixed Income	4.13%	4.50%	5.50%
Non-Core Fixed Income	7.07%	6.00%	11.00%
Diversified Alternatives	7.33%	6.00%	8.00%
Cash	2.54%	3.50%	0.50%
Inflation	2.57%	2.50%	1.50%
60/40 Public Portfolio		5.90%	11.00%

We continue to recommend that clients maintain a full weight to global equities in accordance with their individualized risk profiles. Structurally, we remain constructive on U.S. small- and mid-cap equities as historical valuations normalize. Concurrently, given the heightened geopolitical and monetary policy crosscurrents, we continue to actively utilize diversifying liquid alternative strategies to capture return drivers uncorrelated to traditional equity and fixed-income benchmarks.

Despite an ever-changing global landscape, our disciplined approach, technical underwriting, and long-term orientation serve us well as we endeavor to build comprehensive investment solutions that protect and grow your capital. On behalf of our entire team, thank you for your continued trust and partnership and we wish you the very best in the second half of the year.

"Despite an ever-changing global landscape, our disciplined approach, technical underwriting, and long-term orientation serve us well as we endeavor to build comprehensive investment solutions that protect and grow your capital."

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

Fiduciary Perspective: Practical Problems and Practical Solutions

Estate planning is drafted at a single point in time. Most documents are drafted with as much flexibility as possible, but sometimes facts and circumstances change which may necessitate creative solutions. Some of the most common problems that need solving are discussed below.

Concerns Regarding Beneficiaries Having Knowledge Too Soon

A common concern as beneficiaries are approaching age 18 is that the grantor or others do not want them to have the information about the trust because of the concern that they are not prepared to have access to wealth. As trustees, there is an obligation to provide the beneficiary with information about the trust and statements once they reach age 18. Some grantors will suggest that the trust should be amended to make it a silent trust. The trust usually cannot be modified this way because it is not permissible to alter a material purpose of the trust and it violates the trustee's duty of impartiality to the beneficiaries. However, most 18-year-olds use their parents' address as their primary residence. The statement can be mailed annually to the parents' address and what happens to it when it gets there is not the trustee's concern.

> "Trustees, drafting attorneys and families can work together to achieve client's goals while permitting enough flexibility for the trustee to be able to function effectively."

Drafting for Family Issues

Many clients have concerns about their beneficiaries and how the funds will be distributed to them. Issues of mental illness and substance abuse are important and must be considered. Trust terms must be clear, and the trustee must be able to actually follow them. Some examples of trust terms that are very difficult to comply with:

1. Beneficiary must lead a purposeful life.
2. Beneficiary must lead a sober life – drug and alcohol testing and attending treatment.
3. Beneficiary must attend a religious institution.
4. Beneficiary must work so many hours in the previous summer before the trustee can pay education expenses.

The trustee has almost no means by which they can effectively monitor these types of provisions.

What can a trustee do?

A trustee can monitor for abuse and adjust distributions accordingly and pay vendors directly to make certain rent and insurance are maintained. A trustee can encourage the correct behaviors and make resources available for those behaviors or decline to provide resources if the correct behaviors are not occurring.

Trustees can provide education and understanding to beneficiaries who are not knowledgeable regarding finances and help beneficiaries understand how the money can grow over time and about the sustainability of the trust over time.

Trustees can also be a buffer against those who might like to take advantage of a beneficiary.

Trustees, drafting attorneys and families can work together to achieve clients' goals while permitting enough flexibility for the trustee to be able to function effectively.

Asset Issues

Corporate trustees can accept many assets - closely held businesses, residential real estate, promissory notes, tangibles, mineral interests all can be held. However, cannabis assets and individually held cryptocurrency require special care. For any of the assets which are difficult to hold, a special fiduciary may be appointed to manage the assets. Alternatively, an LLC can be created to hold the assets with the trust as the member of the LLC and an independent manager for the LLC.

Cannabis

Cannabis and cannabis-related businesses are problematic for most trustees. The federal regulations make it difficult for federally regulated banks to hold these types of assets or cash derived therefrom. This is a result of the dichotomy between federal treatment of cannabis as an illegal substance and state laws that permit limited recreational use of cannabis. While cannabis may be legalized in Michigan, cannabis use, possession, production, distribution and marketing remain illegal under federal law.

The simplest work around is for an independent fiduciary to be appointed to manage cannabis assets, or the assets could be placed in an LLC. The trust instrument should give the trustee the authority to appoint an independent fiduciary to carry out the duties associated with the transfer of a cannabis-related business and its licenses. Grantors should take care that all beneficiaries can hold the requisite licenses.

> "For any of the assets which are difficult to hold, a special fiduciary may be appointed to manage the assets."

Individually Held Cryptocurrency

Most trustees can hold cryptocurrency which is publicly traded; however, cryptocurrency which is not publicly traded has potential pitfalls. The transfer of cryptocurrency is not well-established. Cryptocurrency is treated as *property*, such that any sale or exchange of cryptocurrency, including its conversion to dollars, constitutes a taxable event that can lead to the recognition of capital gains or losses. For those who inherit cryptocurrency and want to claim a 'step-up' income tax basis, the owner will have had to maintain complete records of acquisition dates, purchase prices, transaction dates and any fees associated with cryptocurrency trades to document that 'step-up' in basis.

Cryptocurrency does not allow for conventional methods of recovery, and there is no central authority to go to once a 'wallet' is compromised or a 'wallet' key is lost. A 2018 Wall Street Journal article estimated that about 20% of all Bitcoin tokens had been lost and were no longer retrievable. Any successor owner must have the necessary information to retrieve the cryptocurrency on the owner's death.

Fiduciary Perspective: Practical Problems and Practical Solutions, continued

The Revised Uniform Fiduciary Access to Digital Asset Act, adopted by Michigan in June 2016 [MCL 700. 1001 et seq] allows a fiduciary to access certain digital assets, but only if the estate planning instruments clearly and expressly authorize that access. Accordingly, the owner's Will or Trust needs to explicitly grant authority to the fiduciary to access and manage digital accounts, in order to reduce delays or avoid legal challenges. "My fiduciary may manage my digital assets" is insufficient when it comes to managing, accessing, and liquidating cryptocurrency held in an estate or trust.

Because of this host of potential problems, it is imperative that there be detailed information which can be accessed by the owner's successors.

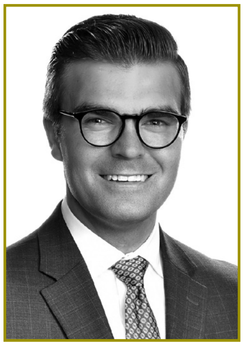
"Nearly all potential problems can be solved if addressed proactively and with trusted advisors."

Delegation of Investment Authority

Most professional trustees will have no issues serving as a directed or divided trustee where the document clearly states the authority of an investment or distribution trustee and relieves the other trustees from liability. Sometimes the trustee is asked to delegate investment authority to a third-party provider. An example is that the client has an established relationship with an investment advisor who does not have trust powers and the trust needs a professional trustee. If the trust does not contain directed language, the trustee is being asked to fully delegate investment authority to an outside advisor while retaining all the liability associated with the investments. To solve this problem, the trust can usually be modified to include directed language. Modification may require a change of situs to a state with broader modification provisions, and sometimes the trust must be decanted into a new trust, but it allows the client to have the best of both worlds.

Nearly all potential problems can be solved if addressed proactively and with trusted advisors.

The IPO Hype is Back



Sam Ellis, CFP®
Senior Wealth Management Advisor

Picture this: It's the summer of 2021, and you've just watched the son of your best friend from college get married. You make your way to the cocktail hour to grab a drink before heading to your assigned seat for dinner. After a short wait in line, the bartender hands you your old fashioned, you take a sip and you begin to work your way over to a group of old college friends.

You briefly catch up on each other's families and what has been happening in your lives before the conversation quickly turns to a discussion about whether anyone plans to participate in the Rivian IPO scheduled for later that year.

A few years ago, it seemed like every cocktail party conversation included discussions about the latest hot IPO. Whether it was Facebook (now Meta), Alibaba, or Rivian, the question on everyone's mind was, "How can I get access to these offerings right as they go public?"

After a quiet stretch of IPO activity over the past few years, a new wave of offerings has begun to emerge this year, along with the same familiar question: "Should I get in on this one?" SpaceX (SPCX) led the way with its public offering on June 12, 2026, followed by Anthropic and OpenAI, which are expected to go public later this year. As IPO activity picks up and headlines grab investors' attention, many people are once again wondering whether they should participate or if they are missing out on the next big opportunity.

Before jumping into whether participating makes sense, let's first take a closer look at what an IPO actually is.

An Initial Public Offering (IPO) occurs when a privately held company sells shares to the public for the first time. By becoming publicly traded, the company, and its early investors gain access to a much larger pool of capital, while every day investors gain the opportunity to own a piece of the business.

Historically, IPOs have been viewed as a way to get in early and benefit from a company's growth potential. The recent reality, however, has been somewhat different. Over the past several years, private funding sources have become much more abundant and accessible. As a result, many companies are staying private longer, and by the time they go public, a significant portion of their fastest growth may already be behind them.

You may be asking yourself, if IPO activity has been relatively quiet for the past few years, why all the excitement now?

First, IPO activity tends to increase during periods of strong stock market performance. Over the past three years, the S&P 500 has delivered impressive returns, gaining 26% in 2023, 25% in 2024, and 18% in 2025. Given that backdrop, it is not surprising to see companies wanting to take advantage of favorable market conditions.

Another reason IPOs are making headlines is the backlog of large, well-known private companies that have announced plans to go public in the near future. The combination of strong markets and highly anticipated offerings creates the perfect recipe for increased investor excitement. Add in a healthy dose of FOMO (fear of missing out), and it is easy to see why so many people are wondering if they should participate.

It's no secret that every investment involves some level of risk. As the saying goes, with risk comes reward. While all investments carry varying levels of risk, certain investments are inherently riskier than others. IPOs tend to rank near the top of that list.

You could ask 100 different analysts to estimate the future returns of a particular IPO and likely receive 100 different answers, even though they are all working with the same information. The reason is simple, nobody truly knows how the market will value a company once trading begins, and uncertainty often remains long after the IPO date.

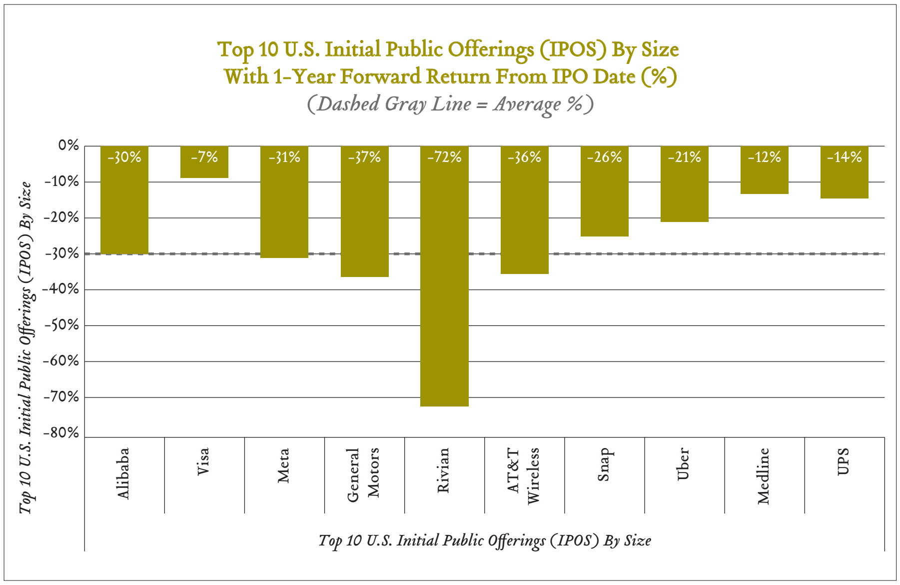
"As IPO activity picks up and headlines grab investors' attention, many people are once again wondering whether they should participate or if they are missing out on the next big opportunity"

The IPO Hype is Back, continued

Given the added risks associated with IPO investing, you may be wondering, "How do I know if participating is right for me?"

It is important to understand that IPOs are not a tool to get rich overnight. If you ultimately decide to participate, taking a long-term approach is essential. You should also be comfortable with the possibility that the investment could lose money over the period of time in which you hold it.

The chart below shows the one-year returns of 10 well-known companies following their IPOs. As you can see, the short-term results over the first year of trading were less than ideal for all companies.



> "It is important to understand that IPOs are not a tool to get rich overnight. If you ultimately decide to participate, taking a long-term approach is essential."

While this chart may look concerning, for some of the companies shown a long-term perspective tells a different story. Investors who remained patient through periods of volatility actually saw positive returns. Since its IPO in 2012, Meta has generated an annualized return of approximately 23%, while Visa, who went public in 2008, has generated an annualized return of roughly 18%. Though, not every long-term picture looks positive. Take Rivian for example. Since going public in 2021, Rivian has produced an annualized return of approximately -36%.

I am not trying to convince you to invest in, or avoid investing in, the next highly anticipated IPO. The reality is that it is difficult to predict what will happen with companies like SpaceX, OpenAI, or Anthropic. Could they all be winners? Possibly. Could they all disappoint investors? That's possible too.

Before taking investment advice from a friend at the next cocktail party, it is important to understand the elevated risks involved with IPO investing. If you choose to participate, make sure your investment is sized appropriately within your overall financial plan and that you are not investing more than you can comfortably afford to lose.

Seasonal Workers May Be Eligible for your 401(k) Plan - Are You Prepared?

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

As employers begin hiring their seasonal summer workforce, they should review their 401(k) plan documents to determine whether these employees are eligible to participate in the plan.

Excluding part-time, temporary and seasonal employees from a 401(k) plan may seem straightforward. These employees generally work fewer hours, typically do not qualify for health benefits and often are not considered part of the company's core workforce. At first glance, it may appear that they would not be eligible for retirement benefits either. However, employers too often assume these workers are automatically excluded, which can lead to costly plan corrections and compliance issues.

Long-standing retirement plan rules, combined with the passage of the SECURE Act and SECURE 2.0 Act, have made the exclusion of part-time employees more complex than simply adding language to a plan document.

The law does allow certain classes of employees to be excluded from a 401(k) plan. These classes must be clearly defined in the plan document and considered reasonable. Common examples include union employees, leased employees and nonresident aliens.

If a plan seeks to exclude employees based on service-related classifications such as seasonal workers, temporary employees, or summer interns, the exclusion generally is not permissible without "fail-safe" language. This language typically provides that employees excluded under these classifications who either complete a year of service (1,000 hours of service during a 12-month period) or qualify as long-term part-time employees (age 21 or older and completing at least 500 hours of service during two consecutive 12-month periods) must become eligible to participate in the plan. In the case of long-term part-time employees, eligibility may be limited to making elective deferrals.

"If a plan seeks to exclude employees based on service-related classifications such as seasonal workers, temporary employees, or summer interns, the exclusion generally is not permissible without "fail-safe" language. "

In other words, employees can no longer be excluded from the plan once they satisfy either of these requirements.

This required fail-safe language helps ensure that plans do not impermissibly exclude employees who have earned eligibility through their service. It also creates an important administrative responsibility: employers must track hours of service for seasonal, temporary and intern employees. As a best practice, employers should carefully monitor hours worked for all employees, regardless of classification or title.

Excluding summer interns, seasonal workers, or temporary employees is not simply a plan design decision. It is a compliance matter that requires careful

Seasonal Workers May Be Eligible for your 401(k) Plan - Are You Prepared?, continued

consideration of both plan provisions and federal law. Employers should review their plan documents and administrative procedures to ensure they are operating their plans correctly and avoiding costly correction programs.

If you have questions about employee eligibility or your plan's exclusion provisions, contact our Retirement Plan Division for assistance.

Should Your Trust Have a Trust Director (or Protector)?

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

Michigan's Trust Code authorizes the use of a trust director, formally called a trust *protector* with a trust. A trust director is an individual or entity that possesses the power over a trust, but who is not a trustee. Often a new trust will name a trust director, even when a trust director is not needed. Is this good practice?

Fiduciary Capacity

One difference in trust directors between Michigan's trust director statute and other states' laws that authorize a trust director (or trust protector) is that Michigan's statute is clear that a trust director serves in a fiduciary capacity, which means that the trust director owes duties of care and loyalty to the trust beneficiaries, from which liabilities can attach to the trust director who does not act reasonably and in the trust beneficiaries' best interests. Consequently, this aspect of serving as a trust director with fiduciary responsibilities may cause some individuals to decline to serve as a trust director considering that personal liability expense, e.g., liability insurance, associated with the role.

> "The powers given to a trust director can change from state to state where the trust is administered."

Trust Director Powers

The powers given to a trust director can change from state to state where the trust is administered. A few states permit the trust director to add or to delete trust beneficiaries, or the power to change the provisions of the trust, meaning a total reformation of the trust instrument. Other states, like South Dakota, have a 'laundry list' of powers that are automatically conferred on a trust director. Michigan does not specify which powers are available to a trust director, leaving that decision to the trust's creator.

Advantages of a Trust Director

The perceived advantages of a trust instrument that names a trust director include:

1. A trust director provides an additional layer of oversight over the trustee, to better assure that the trustee administers the trust in the beneficiaries' best interests, and in accordance with the trust creator's intent.
2. As the law changes over time, and recently with even greater rapidity as states

vie for new trust business, irrevocable trust instruments will need to be updated to reflect those law changes. Rather than formally amend the trust with a trust modification petition filed in the probate court, the trust director can be given the authority to modify the terms of the trust when needed, which adds flexibility to adapt the trust.

3. Family circumstances can also change over time. Or the original trustee may no longer be able to perform his duties regarding the trust. A trust director could step in and remove the trustee. Or a trust director could be given the authority to modify the trust terms to reflect changes in trust's distribution provisions to adapt to the beneficiary's changing circumstances. An example is if a trust instrument gave a trust beneficiary distribution rights, and that beneficiary later became disabled and needed to receive Medicaid benefits; the trust instrument could be amended by the trust director to convert the trust to a discretionary trust the existence of which would not prevent the beneficiary from becoming eligible to receive governmental benefits.
4. Future probate court involvement can be reduced if the trust director is able to step in and amend the trust instrument without the need to involve the probate court. The time and expense of filing petitions with the probate court can be avoided if the trust director holds the power to amend the trust.
5. If changes can be made to the trust instrument by the trust director without involving the probate court, then the privacy of the trust and the trust beneficiaries can be better preserved by keeping a copy of the trust instrument or information about the trust's assets from becoming part of the public record.
6. A trust director can be empowered to mediate and resolve disputes between the trustees and trust beneficiaries to avoid potential litigation or forestall family hostilities boiling over into court litigation and open to the public. For example, a recent Florida appellate court found that the trust director possessed the authority to construe ambiguous trust terms such that the probate court did not have any jurisdiction to oversee a dispute among trust beneficiaries regarding how their trust should be interpreted.
7. In some limited situations, a trust director can exercise powers, like the ability to suspend a trustee's ability to distribute assets from the trust, to safeguard assets from creditor claims against a trust beneficiary or if the beneficiary is later in a divorce proceeding.

Disadvantages of a Trust Director

Despite the benefits of naming a trust director, not all trusts need to name a trust director. One simple example is if a trust terminates shortly after the death of its creator with the direction that all trust assets be distributed to the trust beneficiaries. If the trust instrument contemplates a relatively 'short shelf-life' there may be no need to build flexibility into the trust instrument with the use of a trust director. There are other reasons why naming a trust director might not be a viable choice, including:

"If the trust instrument contemplates a relatively 'short shelf-life' there may be no need to build flexibility into the trust instrument with the use of a trust director."

Should Your Trust Have a Trust Director (or Protector)?, continued

1. It can be a challenge to find an honest, competent and reliable individual or institution with the necessary knowledge or sophistication (knowing both trust and tax law) to serve the trust director's role effectively. Or, those strengths that led to the selection of an individual to initially serve as the trust director disappear over time.
2. If a trust director is involved in the trust's administration, you can expect an increase in administrative expenses. The trust director will charge a fee, just like the trustee, and an additional layer of communication between the trustee, the trust director, and the trust beneficiaries will be involved. It would be reasonable, for example, since the trust director serves as a fiduciary to obtain and pay for liability insurance or to hire his/her own attorney if a dispute arises between the trust director and either the trustee or the trust beneficiaries.
3. Different states have different laws when it comes to a trust director, so that lack of legal clarity can lead to an inconsistent understanding of the role and responsibilities of a trust director. For example, some states do not require that a trust director (or protector) serve in a fiduciary capacity. That difference in treatment could lead to misunderstandings, either by the trust director or the trust beneficiaries.
4. Even when the trust director serves in a fiduciary capacity, he/she might make decisions that do not align with the expectations of the trust beneficiaries, thus possibly creating new disputes that could lead to litigation that would not exist if there was no trust director.

Springing Trust Director

With some of the drawbacks of naming a trust director in a trust instrument, one approach used by some trust creators is to use a 'springing' or stand-by trust director provision. Such a provision has an unnamed trust director standing by to serve later, if ever. A springing trust director who does nothing would not be entitled to receive a fee. However, one unanswered question is if the trust director stands by and does nothing, can he/she be held liable if the trustee breaches its fiduciary duties, i.e., is there any implied duty to monitor the trustee's actions?

"With some of the drawbacks of naming a trust director in a trust instrument, one approach used by some trust creators is to use a 'springing' or stand-by trust director provision."

A springing trust director can thus eliminate some of the concerns associated with naming a trust director in the trust instrument who immediately serves, but it will then require that the trust instrument includes some provisions to identify the circumstances of the need for a trust director to act, and how that trust director is to be named. The key characteristics of a springing trust director include:

1. The director does not have any powers or duties, including the duty to monitor the trustee, until an event is triggered.
2. If a specific event activates the trust director's authority, either the trustee can ask the director to become involved, or the trust beneficiaries can ask the trust director to become involved if the problem relates to the trustee.
3. Normally the trust instrument will outline the trust director's powers, which can include modifying the trust terms, replacing the trustee, approving, or

adjusting trust distribution provisions, or resolving disputes.

4. The trust director's powers over the trust are intended to be temporary. Once the trust protector has addressed the problem, he/she can be removed from their role and the trust continues without the director's involvement.
5. The future appointment of a trust director should state the terms and conditions of the trust director's appointment, including the duration of that appointment, meaning the purpose and powers of the trust director can be tailored to the needs of the trust and its beneficiaries at that time.

If a springing trust director sounds like a reasonable accommodation to enjoy the flexibility afforded with a trust director, without a few of the drawbacks of naming one with immediate responsibilities, consider using a springing trust director provision in a trust that contains the following provisions:

- A detailed set of instructions on the situation or circumstances that warrant authorizing the springing trust director to act.
- Describe what powers are given to the springing trust director (or what powers will never be given to the trust director). Or authorize the 'asking' party to grant the limited powers needed to address the problem that the springing trust director will be expected to solve.
- Identify who will name or appoint the springing trust director. The acting trustee or a majority of the current trust beneficiaries, or the attorney, or law firm, which drafted the trust, could be given this responsibility.
- Describe what the compensation will be paid to the springing trust director from the trust and how the trustee will pay it.
- Describe the springing trust director's right to information from the trustee and the trust beneficiaries to enable the trust director to fully exercise their powers.
- Address if the springing trust director possesses the authority, using trust assets, to hire agents, and others to assist the director in carrying out the director's responsibilities under the trust instrument, perhaps including the hiring of the trust director's own attorney, or the purchase of 'errors and omissions' liability insurance.
- Describe what exculpation will be afforded the springing trust director who acts under the trust, such as limiting the trust director's liability to a showing of an absence of good faith and self-dealing.

A trust director acts as a 'safety net' to manage situations that the trust's creator may not have anticipated. The benefit of using a springing trust director is that it can be utilized repeatedly to deal with trust problems as they appear during the full term of the trust without being bound to using a single trust director (who may not possess the required skills to deal with the problem at hand) and without having to resort to the probate court to have one appointed. Once the trust director's duties are fulfilled, the director's role can end. As circumstances change, trust instruments can adapt to those changes, often with the use of a springing trust director.

"The benefit of using a springing trust director is that it can be utilized repeatedly to deal with trust problems as they appear during the full term of the trust without being bound to using a single trust director… "

Stock Market Pulse

Index	6/30/2026	Total Return Since 12/31/2025
S&P 1500	1,687.70	10.87%
Dow Jones Industrials	52,319.20	9.76%
NASDAQ	26,213.72	13.14%
S&P 500	7,499.36	10.19%
S&P 400	3,852.54	17.33%
S&P 600	1,804.34	23.98%
NYSE Composite	23,834.23	9.51%
Dow Jones Utilities	1,146.08	8.85%
Barclays Aggregate Bond	2,363.38	0.62%

P/E Multiples	6/30/2026
S&P 1500	27.2x
Dow Jones Industrials	25.1x
NASDAQ	35.2x
S&P 500	27.6x
S&P 400	23.5x
S&P 600	23.0x

Key Rates

Fed Funds Rate	3.50% to 3.75%
T Bill 90 Days	3.72%
T Bond 30 Yr	4.95%
Prime Rate	6.75%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	1,687.70	27.2x	1.10%
S&P 500	7,499.36	27.6x	1.08%
Dow Jones Industrials	52,319.20	25.1x	1.50%
Dow Jones Utilities	1,146.08	20.5x	2.79%

Spread Between 30 Year Government Yields and Market Dividend Yields: 3.85%

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