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Beyond the Basketball Court: Lessons in Leadership, Culture and Accountability

Earlier this month, I had the privilege of interviewing legendary Michigan State basketball coach, Tom Izzo, at a special event we held for clients of Greenleaf Trust. Joining us on the discussion panel were three of the players from this year's team: Jesse McCulloch (Jr.), Jordan Scott (Soph.), and Carlos "CJ" Medlock Jr. (Fr.). As many of you know or would immediately after walking into my office, I am a proud Michigan State University (MSU) alumnus and supportive sports fan. Needless to say, I was excited and have to admit a little nervous as well.

Coach Izzo's impact at Michigan State University extends well beyond his impressive coaching accolades. He has been the head coach at Michigan State University since 1995. This will be his 32nd year leading the team. Over those years, he has led the Spartans to 11 Big Ten regular season titles, 28 consecutive NCAA Tournament appearances, 8 Final Fours in the NCAA Tournament and won the NCAA National Championship in 2000. He has been named Big Ten Coach of the Year four times, National Association of Basketball Coaches (NABC) Coach of the year two times and inducted into the Naismith Memorial Basketball Hall of Fame in 2016.

I believe more notably his impact has been made as an ambassador, role model, champion and passionate leader on and off the court for the university. So, I wanted to engage the coach in a discussion on leadership and culture. The lessons he shared were inspiring to everyone in attendance.

Authenticity is often cited as one of the most important traits of a true leader. Coach Izzo is authentic. When he entered the room, he immediately began engaging everyone. He didn't sit down at a table and wait for people to approach him, he approached them. And when you spoke with him, you instantly knew he was genuine. My nervousness was gone within the first couple of minutes of interacting with him before we got up on stage.

Authentic leaders believe in the importance of relationships. Coach Izzo has created a family culture within the basketball program at Michigan State. His relationships with the players and their relationships with each other are the

Beyond the Basketball Court: Lessons in Leadership, Culture and Accountability, continued

foundation that builds trust. You could feel this from interacting with the players that joined us and listening to how important "Grind Week" was to them. Grind Week has become a tradition where former MSU players come back to campus to scrimmage, bond, and mentor current players.

When I asked the players what something was that Coach Izzo has taught you that may not have anything to do with basketball but has stayed with you, each of them expressed the importance of accountability and self-evaluation. Coach Izzo has each player write down their goals at the beginning of the year and mutually agree that it is his job to hold them accountable because those are their goals, not his. But it's also their responsibility to hold themselves accountable. Taking a look in the mirror can help you recognize your own role in a situation as well as honestly self-evaluate on how you can grow and improve.

Finally, authentic leaders recognize the importance of failure. Coach Izzo is worried this generation of players may not recognize the importance of failure, mainly because of the transfer portal in college sports. If things aren't going their way, they can transfer to another school rather than work through a difficult opportunity. Failure is part of learning, and sometimes it's where the greatest growth happens.

Coach Izzo shared valuable lessons on the importance of authenticity, building meaningful relationships, fostering a culture of accountability, and embracing failure as an opportunity for growth. His approach reinforces that successful teams are built on trust, shared goals, personal responsibility and a willingness to learn from challenges. Whether in athletics or business, these leadership principles serve as an important reminder that culture is defined not only by what we accomplish, but by how we work together and help one another succeed.

"Coach Izzo shared valuable lessons on the importance of authenticity, building meaningful relationships, fostering a culture of accountability, and embracing failure as an opportunity for growth."



Nicholas A. Juble, CFA®
Chief Investment Officer

Economic Commentary

For much of 2026, artificial intelligence has been one of the defining forces shaping the economy and financial markets. The remarkable amount of capital being invested in data centers, semiconductors, power generation and other infrastructure has supported economic growth, boosted corporate earnings and helped propel many technology-related companies higher. More recently, however, investors have been reminded that even powerful long-term trends rarely move in a straight line. As the AI buildout has expanded, the enormous amount of capital required to finance it is beginning to have implications that extend well beyond technology stocks.

Technology shares became more volatile in October as investors reassessed

valuations, financing requirements and eventual returns associated with the artificial intelligence buildout. At the same time, interest rates have moved higher, and capital has rotated away from some of the market's biggest winners. None of these developments necessarily undermine the long-term potential of AI. Rather, they do suggest the investment cycle may be entering a more discerning phase, where the cost of financing growth matters increasingly alongside the growth itself.

The Price of Growth

Perhaps the most interesting development is occurring outside the stock market. Building the infrastructure required for artificial intelligence is enormously expensive. It has been estimated that AI-related borrowers could issue over $4 trillion of debt through 2030 as companies race to construct data centers and acquire the computing capacity necessary to compete. As we have discussed in recent articles, this has been a contributing factor to the rise in rates as there is heightened competition for capital.

Capital is being raised through equity markets as well as debt markets. In October:

- Microsoft (MSFT) issued $25B in bonds, it's first bond sale since 2017
- META announced a $95B equity offering ($35B immediate, $60B future sales)
- SpaceX announced a $40B equipment-financed lease
- Anthropic filed its public S-1, targeting a November IPO the reporting suggests could value the company at $1.5T or above and may reportedly break SpaceX's record IPO size of $86.2B

These follow notable prior debt and equity issuance in 2026:

- ORCL issued $43B of debt and $5B of equity
- Anthropic raised $75B in equity in private financing and $50B in structured debt financing
- Alphabet issued $35B in debt
- Intel issued $25B in equity

The extent of this financing activity creates a feedback loop. The AI investment boom has supported economic growth and corporate profits but financing that investment creates additional demand for capital at the same time the federal government continues to borrow heavily. Investors therefore have more choices about where to deploy their capital and are demanding greater compensation to do so.

Higher for Longer...Again?

The bond market has taken notice. The 10-year Treasury yield moved above 5% in late September and spiked to over 5.3% in early October before retreating below 5% by month-end. It has been roughly two decades since 10-year yields have reached these levels. Higher yields reflect several forces, including resilient economic growth, persistent inflation, government borrowing and increasing

"...suggest the investment cycle may be entering a more discerning phase, where the cost of financing growth matters increasingly alongside the growth itself."

Economic Commentary, continued

competition for capital from the private sector.

The Federal Reserve has responded to the stronger inflation and growth backdrop by moving in a more restrictive direction. While the FOMC held rates steady at their October meeting, markets are pricing in an additional 25bps increase before year-end for a year-end rate of 4.00-4.25% compared with expectations of a 2.75-3.00% rate when the year began.

Higher rates caused by runaway inflation or deteriorating confidence in U.S. creditworthiness would clearly be concerning. Higher rates that partly reflect stronger economic growth, significant private investment and attractive opportunities competing for capital require a more nuanced interpretation. Some of the rise in real yields may reflect expectations for stronger productivity and long-term economic growth rather than financing pressure alone. While much of the recent increase in headline inflation has been driven by higher energy prices associated with the war in Iran, should there be a resolution in the coming months, inflation is likely to trend downward even while economic growth remains healthy.

"Corporate earning growth in 2026 has substantially exceeded expectations entering the year and there is little evidence of a fracturing economic backdrop."

Labor Market is Slow and Steady

While growth is rapid in the AI infrastructure buildout, the labor market has been slow and steady. In September, the economy added 29,000 jobs, below consensus expectations but sufficient to keep the unemployment rate at 4.2%. The U.S. economy has now gone five years without the unemployment rate rising above 5%. If the labor market remains steady for another five months, this will mark the longest period in U.S. economic history below 5% unemployment, surpassing 1965-1970.

While the employment picture appears stable, it also appears balanced. Wage growth is not at levels that would meaningfully contribute to demand-push inflationary pressures in the economy. Average hourly earnings of nonsupervisory workers were up 3.3% year-over-year. There is roughly one job opening per one unemployed worker. If these conditions persist, the current expansion could indeed mark the longest period in history with unemployment below 5%.

Keeping the Bigger Picture in View

Importantly, none of these developments change our fundamental assessment that the U.S. economy remains resilient. The AI investment cycle continues to support business investments and corporate earnings, while the economic expansion remains intact. Corporate earnings growth in 2026 has substantially exceeded expectations entering the year and there is little evidence of a fracturing economic backdrop.

The strong growth, enormous capital needs and higher interest rates are beginning to interact in ways investors have not had to consider for quite some time. This can create both volatility and opportunity across markets.

While the rise in yields has put downward pressure on total returns within

fixed income so far this year, after years when investors earned very little for lending money, higher yields have restored meaningful income to fixed-income portfolios. Meanwhile, the recent rotation within equities serves as a reminder of why diversification remains valuable even when a relatively narrow group of companies appear capable of dominating markets indefinitely.

For long-term investors, the appropriate response is not to predict which headline comes next, or to precisely identify when enthusiasm has gone too far. It is to maintain a well-constructed portfolio that is designed around your long-term goals. On behalf of our entire team, thank you for the opportunity to serve on your behalf.

Wealth Transfer is More Than a Financial Transaction

Why preparing heirs emotionally and practically can be as important as transferring assets



Michael Holmes, J.D., CTFA
Assistant Vice President, Senior Trust Relationship Officer

One of the missions of Greenleaf Trust is to help our clients obtain financial security from generation to generation. For many families, wealth transfer is one of the most significant financial events of a lifetime. Years of hard work, careful saving, thoughtful investing, and financial discipline may ultimately culminate in an inheritance that provides future generations with security and opportunity. However, while families often spend considerable time planning how wealth will be transferred, they may devote far less attention to preparing the people who will receive it.

A successful wealth transfer involves more than distributing assets according to the terms of an estate plan. It also requires preparing future generations to understand, manage, and preserve the wealth they inherit. Without that preparation, even a well-designed estate plan may fall short of the family's broader goals.

The Human Side of Inheritance

An inheritance can bring opportunity, but it can also introduce unexpected challenges. Beneficiaries may experience grief, uncertainty, family tension or anxiety about making the right decisions. Some may feel unprepared to manage significant assets, while others may struggle with the expectations that accompany inherited wealth. These challenges are not limited to families transferring substantial fortunes. Any inheritance can represent a meaningful change in financial circumstances and family responsibilities.

"A successful wealth transfer involves more than distributing assets according to the terms of an estate plan."

Wealth Transfer is More Than a Financial Transaction, continued

Parents and grandparents often hope their wealth will make life easier for their children and grandchildren. They may want to help fund education, support a first home purchase, encourage entrepreneurship, or provide greater financial independence. However, wealth alone does not necessarily provide the knowledge, confidence, or judgment needed to use it wisely. Preparing heirs to receive wealth is therefore an important part of preserving a family's legacy.

Start the Conversation Before the Transfer

One of the most effective ways to prepare future beneficiaries is to begin talking about wealth well before an inheritance occurs. These conversations do not need to focus on specific dollar amounts or reveal every detail of a family's inheritance. Instead, they can begin with broader questions about family values, financial responsibility and long-term goals. What does the family hope its wealth will accomplish? What principles guided the accumulation of those assets? What responsibilities come with financial independence? How can inherited wealth support opportunities without discouraging personal initiative? Sharing the answers to these questions can help younger generations understand that wealth represents more than money. It may reflect decades of sacrifice, thoughtful decision making, entrepreneurial risk, and a desire to provide opportunities for future generations.

"One of the most effective ways to prepare future beneficiaries is to begin talking about wealth well before an inheritance occurs."

Open communication can also reduce uncertainty and misunderstandings. When family members understand the intentions behind an estate plan, they may be better equipped to appreciate its purpose, even when distributions are not equal or when certain assets are held in trust rather than distributed outright. These conversations can be difficult, but avoiding them altogether may leave future generations to interpret the family's intentions after the opportunity for clarification has passed.

Teach Financial Responsibility, Not Just Financial Literacy

Understanding investments, taxes, budgeting, and debt management is important. However, preparing future generations for wealth involves more than teaching them how financial products work. Beneficiaries also need to develop sound judgment, patience, and an appreciation for the long-term consequences of financial decisions. They should understand how lifestyle choices, spending habits, charitable giving and investment decisions can affect their financial security over time.

Families can encourage these skills gradually. Younger family members might begin by managing a modest allowance or savings account. As they mature, conversations can expand to include budgeting, investing, philanthropy and the responsibilities associated with owning a business or managing a larger portfolio.

For families with substantial wealth, involving future generations in selected financial discussions can be particularly valuable. With appropriate guidance and oversight, adult children may learn how investment decisions are made, how risks are evaluated and how family financial priorities are balanced. The goal is

not to guarantee that every beneficiary will make perfect decisions. The goal is to provide the knowledge and experience necessary to make informed, educated choices and learn from mistakes.

Give the Estate Plan a Purpose

Trusts and other estate planning tools can help families structure wealth transfers according to their goals. However, the most effective planning considers not only how assets will be distributed, but also why the distribution structure exists. For example, a trust may be designed to provide a beneficiary with financial support while encouraging education, protecting assets from certain risks or preserving resources for future generations. A charitable bequest may reflect a longstanding family commitment to a particular charity. A business succession plan may be intended to preserve a family enterprise and the livelihoods, both owner and employee, it supports. Explaining these purposes can help beneficiaries see the estate plan as an expression of the family's intentions rather than a set of arbitrary restrictions. This does not mean every family must disclose every provision of its estate plan. The appropriate level of communication will depend on the family's circumstances, the beneficiaries' ages and the nature of the assets involved. However, thoughtful communication can help align expectations and reduce the likelihood of conflict.

"Explaining these purposes can help beneficiaries see the estate plan as an expression of the family's intentions rather than a set of arbitrary restrictions."

Build a Team to Support the Next Generation

Wealth transfer often involves a range of professionals, including financial advisors, estate planning attorneys and accountants. The professionals can work together with families to coordinate the technical aspects of wealth transfer while supporting beneficiaries as they assume new responsibilities.

A professional trustee, like Greenleaf Trust, can provide continuity in administering a trust, make distribution decisions in accordance with the governing document and help beneficiaries understand the resources available to them. Financial advisors, like the client centric teams at Greenleaf Trust, can assist with investment decisions and long-term planning. Accountants and estate planning attorneys can address the consequences of particular transactions. All of these professionals should work in conjunction with your family to assist with the transfer of wealth from generation to generation in the most productive way possible. However, professional guidance should complement, not replace, family communication. The strongest outcomes often occur when families establish clear goals and use their professional team to assist them in carrying out the goals established.

A Legacy is Built Over Generations

Ultimately, the success of a transfer of wealth should not be measured solely by the amount of money preserved or the efficiency of the transfer itself. It should also be measured by whether the wealth helps accomplish what the family intended. For some families, that means providing financial security. For others, it means supporting education, encouraging entrepreneurship, advancing

Wealth Transfer is More Than a Financial Transaction, continued

"Preparing future generations to receive wealth requires time, communication, education and thoughtful planning."

charitable causes or preserving a business for future generations. Often, it means a combination of these objectives. Each family has its own unique goals about what the transfer of wealth from generation to generation should accomplish. It is important to communicate those goals to future generations so they are prepared to receive those assets when the transfer of wealth occurs.

Preparing future generations to receive wealth requires time, communication, education and thoughtful planning. It may not eliminate every challenge, but it can give future generations a stronger foundation for managing their inheritance and making decisions consistent with the family's values.

Please do not hesitate to contact a client centric team member at Greenleaf Trust to discuss strategies for effectively communicating with future generations about the transfer of wealth. Greenleaf Trust is committed to helping our clients achieve and maintain financial security from generation to generation. Preparing families for the successful transfer of wealth is an important part of our Continuity of Client Care and one of the many ways we support our clients and their families for future generations.



Brian C. Farrell, CFP®, CPWA ®
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"Equity can be one of the most valuable parts of a compensation package and one of the least understood."

Incentive Stock Options

A Note Before We Begin

If you have ever accepted a job offer that included "stock options," you may have felt a flickering of excitement, followed quickly by a feeling of confusion. You are not alone! Equity can be one of the most valuable parts of a compensation package and one of the least understood. A decision made without a plan, or made too late, can cost real money. A thoughtful decision can make a meaningful difference in your family's financial picture.

This article walks through one type of stock option, the incentive stock option ("ISO") and items of consideration for planning with them.

What is an Incentive Stock Option (ISO)?

Think of an ISO at its core as just an option – the opportunity to buy a stock at a specific price (or *strike price*), no matter what the stock is worth when you decide to exercise (*use*) it. If the shares of the stock become worth more than your strike price, the option is valuable (also referred to as *in-the-money*). If the stock stays flat or falls, you simply don't use it as there is no imbedded value in the option.

Most employer-provided options *vest*, meaning you gain the right to exercise them gradually over months or years, depending on the plan. Vesting schedules vary significantly from company to company, and this structure encourages employees to stay. ISOs specifically can come with meaningful tax advantages

when certain conditions are met.

There are two main kinds of employer-provided stock options. The first, a non-qualified stock option (NQSO), is simpler but less tax-advantaged. With NQSOs, you typically owe tax both when you buy the shares and when you sell them, which usually means a larger tax bill than with the second kind – incentive stock options (ISOs).

A few features set ISOs apart from NQSOs:

- Only employees can receive them. Consultants and contract workers can receive only the non-qualified kind.
- The strike price must be at least the stock's value on the day the option is granted.
- They expire no later than 10 years after they're granted.
- Only $100,000 worth of ISOs (measured by the stock's value at grant) can first become usable (or vest) in any single year. Anything above that is treated like the less favorable kind (NQSOs).

How Common are ISOs?

More common than you might think, especially outside the large public companies. Roughly three-quarters of private companies offer stock options, and about 60% grant ISOs, rising to just over 80% among private companies in Silicon Valley and startups. In 2024, more than half of initial equity grants to executives at private-equity and venture-backed companies were ISOs. [1]

Younger, pre-IPO companies tend to favor ISOs but this can become less common as a company matures and approaches a public offering. That means many people holding ISOs work at, or recently left, growth-stage companies.

"Younger, pre-IPO companies tend to favor ISOs but this can become less common as a company matures and approaches a public offering."

Who Typically Receives ISOs?

You will most often find ISOs in the hands of:

- Employees of startups and growing private companies, where stock stands in for a bigger salary. At about half of private companies that offer options, more than 80% of employees receive them.
- Engineers, salespeople, managers and executives hired in the early years.
- Employees of recently public companies who still hold older grants.

How are ISOs Taxed? A Simple Example

The big appeal of ISOs is when and how you are taxed, best illustrated by an example.

Marcy's company grants her options to buy 1,000 shares at $5 per share. Years later, the shares are worth $25 each, and she decides to buy them (or *exercise*). The $20 difference per share, or $20,000 in total, is called the *bargain element* or *spread*.

- *When you receive and vest options:* No tax due
- *When you exercise:* No regular income tax is owed, even though Marcy now holds shares worth $20,000 more than she paid. (There is an important exception, called the AMT, discussed below).

Incentive Stock Options, continued

- *When you sell:* If Marcy holds the shares for *more than one year after buying them and more than two years after the original grant*, her entire profit is taxed at the lower long-term capital gains rate. If she sells sooner, the "bargain element" portion is generally taxed as ordinary income, like a paycheck, which is usually a higher rate.

In short, patience is rewarded, but it also carries risk: the longer you hold a single company's stock, the more exposed you are if its price falls.

Should You Exercise or Wait?

The right answer depends on your finances, your company and your goals. Here are the main trade-offs.

- *Exercise and sell right away.* This is the simplest path. You lock in your gain and avoid the risk of holding a single company's stock. The trade-off is that you give up the ISO tax advantage, and the profit is generally taxed as ordinary income. If you exercise and sell in the same year, the AMT issue discussed below generally does not apply.
- *Exercise and hold.* This path can earn you the lower long-term capital gain tax rate, but it requires cash to buy the shares and may trigger additional tax along the way. If the stock then drops, you could end up owing tax on gains you never realized.
- *Wait.* Holding off preserves your cash and flexibility, but the clock keeps ticking toward expiration, and a bigger gain later can mean a bigger tax bill.
- *Spread it out.* Many people exercise a portion each year, buying only as many shares as they can afford without an unnecessarily large tax bill.

If your company is private, there is often an extra wrinkle - you may be paying real cash for shares you cannot sell yet. That is a meaningful risk to weigh.

Watch the Calendar: Expiration Dates

ISOs run on two clocks.

1. *The overall expiration date.* ISOs can last no more than 10 years. That sounds like a long time, but companies are staying private for longer. If a company remains private beyond the option's term, employees would need to buy the shares while it is still private or lose the value of their options entirely.
2. *The "departure" deadline.* If you leave your employer, you generally have only about 90 days to exercise (current law's outer limit for keeping ISO status is three months, or 12 months in cases of disability). Many people don't realize this until they have already resigned or been laid off. Some companies offer longer windows, but extending the deadline can change the tax treatment.

Mark both dates on your calendar the day you receive a grant.

The Potential Complication Called the AMT

Most people have never heard of the *Alternative Minimum Tax (AMT)*, but if you hold ISOs, it is worth knowing. The AMT is a second, parallel way of calculating your tax. You pay whichever calculation produces the higher bill. Taxpayers subjected to AMT have become exceedingly rare post the 2017 TCJA

"In short, patience is rewarded, but it also carries risk: the longer you hold a single company's stock, the more exposed you are if its price falls."

and however with 2025 OBBBA, there is a chance that more individuals may be subject to this tax with compressed phase out ranges.

Why does this matter? Remember Marcy's $20,000 spread – for regular tax purposes, it's invisible when she exercises. But for AMT purposes, that difference gets added to her income and the stock's value at exercise becomes her starting point (her "AMT basis") for figuring AMT gain or loss on a later sale. If the spread is large, it can push someone into paying AMT, even though they have not sold a single share.

The good news:

- *Exemptions shield many people.* For 2026, the AMT exemption is $90,100 for single filers and $140,200 for married couples filing jointly.
- *Higher earners lose some of that protection.* The exemption begins to shrink at $500,000 of AMT income for single filers and $1,000,000 for married couples filing jointly, and recent changes (as described above) have caused it to shrink twice as fast as it used to. [2]
- *AMT paid can often be recovered later.* Taxes paid because of this timing difference typically generate a credit that can be used against future regular taxes, though it can take years to use up.

Because the numbers get complicated quickly, this is an area where advance planning pays off. Running the math before you exercise is far better than discovering the bill the following April.

What To Do Next

If you hold or expect to receive ISOs, a few simple steps can help:

1. Find your grant paperwork and note the strike price, vesting schedule and expiration date.
2. Learn what happens to your options if you leave, including the deadline to exercise.
3. If your plan allows early exercise (buying shares before they vest), ask whether an 83(b) election makes sense for you. The election must be filed within 30 days of exercise.
4. Consider how much of your net worth is tied to a single company
5. Talk with your client centric team and tax professional *before* you exercise, not after.

Stock options can be a wonderful opportunity to build wealth, and proper planning helps make sure your decisions are well timed. If you would like to talk through your own situation, we are here to help.

"Stock options can be a wonderful opportunity to build wealth, and proper planning helps make sure your decisions are well timed."

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Chris A. Middleton, CTFA
Chief Retirement Plan Officer

Private Markets Coming to the 401(k)

You may have seen the headlines: private equity, private credit and real estate funds are heading into 401(k) plans. For business owners and executives, the natural questions are practical ones. Does this change my company's plan? Does it change my own retirement picture? For most of our clients, the honest answer is that very little will change on your plan menu. But there is one place participants across the country could see a change without ever choosing it, the plan's Target Date Fund, and the conversation is a useful prompt to review how your retirement plan and your broader wealth fit together.

What Actually Happened

In August 2025, an executive order directed the Department of Labor (DOL) to make it easier for 401(k) plans to offer "alternative assets." The DOL then withdrew its earlier guidance that had discouraged private equity in plan menus. In March 2026, it proposed a rule that would give plan fiduciaries a safe harbor, a presumption of prudence, if they follow a defined process when selecting investments. As of mid-October, that rule has not been finalized and could still change.

What has not changed is the underlying law. The fiduciary standard has always been about process: acting with the care and diligence of a prudent expert. Nothing ever prohibited private assets in a plan. In fact, there are some publicly traded mutual funds held by retirement plans that already have private alternative "sleeves." The new guidance simply lowers the temperature around offering private alternatives within public investment vehicles that could be considered within a retirement plan investment menu.

> " The new guidance simply lowers the temperature around offering private alternatives within public investment vehicles that could be considered within a retirement plan investment menu."

Why the Private Alternative Industry is Knocking: The Size of the Prize

To understand the push, start with the numbers. Americans held $51.2 trillion in retirement assets at the end of June 2026, about a third of all household financial assets. Employer-based defined contribution plans account for $15.0 trillion of that, and 401(k) plans alone hold $10.8 trillion. Roughly 85 million Americans rely on these plans to save for retirement.

U.S. Retirement Market (June 30, 2026)	Assets
Total U.S. Retirement Assets	$51.2 trillion
IRAs	$19.9 trillion
Employer-Based Defined Contribution Plans	$15.0 trillion
Of Which 401(k) Plans	$10.8 trillion
Target-Date Funds (Year-End 2025)	$4.8 trillion

For private market managers, that is an enormous and steady pool of capital that has been largely out of reach. Traditional pension plans have long invested in private markets, with allocations that BlackRock puts at roughly 16% on average, while 401(k) participants have had little access. Employer plans also deliver something private fund sponsors prize: regular payroll contributions that arrive every pay period and are often invested automatically. Proponents argue that giving everyday savers the same tools that pensions have used could improve retirement outcomes. That argument may have merit. But it is also fair to remember that the firms making it have a commercial interest in gaining access to the largest pool of long-term savings in the country.

The problem is that private investments sit awkwardly inside a 401(k). Participants expect daily pricing and daily access to their money; private assets are valued infrequently and are hard to sell quickly. The funds that bridge the gap, such as interval funds that repurchase shares quarterly, add cost and complexity. Fees are typically higher than those of the public funds they would sit beside, and results depend heavily on the skill of the manager chosen.

For a small or mid-sized company, the cost of due diligence, monitoring, and participant education is rarely justified by a modest allocation. Litigation adds to the caution: the Supreme Court recently made it easier for fiduciary claims to survive early dismissal, and it heard another 401(k) case this month on how investment underperformance must be pleaded. The conclusion is simple--having large private investment exposure inside a single investment option poses more fiduciary threats than performance advantages.

"The problem is that private investments sit awkwardly inside a 401(k). Participants expect daily pricing and daily access to their money; private assets are valued infrequently and are hard to sell quickly. "

Where Private Markets are Most Likely to Show Up First: Your Target Date Fund (TDF)

If a standalone private fund on the investment menu is an awkward fit, a different approach solves much of the liquidity problem, and it is the one most likely to reach your plan. Instead of asking participants to choose a private fund, the manager of a TDF can place a limited private markets sleeve inside the portfolio. The rest of the fund stays in daily-traded stocks and bonds, which provide the cash needed to meet everyday withdrawals and transfers. Participants still buy and sell one fund at one daily price, and the investment team, not the participant, decides how much of the portfolio sits in private assets and manages it as a single portfolio.

Several factors make target-date funds the most natural entry point:

- *Scale.* Target-date funds reached $4.8 trillion at the end of 2025, up more than 20% in a year. Each 1% of those assets allocated to private markets would equal roughly $48 billion.
- *Concentration.* Five firms hold about 80% of target-date assets, and one holds about 37%. A handful of decisions by large providers can change what millions of participants own.
- *Default status.* Target-date funds are the default investment in an estimated

Private Markets Coming to the 401(k), continued

86% of plans, so assets flow in automatically through enrollment and payroll.

A private alternatives sleeve inside TDF's is not a cure-all. Private assets in the mix still carry higher fees, valuation that relies on estimates rather than daily market prices, and a wide gap between strong and weak managers. They also introduce questions about how the fund is priced for participants who buy or sell on different days. Providers will answer these questions differently, and some of the largest target-date firms may choose to wait, so the offerings will vary.

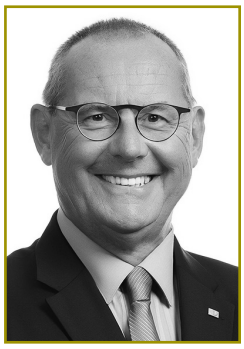
For high net worth individuals, the more important question is not whether private markets belong in the company 401(k). It is where they belong in your total balance sheet. Your retirement plan is one account among many, and it is the least flexible place to hold an illiquid investment. Outside the plan, access to private funds can be matched to your liquidity needs, your risk tolerance, your tax situation, and your estate plan, and it can be sized against everything else you own, including potential private business interests. Many of our clients already hold significant illiquid wealth through a privately held company, so adding more illiquidity inside a retirement account, including through a TDF, may increase concentration rather than diversification.

> "Private markets can play a role in a well-built portfolio, but the benefits depend on manager selection, and the spread between strong and weak managers is wide."

Private markets can play a role in a well-built portfolio, but the benefits depend on manager selection, and the spread between strong and weak managers is wide. Fees, liquidity limits, and valuation methods deserve the same scrutiny you would give any significant investment.

All that said, the door to private markets in the 401(k) is opening, and TDFs are the likeliest place to see it take hold at scale. The plans and investors who benefit will be those who decide deliberately, whatever the final rule says.

Giving: Don't Let Scammers Steal Your Generosity



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Chief Information Security Officer, Privacy Officer

Thanksgiving is almost here, and with it comes the season of giving. Whether it's supporting a local food bank, helping a family in need, or contributing to a favorite charity, this is the time of year when many of us try to do a little extra good. Unfortunately, scammers have figured that out too. And they're quite happy to help themselves to our generosity.

Imagine receiving a call from someone representing a local charity. Families are struggling, Thanksgiving is approaching, and just $50 could put a holiday meal on someone's table. Sounds like a worthy cause.

But what if the charity doesn't exist?

That's the problem with today's scams. They're not always obvious. Criminals impersonate legitimate charities, invent convincing names, and create professional-looking websites. Artificial intelligence has made their stories even more believable.

And since we're heading into the holidays, here's a little riddle:

I wear no green fur, but I steal holiday cheer,
I ask for your kindness when giving season is near.
I promise to help, but your money takes flight,
Who am I, hiding in plain sight?

The answer? A scammer. The Grinch's less entertaining cousin.

Now, protecting yourself doesn't require a Scrooge-like "Bah, humbug!" whenever someone asks for help. A little common sense goes a long way.

Don't let anyone rush you into donating. Legitimate charities will happily accept your contribution tomorrow. Look up organizations independently rather than trusting unexpected calls, emails, or text messages. Charity Navigator and the Better Business Bureau's Wise Giving Alliance can help. And if someone insists on gift cards, cryptocurrency, or a wire transfer, that's probably a good time to reconsider your generosity.

Better yet, support organizations you already know and trust. A local food bank, community foundation, or favorite charity is a great place to start.

The holiday season should bring out the best in us, not make us suspicious of everyone asking for help. We just need to make sure our kindness ends up in the right hands.

So give generously, trust thoughtfully, and remember: a good cause shouldn't require a leap of faith. After all, the only thing scammers deserve this holiday season is a lump of coal.

"Criminals impersonate legitimate charities, invent convincing names, and create professional-looking websites."

Stock Market Pulse

Index	10/30/2026	Total Return Since 12/31/2025
S&P 1500	1,697.67	11.91%
Dow Jones Industrials	51,770.31	9.08%
NASDAQ	25,437.00	9.96%
S&P 500	7,580.07	11.75%
S&P 400	3,662.22	11.96%
S&P 600	1,706.25	17.78%
NYSE Composite	24,293.09	12.29%
Dow Jones Utilities	1,111.50	6.43%
Barclays Aggregate Bond	2,336.13	-0.54%

P/E Multiples	10/30/2026
S&P 1500	25.4x
Dow Jones Industrials	22.6x
NASDAQ	29.1x
S&P 500	26.0x
S&P 400	19.6x
S&P 600	20.2x

Key Rates

Fed Funds Rate	3.75% to 4.00%
T Bill 90 Days	4.05%
T Bond 30 Yr	5.31%
Prime Rate	7.00%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	1,697.67	25.4x	1.11%
S&P 500	7,580.07	26.0x	1.09%
Dow Jones Industrials	51,770.31	22.6x	1.54%
Dow Jones Utilities	1,111.50	19.4x	2.91%

Spread Between 30 Year Government Yields and Market Dividend Yields: 4.19%

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