Compensation & Capital's Financial Planning Commentary as of December 31, 2011
"The Role of Social Security in Our Future"

Over the 12+ years of our *Quarterly Commentary*, Social Security has been a frequent keynote. We have both attempted to explain the program's complicated future options and tried to help you understand its integration into your personal financial planning. Our emphasis on this subject is a direct result of frequent personal inquiries from participants across all demographics: "What can I expect from Social Security?" As importantly, our emphasis has also been due to the fact that any successful retirement plan must contain a significant source of income that's secure from market volatility, inflation, and personal indiscretion and investing blunders. A post-career lifetime annuity like the one provided by Social Security or any other government-provided pension plan is a viable option to fill that need.

But even with all the grass-roots interest in that key question, Social Security (and its voracious little brother, Medicare) continue to fester at the bottom of our political To-Do List because we can't decide which of us should take the "hit" to our futures to fix the system. With three campaign cycles under our *Quarterly Commentary's* belt, it's easy to sum up the positive changes made to Social Security ("SS") over the past 12 years – None. Yet over that decade-plus, our Social Security system's foundation continues to erode under the multi-faceted burdens of: 1) America's demographic evolution to fewer children per parent; 2) our misunderstanding of Social Security's funding precepts (that is, that the system has always required children to support their parents in retirement); 3) an electorate that can't garner the consensus necessary to force its elected officials to make even small changes to SS's tax funding and benefits structure and; 4) squandered time.

So rather than spend the remainder of this quarter's Commentary on a discussion of constructive and equitable ways to fix the system – you can consult our past essays for those thoughts – this time we'll employ the old adage "If you can't fight 'em, join 'em." In other words, let's look at ways to protect yourself if our politicians do nothing and the current Social Security system stays as is.

Paying for retirement is likely to be the biggest expense you will ever face. Furthermore, the range of winners and losers is probably far broader and more randomly distributed than you would have ever imagined. That is, it's not just one generation or one income class that will win/lose. Your family's ultimate outcome will depend upon a wide range of determinates such as health, mortality, earned income levels throughout life, family make-up, marital status, savings levels and types, geographic location, etc. But you have several bullets available to you to influence your chances of a "W" in this game and your arsenal is far more potent the sooner you get busy:

- Your prime earning years are your best opportunity to save: While many of us envision working later in life to provide retirement income, many retire before age 65 due to unexpected reasons. By saving as much as you can during your working years and keeping your family's living expenses in check, your lifestyle at retirement will be easier to sustain and your savings bigger.
- Americans are living longer: Sure this is a two-edged sword; the longer we live, the more savings we need. Then again, longer, healthier lives can include rewarding second careers that can not only supplement retirement savings and SS benefits but significantly enhance your emotional and physical well-being. And, delaying your SS benefit increases its value throughout the remainder of your life. Satisfaction with life is a package of which money is only one piece.
- Social Security provides a very wide range of wage replacement levels: Workers with the lowest levels of lifetime earnings receive the largest percentage SS benefit relative to their former paycheck wages. SS benefits can as high as 60% of former wages for these retirees. For higher career wage earners, SS benefits may replace as little as 10% of former wages.

Our politicians *could* control the level, distribution, and timing of constructive changes to Social Security by making cooperative decisions now. Our best guess is: They won't. YOUR best plan for your future? 1) Spend less. 2) Save more. 3) Invest appropriate to your time horizon.

Chicago Blower Corporation Profit Sharing & 401(k) Plans

Compensation & Capital's December 31, 2011

Retirement Saving and Investing "Action Points"

"When Free is Expensive – The Hidden Costs in 401(k) Plans" Coming to a TV Near You

Over the coming months the mainstream media will be aflutter with "news" about fees to which 401(k) Plan participants have been unknowingly subjected for many years. Not surprisingly, most of these spots will likely focus on abusive situations: participants' plan accounts that have absorbed excessive costs thereby undermining their ability to secure their futures while their employers sponsor these 401(k) plans cost-free and the plan's service providers and investment managers take home the spoils. The impetus for all this "news" is newly enacted IRS and Department of Labor (DoL) regulations that seek to shine a bright light on who pays what fees to what parties in our 401(k) arrangements.

We applaud this LONG-awaited regulatory effort. There's no doubt that abuse has long been tolerated by plan sponsors and regulators alike. This action is absolutely shaking up the industry and should at least expose and dispose of the most flagrant of abusers. Unfortunately, as usual, financial services lobbyists have been able to shield some industry participants' products from the effort. Hopefully future revisions to the law will close those loopholes.

So what about YOUR plan account? What will the new regulation's required disclosures inform you about charges against your hard-earned savings? The short answer is: Nothing but good news and nothing you haven't been told before.

1. For its 25+ years of providing plan services to our corporate clients and their plan participants we are humbly proud of the fact that we have always brought the highest quality investment products and reporting services at the lowest cost to participants' accounts. Partnering in this effort, CBC absorbs all costs except those related directly to plan loans and directly to the investment management function of your Plan's funds. Furthermore, we have always employed mutual funds with below-average investment management cost structures. In fact, on average, the Vanguard mutual funds now available in CBC's Plan, on average, charge 83% less than industry average fees. That means you keep more of what you earn.
2. The gist of our point in Item 1 would likely suffice as the complete explanation for the vast majority of participants in our clients' plans. Nonetheless the new regulations require all plans to toe-the-line with a significant volume of new reporting details to "prove" that point – at least in the eyes of the IRS/DoL. There is no doubt that this required level of detail – in sophisticated hands - *could* help flush out the abusers. There is also no doubt that it increases the costs to run your plan – costs, to be clear, that will be borne by CBC.
3. There are many types of costs required to run these plans. The new disclosures will detail which of these are being absorbed by your accounts. Once again, due to the management and generosity of CBC, your plan account absorbs only investment management fees assessed directly by the mutual funds to which you have directed your savings. The disclosures will also explicitly demonstrate how these charges compare to all other mutual funds in their investing category (for example, International Stock funds or Intermediate Bond funds.) *Your* plan's fee comparability disclosures will, as we noted in Item 1, bring nothing but positive news.

Finally, the government regulations allow little latitude in disclosure format. Please accept our apology in advance any confusion the formatting may cause many of you. And know that we will do our best to present only the required information in the simplest terms. <u>An explanatory note to the following charts</u>: Each charts' third column depicts that fund's "Percentile Ranking" relative to all other funds as followed by Morningstar in that "Category". For instance, the Prime Money Market Fund's "8th" ranking means it outperformed 92% of its peers over the past 5 years.

Chicago Blower Corporation Profit Sharing & 401(k) Plans' Vanguard Funds Performance Specifics and Comparatives

(All for periods ended December 31, 2011)

(1) A fund with an 8th Ranking outperformed 92% of its peers.

Remember: **Past performance is absolutely NOT a guarantee of future performance!**

NAME OF VANGUARD SELECT VENUE FUND / *Morningstar Category Name*	Securities Type(s)	Morningstar™ Category Percentile (1) Ranking Past: 5 Years	10 Years	Cumulative Total Return Performances for: 1 Qtr	YTD-2011	12 Mos	Average Annualized Total Returns for: 3 Yrs	5 Yrs	10 Yrs	15 Yrs
PRIME MONEY MARKET - VMMXX	**Money Market**	**8th**	**7th**	**0.0%**	**0.1%**	**0.1%**	**0.2%**	**1.7%**	**2.0%**	**3.1%**
Money Market Funds >>	*Category Average >>*			*0.0%*	*0.0%*	*0.0%*	*0.1%*	*1.4%*	*1.7%*	*2.8%*
INTERMEDIATE TERM BOND INDEX SIGNAL - VIBSX	**Bonds**	**4th**	**6th**	**1.6%**	**10.7%**	**10.7%**	**9.0%**	**7.9%**	**6.7%**	**7.0%**
Intermediate Bond Funds >>	*Category Average >>*			*1.3%*	*5.9%*	*5.9%*	*9.2%*	*5.6%*	*5.2%*	*5.6%*
INFLATION PROTECTED SECURITIES ADM - VAIPX	**Bonds**	**20th**	**28th**	**2.6%**	**13.3%**	**13.3%**	**10.2%**	**7.7%**	**7.4%**	**N/A**
Inflation-Protected Bond Funds >>	*Category Average >>*			*2.2%*	*10.9%*	*10.9%*	*9.4%*	*6.7%*	*6.7%*	*5.2%*
WELLINGTON ADMIRAL - VWENX	**Bonds & Stocks**	**7th**	**1st**	**1.2%**	**-2.2%**	**-2.2%**	**9.6%**	**9.3%**	**11.2%**	**8.1%**
Moderate Allocation Funds >>	*Category Average >>*			*6.7%*	*-0.1%*	*-0.1%*	*11.5%*	*1.3%*	*3.9%*	*5.4%*
EQUITY INCOME ADMIRAL - VEIRX	**Stocks**	**7th**	**10th**	**13.8%**	**10.7%**	**10.7%**	**14.3%**	**1.6%**	**5.1%**	**7.1%**
Large-Cap U.S. Value Funds >>	*Category Average >>*			*12.0%*	*-0.8%*	*-0.8%*	*11.8%*	*-2.0%*	*3.3%*	*5.3%*
500 INDEX SIGNAL - VIFSX	**Stocks**	**29th**	**37th**	**11.8%**	**2.1%**	**2.1%**	**14.1%**	**-0.2%**	**2.9%**	**5.4%**
Large-Cap U.S.Blend Funds >>	*Category Average >>*			*11.1%*	*-1.3%*	*-1.3%*	*13.2%*	*-1.0%*	*2.6%*	*5.2%*
VANGUARD SELECTED VALUE - VASVX	**Stocks**	**28th**	**18th**	**13.5%**	**0.9%**	**0.9%**	**18.0%**	**1.1%**	**7.4%**	**7.1%**
Mid-Cap U.S. Value Funds >>	*Category Average >>*			*12.8%*	*-4.0%*	*-4.0%*	*16.7%*	*-0.2%*	*5.9%*	*7.8%*
GROWTH INDEX SIGNAL – VIGSX	**Stocks**	**21st**	**35th**	**10.9%**	**1.9%**	**1.9%**	**17.6%**	**2.5%**	**3.0%**	**5.6%**
Large-Cap U.S. Growth Funds >>	*Category Average >>*			*9.3%*	*-2.5%*	*-2.5%*	*15.3%*	*0.8%*	*2.3%*	*5.1%*
MID-CAP GROWTH INVESTOR - VMGRX	**Stocks**	**29th**	**36th**	**1.2%**	**1.2%**	**1.2%**	**20.1%**	**3.7%**	**5.3%**	**N/A**
Mid-Cap U.S. Growth Funds >>	*Category Average >>*			*10.4%*	*-4.0%*	*-4.0%*	*18.6%*	*2.0%*	*4.4%*	*6.6%*
SMALL-CAP INDEX SIGNAL - PRGFX	**Stocks**	**25th**	**34th**	**15.1%**	**-2.7%**	**-2.7%**	**19.3%**	**1.9%**	**6.7%**	**7.3%**
Small-Cap U.S. Blend Funds >>	*Category Average >>*			*15.3%*	*-4.1%*	*-4.1%*	*16.8%*	*0.2%*	*6.0%*	*7.9%*
INTERNATIONAL GROWTH ADMIRAL - VWILX	**Foreign Stocks**	**13th**	**14th**	**6.0%**	**-13.6%**	**-13.6%**	**12.4%**	**-1.9%**	**5.8%**	**4.7%**
Foreign Large Blend Funds >>	*Category Average >>*			*4.5%*	*-14.0%*	*-14.0%*	*7.8%*	*-4.7%*	*4.0%*	*3.3%*
EMERGING MARKETS INDEX SIGNAL - VERSX	**Foreign Stocks**	**23rd**	**41st**	**6.0%**	**-18.7%**	**-18.7%**	**19.5%**	**2.3%**	**13.4%**	**6.9%**
Diversified Emerging Markets Funds >>	*Category Average >>*			*4.2%*	*-19.9%*	*-19.9%*	*18.3%*	*0.4%*	*12.8%*	*7.1%*
ENERGY ADMIRAL - VGELX	**Energy Stocks**	**20th**	**18th**	**15.9%**	**-1.7%**	**-1.7%**	**15.6%**	**3.9%**	**14.3%**	**12.2%**
Energy Sector Funds >>	*Category Average >>*			*14.0%*	*-7.5%*	*-7.5%*	*14.7%*	*1.9%*	*11.2%*	*10.0%*

Chicago Blower Corporation Profit Sharing & 401(k) Plans' Vanguard Funds Performance Specifics and Comparatives

(All for periods ended December 31, 2011)

Remember: **Past performance is absolutely NOT a guarantee of future performance!**

Name of VANGUARD Auto-Balanced Fund *Morningstar Category Name*	Securities Type(s)	Morningstar™ Category Percentile Ranking Past 1 Year	 5 Years	Cumulative Total Return Performances for 1 Qtr	 YTD-2011	 12 Mos	Average Annualized Total Returns for: 3 Yrs	 5 Yrs	 10 Yrs	 15 Yrs
TARGET RETIREMENT INCOME - VTINX	**Target Date 2000-2010**	**9th**	**10th**	**4.0%**	**5.3%**	**5.3%**	**9.6%**	**4.9%**	**N/A**	**N/A**
Target Date 2000-2010 Funds >>	*Category Average >>*			*4.5%*	*0.9%*	*0.9%*	*11.1%*	*1.6%*	*3.9%*	*5.5 %*
TARGET RETIREMENT 2010 - VTENX	**Target Date 2000-2010**	**1st**	**10th**	**5.3%**	**3.4%**	**3.4%**	**11.2%**	**3.3%**	**N/A**	**N/A**
Target Date 2000-2010 Funds >>	*Category Average >>*			*4.5%*	*0.9%*	*0.9%*	*11.1%*	*1.6%*	*3.9%*	*5.5%*
TARGET RETIREMENT 2015 - VTXVX	**Target Date 2011-2015**	**19th**	**17th**	**6.1%**	**1.7%**	**1.7%**	**11.5%**	**2.5%**	**N/A**	**N/A**
Target Date 2011-2015 Funds >>	*Category Average >>*			*5.2%*	*-0.3%*	*-0.3%*	*11.4%*	*0.6%*	*2.4%*	*3.5%*
TARGET RETIREMENT 2020 - VTENX	**Target Date 2016-2020**	**32nd**	**11th**	**6.7%**	**0.6%**	**0.6%**	**11.9%**	**1.9%**	**N/A**	**N/A**
Target Date 2016-2020 Funds >>	*Category Average >>*			*5.6%*	*-0.2%*	*-0.2%*	*12.1%*	*0.4%*	*3.4%*	*5.1%*
TARGET RETIREMENT 2025 - VTXVX	**Target Date 2021-2025**	**16th**	**18th**	**7.4%**	**-0.4%**	**-0.4%**	**12.3%**	**1.3%**	**N/A**	**N/A**
Target Date 2021-2025 Funds >>	*Category Average >>*			*6.8%*	*-2.1%*	*-2.1%*	*12.4%*	*-0.2%*	*N/A*	*N/A*
TARGET RETIREMENT 2030 - VTENX	**Target Date 2026-2030**	**22nd**	**13th**	**8.1%**	**-1.3%**	**-1.3%**	**12.7%**	**0.6%**	**N/A**	**N/A**
Target Date 2026-2030 Funds >>	*Category Average >>*			*7.2%*	*-2.3%*	*-2.3%*	*12.7%*	*-0.8%*	*3.2%*	*5.3%*
TARGET RETIREMENT 2035 - VTXVX	**Target Date 2031-2035**	**19th**	**22nd**	**8.7%**	**-2.2%**	**-2.2%**	**13.0%**	**0.3%**	**N/A**	**N/A**
Target Date 2031-2035 Funds >>	*Category Average >>*			*8.1%*	*-3.5%*	*-3.5%*	*12.7%*	*-1.0%*	*N/A*	*N/A*
TARGET RETIREMENT 2040 - VTENX	**Target Date 2036-2040**	**19th**	**9th**	**8.8%**	**-2.6%**	**-2.6%**	**12.9%**	**0.3%**	**N/A**	**N/A**
Target Date 2036-2040 Funds >>	*Category Average >>*			*8.1%*	*-3.5%*	*-3.5%*	*13.0%*	*-1.3%*	*3.2%*	*3.2%*
TARGET RETIREMENT 2045 - VTXVX	**Target Date 2041-2045**	**14th**	**22nd**	**8.8%**	**-2.5%**	**-2.5%**	**12.9%**	**0.2%**	**N/A**	**N/A**
Target Date 2041-2045 Funds >>	*Category Average >>*			*8.7%*	*-4.1%*	*-4.1%*	*12.7%*	*-1.3%*	*N/A*	*N/A*
TARGET RETIREMENT 2050 - VTENX	**Target Date 2050+**	**11nd**	**8th**	**8.8%**	**-2.5%**	**-2.5%**	**12.9%**	**0.3%**	**N/A**	**N/A**
Target Date 2050+Funds >>	*Category Average >>*			*8.4%*	*-4.1%*	*-4.1%*	*13.0%*	*-1.6%*	*3.3%*	***N/A***
TARGET RETIREMENT 2055 - VTXVX	**Target Date 2050+**	**9th**	**n/a**	**8.9%**	**-2.3%**	**-2.3%**	**N/A**	**N/A**	**N/A**	**N/A**
Target Date 2050+ Funds >>	*Category Average >>*			*8.4%*	*-4.1%*	*-4.1%*	*13.0%*	*-1.6%*	*3.3%*	*N/A*
LIFE STRATEGY CONSERVATIVE - VSCGX	**Conservative Allocation**	**48th**	**56th**	**4.7%**	**1.8%**	**1.8%**	**9.8%**	**2.7%**	**4.6%**	**5.9%**
Conservative Allocation Funds >>	*Category Average >>*			*4.4%*	*1.7%*	*1.7%*	*10.6%*	*2.7%*	*4.2%*	*4.8%*
LIFE STRATEGY GROWTH - VASGX	**Aggressive Allocation**	**34th**	**53rd**	**7.9%**	**-2.3%**	**-2.3%**	**12.0%**	**-0.2%**	**4.1%**	**5.6%**
Aggressive Allocation Funds >>	*Category Average >>*			*7.6%*	*-3.8%*	*-3.8%*	*12.5%*	*-0.2%*	*3.7%*	*5.3%*