Dechert-Hampe & Company Employees' Savings and Profit Sharing Plan

Compensation & Capital's Financial Planning Commentary as of June 30, 2022

"Beware the Writing on the Wall"

Superlative "news" attracts eyeballs. Eyeballs create markets. Markets create profits. All seemingly regardless of the accuracy or personal applicability of the news itself. It's the sensationalistic journalism that made Joseph Pulitzer, William Randolph Hearst and Rupert Murdoch among the most powerful and wealthiest media titans of their times. It thrives on the facet of human nature that's built our "click bait" social media culture. And it's a classic pitfall in the battle fought every day by otherwise rational investors in their attempt to stay the course for long term investing success.

Since COVID rocked our world at the outset of 2020 through this first half of 202-too, just about every facet of personal financial management and investing has been subjected to significantly larger than average fluctuations. But with media focus on the "bad" superlatives, it's vital to remember that these pendulum swings over the past 28 months have been both "good" and "bad" depending upon your personal situation at the moment. Nevertheless, those headlines with the most eye-popping ominous impacts, regardless of the breadth of our population directly and significantly impacted and regardless of what's happened to that particular facet over the past 28 months, garner the broadest media coverage. Gasoline. Food. Housing rents and mortgage rates. Stock and bond market swings. Monthly CPI inflation. Interest rates. Most of all the various components of our personal and global economies have transitioned through multi-generational ranges since COVID proved its power change our lives forever.

We've focused on this retrospective to shed light upon the fact that economies and therefore markets are to a great extent simply feedback-regulated mechanisms that seek balance. Extreme lows beget extreme highs that ultimately work in tandem both internally and externally to return to balance over time. Balance not only within a particular facet (inflation, corporate earnings, interest rates, etc.) but then resulting in balance among all facets that comprise our economic systems.

While we abhor the numbers we <u>now</u> see on gas pumps, it's enlightening to remember the not so distant past when ~$2/gal pump prices and the advent of work from home meant average households were SAVING $250-to-$500 on their monthly commute. What did your family do with those household savings? And though our current ~$4.90/gal national average is well above its past 40-year average (inflation adjusted) price of ~$3/gal, there's little rational reason to assume that the energy markets' feedback-regulated mechanism won't act to revert prices back closer to historic averages in the near future.

Likewise, as we recoil from big, ugly losses on this quarter's 401(k) plan statements, it's vital to our investing and savings psyches to recall our cautious jubilation with historic positive stock market returns a short 12 months ago. As of 6/30/2021, the S&P500 was up 41% and balanced portfolios similar to the 60/40 stocks/bonds risk profile maintained by many older pre-retirees had advanced 25% or so over the then-past 12 months. More importantly, rational minded retirement plan saver/investors must keep in mind that the very long-term aspect of their investing strategies, that is the 60-to-80 year lives that these portfolios must endure, will most likely revert to similarly long-term historic averages of 8%-9% for their stocks components and 3%-5% for their bonds.

In short, gigantic, historically unprecedented shocks to ANY feedback-regulated system will almost always create equal and opposite reactions. Successive swings will also continue, but with the range of each swing most likely lessened relative to its immediately preceding price, gain, loss, etc. Over time the system returns to something close to "normal" – possibly a "new normal" – but a "normal" not all that significantly different than that our rational selves can realistically expect.

All this is to remind you – and your author too – that headlines aka "the writing on the wall" are not reality for all facets of our lives. That's true for headlines from relatively virtuous media outlets too. Focusing upon the latest ~9% "Headline CPI" inflation print as an example: Relative to long-term saving and investing for the vast majority of 401(k) plan participants, over the lives of appropriately risk-balanced portfolios this headline is highly unlikely to result in significant impact. Stay informed, stay appropriately risk-balanced, stay calm and focused on what really matters to you and your family.

Annuities get a toe in the mainstream of 401(k)s: What's in this for me?

This month one facet of the Senate's 2019 SECURE Act comes front-and-center to your mailbox. All 401(k) Plans are now required to distribute personalized lifetime income illustration statements. They're intended to show how much money you could potentially receive each month if your total 401(k) balance was used to purchase an annuity. Our perspective on the Senate's decision to formally endorse annuities for 401(k) plans is clearly objective as you will see below. But in the interest of full disclosure, we're skeptical of the wisdom in this decision. On the one hand, we feel that a properly structured, vetted, sanctioned and monitored straight-forward single payment immediate annuity [SPIA] option could be a credible choice for some plan participants. But that string of adjectives in our foregoing sentence presents a formidable hurdle for a set of standardized regulations administered by Plan sponsors with little formal training in annuities. Finally, the fact that annuities are already available in IRA's accessible by 401(k) rollovers further blunts our perception of the bottom-line need for adding this complexity to 401(k)s.

If you watch any mass media TV you've surely seen ads touting the emotional and financial security available through "guaranteed lifetime income." The ads are selling annuities and the "bait" phrase clearly has appeal. So first off, a bit of background into the world of annuities. Simply put, an annuity contract legally obligates an insurance company (the "issuer") to make future payment(s) to the "annuitant" who is usually the annuity's purchaser - you. Annuities can be relatively simple; they can be incredibly complex. The type we mentioned above, SPIAs, are at the simple end.

With a basic SPIA, the annuitant specifies purchase variables of gender (as a determinant of mortality), current age, initial investment amount, and future payments start date and frequency (usually monthly.) The prospective issuer presents the annuitant with a quote of a fixed guaranteed monthly dollar payment ending at the annuitant's death, at which time the annuity's value becomes zero. The annuitant can accept or decline the proposal. If the annuitant dies before normal mortality age (approx. 83 for males, 86 for females) then the annuitant "loses" allowing the insurance company to pool that remaining value to help pay longer-lived annuitants. In the big picture, the insurance company must price its annuities so that it "wins" more than it "loses." So the longer you live, the more you win! Pretty straight-forward, right?

There's a lot to like about the concept of an SPIA: The annuitant collects his monthly annuity, free from worrying over managing investments, market downturns and possibly outliving his nest egg.

And the downsides? ►Insurance companies determine future payment amounts based upon current interest rates, their projections for future investment returns, mortality and inflation. Though annuities are available with an inflation rider that gradually increases the future monthly payment to offset for inflation, annuities with inflation riders have lower initial payments than a non-rider annuity. So annuitants generally opt for the higher initial payment amount – it just feels better at the time. If inflation picks up over the life of the annuity a fixed dollar payment can quickly lose purchasing power. ►When you die, your heirs get no portion of your account that was annuitized. ►Though unlikely, the issuer could default on the payments. ►The annuitant could misunderstand the contract's legalese and unwittingly approve an inappropriate binding commitment. ►The annuitant's personal situation could change over the generally long life of the annuity contract such that it's no longer an appropriate investment. Annuity contracts are generally irrevocable or precipitate onerous penalties if an annuitant subsequently decides to cancel the contract.

Our discussion here has only scratched the surface of annuities as a viable choice for 401(k) plan participants. Be sure to give your new annual Lifetime Income Illustration a serious read when it arrives in your mailbox. As always, we're happy to respond to your questions at info@planspecs.com.

Dechert-Hampe & Co Employees' Savings and Profit Sharing Plan Vanguard Funds Performance Specifics and Comparatives

(All for periods ended June 30, 2022)

(1) A fund with a 3rd Ranking outperformed 97% of its peers.

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

(2) "OER" or Operating Expense Ratio: Annual % of fund assets paid for fund operations and mgmt.

NAME OF VANGUARD SELECT VENUE FUND / *Morningstar Category Name*	Securities Type(s)	Morningstar™ Category Percentile (1) Ranking Past: 3 Years	10 Years	OER(2)	Total Return Performance for: Past Qtr	12 Mos	Average Annualized Total Return for: 3 Yrs	5 Yrs	10 Yrs	15 Yrs
TREASURY MONEY MARKET - VUSXX	**Money Market**	**3rd**	**2nd**	**0.09%**	**0.2%**	**0.2%**	**0.5%**	**1.0%**	**0.6%**	**0.7%**
Money Market Funds >>		*Category Median >>*		*0.41%*	*0.0%*	*0.0%*	*0.5%*	*0.8%*	*0.4%*	*0.6%*
TOTAL BOND MARKET INDEX ADMIRAL - VBTLX	**Bonds**	**40th**	**48th**	**0.05%**	**-4.7%**	**-10.4%**	**-1.0%**	**0.8%**	**1.5%**	**3.2%**
Intermediate-Term Core Bond Funds >>		*Category Median >>*		*0.62%*	*-4.9%*	*-10.7%*	*-1.0%*	*0.7%*	*1.5%*	*3.1%*
INFLATION PROTECTED SECURITIES ADM - VAIPX	**Bonds**	**45th**	**21st**	**0.10%**	**-6.0%**	**-5.0%**	**3.0%**	**3.1%**	**1.7%**	**3.8%**
Inflation-Protected Bond Funds >>		*Category Median >>*		*0.62%*	*-5.1%*	*-3.8%*	*2.8%*	*2.9%*	*1.4%*	*3.4%*
WELLINGTON ADMIRAL - VWENX	**Bonds & Stocks**	**19th**	**7th**	**0.16%**	**-10.4%**	**-9.2%**	**6.3%**	**7.2%**	**8.8%**	**7.1%**
Allocation Funds – 50% to 70% Equity >>		*Category Median >>*		*1.04%*	*-10.6%*	*-11.1%*	*4.5%*	*5.3%*	*6.7%*	*5.1%*
WINDSOR II ADMIRAL - VWNAX	**Stocks**	**10th**	**22nd**	**0.26%**	**-13.9%**	**-10.1%**	**10.8%**	**9.4%**	**11.2%**	**6.9%**
Large-Cap U.S. Value Stock Funds >>		*Category Median >>*		*0.97%*	*-11.2%*	*-4.8%*	*8.0%*	*7.8%*	*10.3%*	*6.3%*
500 INDEX ADMIRAL - VFIAX	**Stocks**	**22nd**	**12th**	**0.04%**	**-16.1%**	**-10.7%**	**10.6%**	**11.3%**	**12.9%**	**8.5%**
Large-Cap U.S. Blend Stock Funds >>		*Category Median >>*		*0.87%*	*-14.9%*	*-11.6%*	*9.1%*	*9.8%*	*11.6%*	*7.6%*
SELECTED VALUE - VASVX	**Stocks**	**40th**	**43rd**	**0.32%**	**-14.0%**	**8.7%**	**8.3%**	**5.9%**	**10.2%**	**6.9%**
Mid-Cap U.S. Value Stock Funds >>		*Category Median >>*		*1.05%*	*-12.8%*	*-7.9%*	*7.4%*	*6.4%*	*9.8%*	*6.4%*
U.S GROWTH ADMIRAL – VWUAX	**Stocks**	**73rd**	**34th**	**0.28%**	**-27.2%**	**-37.6%**	**6.3%**	**11.0%**	**13.2%**	**9.2%**
Large-Cap U.S. Growth Stock Funds >>		*Category Median >>*		*1.01%*	*-20.8%*	*-23.9%*	*8.1%*	*11.0%*	*12.5%*	*8.7%*
MID-CAP GROWTH INVESTOR - VMGRX	**Stocks**	**88th**	**84th**	**0.33%**	**-22.9%**	**-31.7%**	**0.8%**	**6.9%**	**9.3%**	**7.1%**
Mid-Cap U.S. Growth Stock Funds >>		*Category Median >>*		*1.10%*	*-20.6%*	*-28.6%*	*5.0%*	*8.7%*	*10.8%*	*7.7%*
EXPLORER ADMIRAL - VEXRX	**Stocks**	**26th**	**16th**	**0.29%**	**-18.5%**	**-24.0%**	**6.6%**	**9.9%**	**12.0%**	**8.1%**
Small-Cap U.S. Growth Stock Funds >>		*Category Median >>*		*1.23%*	*-19.8%*	*-30.6%*	*4.2%*	*7.8%*	*10.3%*	*7.4%*
INTERNATIONAL GROWTH ADMIRAL - VWILX	**Foreign Stocks**	**6th**	**3rd**	**0.32%**	**-18.1%**	**-36.2%**	**6.3%**	**7.5%**	**9.2%**	**4.9%**
Foreign Large Growth Stock Funds >>		*Category Median >>*		*1.07%*	*-16.6%*	*-27.3%*	*1.7%*	*3.6%*	*6.1%*	*2.5%*
EMERGING MARKETS INDEX ADMIRAL - VEMAX	**Foreign Stocks**	**25th**	**37th**	**0.14%**	**-9.2%**	**-21.1%**	**2.0%**	**3.1%**	**3.2%**	**2.1%**
Diversified Emerging Markets Stock Funds >>		*Category Median >>*		*1.25%*	*-12.2%*	*-25.7%*	*0.4%*	*1.7%*	*2.8%*	*1.6%*
ENERGY ADMIRAL - VGELX	**Energy Stocks**	**82nd**	**50th**	**0.33%**	**-4.9%**	**18.2%**	**-1.4%**	**0.7%**	**0.6%**	**0.2%**
Energy Sector Stock Funds >>		*Category Median >>*		*1.41%*	*-10.1%*	*21.4%*	*6.0%*	*1.2%*	*-1.9%*	*-1.6%*

Dechert-Hampe & Co Employees' Savings and Profit Sharing Plan Vanguard Funds Performance Specifics and Comparatives

(All for periods ended June 30, 2022)

(1) A fund with a 30th Ranking outperformed 70% of its peers.

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

(2) "OER" or Operating Expense Ratio: Annual % of fund assets paid for fund operations and mgmt.

VANGUARD INDEXED AUTO-BALANCED FUND *Morningstar Category Name*	Securities Type(s)	Morningstar™ Category Percentile (1) Ranking Past 5 Years	Morningstar™ Category Percentile (1) Ranking Past 15 Years	OER(2)	Total Return Performance for Past Qtr	Total Return Performance for 12 Mos	Average Annualized Total Return for: 3 Yrs	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	**Target Date Retire Income**	**30th**	**14th**	**0.08%**	**-7.4%**	**-10.1%**	**2.1%**	**3.3%**	**4.1%**	**4.4%**
Retirement Income Funds >>	*Category Median >>*			*0.68%*	*-7.8%*	*-10.5%*	*1.7%*	*2.9%*	*3.7%*	*3.5%*
TARGET RETIREMENT 2015 - VTXVX	**Target Date 2015**	**66th**	**24th**	**0.08%**	**-7.4%**	**-10.1%**	**2.5%**	**3.9%**	**5.6%**	**4.5%**
Target Date 2015 Funds >>	*Category Median >>*			*0.59%*	*-9.0%*	*-11.3%*	*2.7%*	*3.9%*	*5.4%*	*4.2%*
TARGET RETIREMENT 2020 - VTWNX	**Target Date 2020**	**32nd**	**12th**	**0.08%**	**-9.2%**	**-11.7%**	**3.4%**	**4.6%**	**6.5%**	**4.9%**
Target Date 2020 Funds >>	*Category Median >>*			*0.64%*	*-9.6%*	*-12.0%*	*2.9%*	*4.2%*	*5.9%*	*4.2%*
TARGET RETIREMENT 2025 - VTTVX	**Target Date 2025**	**37th**	**16th**	**0.08%**	**-10.7%**	**-13.2%**	**3.7%**	**5.1%**	**7.1%**	**5.1%**
Target Date 2025 Funds >>	*Category Median >>*			*0.67%*	*-10.4%*	*-12.7%*	*3.3%*	*4.6%*	*6.4%*	*4.3%*
TARGET RETIREMENT 2030 - VTHRX	**Target Date 2030**	**46th**	**19th**	**0.08%**	**-11.7%**	**-13.9%**	**4.2%**	**5.5%**	**7.7%**	**5.2%**
Target Date 2030 Funds >>	*Category Median >>*			*0.69%*	*-11.4%*	*-13.6%*	*4.0%*	*5.2%*	*7.1%*	*4.7%*
TARGET RETIREMENT 2035 - VTTHX	**Target Date 2035**	**45th**	**17th**	**0.08%**	**-12.4%**	**-14.4%**	**4.8%**	**6.0%**	**8.3%**	**5.5%**
Target Date 2035 Funds >>	*Category Median >>*			*0.70%*	*-12.6%*	*-14.6%*	*4.6%*	*5.7%*	*7.7%*	*4.9%*
TARGET RETIREMENT 2040 - VFORX	**Target Date 2040**	**39th**	**18th**	**0.08%**	**-13.2%**	**-14.8%**	**5.4%**	**6.4%**	**8.7%**	**5.8%**
Target Date 2040 Funds >>	*Category Median >>*			*0.71%*	*-13.5%*	*-15.2%*	*5.1%*	*6.1%*	*8.1%*	*5.2%*
TARGET RETIREMENT 2045 - VTIVX	**Target Date 2045**	**30th**	**19th**	**0.08%**	**-13.9%**	**-15.3%**	**5.9%**	**6.8%**	**9.0%**	**5.9%**
Target Date 2045 Funds >>	*Category Median >>*			*0.70%*	*-14.0%*	*-15.6%*	*5.4%*	*6.4%*	*8.3%*	*5.2%*
TARGET RETIREMENT 2050 - VFIFX	**Target Date 2050**	**32nd**	**28th**	**0.08%**	**-14.2%**	**-15.5%**	**5.9%**	**6.8%**	**9.0%**	**6.0%**
Target Date 2050 Funds >>	*Category Median >>*			*0.71%*	*-14.3%*	*-15.9%*	*5.4%*	*6.4%*	*8.4%*	*5.3%*
TARGET RETIREMENT 2055 - VFFVX	**Target Date 2055**	**34th**	**n/a**	**0.08%**	**-14.2%**	**-15.5%**	**5.9%**	**6.8%**	**9.0%**	**N/A**
Target Date 2055 Funds >>	*Category Median >>*			*0.71%*	*-14.4%*	*-16.0%*	*5.5%*	*6.5%*	*8.5%*	*N/A*
TARGET RETIREMENT 2060 - VTTSX	**Target Date 2060+**	**43rd**	**n/a**	**0.08%**	**-14.2%**	**-15.4%**	**5.9%**	**6.8%**	**9.0%**	**N/A**
Target Date 2060+ Funds >>	*Category Median >>*			*0.71%*	*-14.5%*	*-16.0%*	*5.5%*	*6.5%*	*9.0%*	*N/A*
LIFE STRATEGY CONSERVE GROWTH - VSCGX	**Moderate Allocation**	**34th**	**49th**	**0.12%**	**-9.1%**	**-12..5%**	**2.1%**	**3.7%**	**5.0%**	**4.2%**
Allocation – 30% to 50% Equity Funds >>	*Category Median >>*			*0.94%*	*-9.0%*	*-11.2%*	*2.1%*	*3.2%*	*4.6%*	*4.1%*
LIFE STRATEGY GROWTH - VASGX	**Aggressive Allocation**	**31st**	**50th**	**0.14%**	**-13.2%**	**-14.9%**	**5.2%**	**6.2%**	**8.2%**	**5.3%**
Allocation – 70% to 85% Equity Funds >>	*Category Median >>*			*1.01%*	*-12.5%*	*-12.9%*	*4.9%*	*5.4%*	*7.4%*	*5.1%*