

In spite of the fact that negotiations over the Federal shut-down and the debt limit were clearly more difficult this time around, it seems that any substantive 'buzz' in the financial markets since January has been driven by the Federal Reserve's much anticipated but yet-to-be initiated 'tapering' of its bond purchase program and the summer's rise in interest rates in the wake of that scepter. Viewed through that lens, stock market investors around the world seem finally to be marginalizing the folks in Washington to their rightful level of a group of children who misbehave to get attention. (If only we could get these children to play quietly together for a while!)

So even under the cloud of this manufactured crisis, stock markets worldwide have, well, boomed over the past year. Hurdling a wall of worry built upon the poisonous fumes emanating from Syria and Washington DC, spiking mortgage rates, the political power transition in China, emerging market woes exacerbated by Fed 'taper talk', and an already ballistic climb from cycle lows in March, 2009, 2013 already has U.S. stocks up over 20% and developed international markets up over 16%.

Seems there's never a shortage of exciting topics appropriate to *investing* your retirement nest egg. So much so that the far more important facet of retirement security, that being the *saving* part, is easily overshadowed. No doubt, it's pretty tough to make any serious investment gains when your savings are anemic. So as long as we seem to have the investing part moving in the right direction – that is, the component that we *can't* control - we decided to devote the remainder of this quarter's Commentary and Page 2's "Action Points" to the component that we *can* control.

The Department of Labor (DoL) is currently on a tear to require 401(k) plans to include on their participant account statements an illustration of projected lifetime income stream at retirement using your account's future balance, your age and gender. In the DoL's own words, their intent is to provide an illustration that answers the question: "If I were old enough to retire today, [what] would be my monthly payment from my Plan account for the rest of my life?"

There is no doubt that our financial planning efforts would be far less complicated if each of us could be provided a 'magic number' target for our ultimate retirement portfolio. Many financial services companies selling insurance and mutual funds would like us to believe such a number actually exists. Savers would be well-served (in fact, clairvoyant!) to know if they are 'on target' for accumulating an adequate nest egg based not only on their current situation but also on the (obviously unknown) future paths of inflation, investment returns, career and family, health and mortality, living costs at retirement and beyond, and Social Security and Medicare.

It's no secret that the vast majority of Americans' retirement nest eggs are, for the most part, woefully inadequate. As plan recordkeepers we have intimate knowledge of literally thousands of participant plan account balances relative to their current incomes. It's not a stretch for us to plainly state that a projection based solely on current balance, age, and gender would, especially for younger participants, result in a truly misrepresentative data point that could be a source of abject discouragement and likely even a reason to dismiss future saving as useless pain.

Saving, especially for nebulous goals like retirement security, can be anything from painful to rewarding depending upon your attitude. Positive attitudes toward retirement saving result from encouragement through education, understanding of the challenges, realistic goals, sound investments, and self discipline. In our experience, 'Scared Straight' rarely works to achieve this goal. The DoL is headed down a counter-productive path with this initiative. There are far better ways available to provide far more accurate income projections.

Seeking Objective and Enlightened Encouragement to Promote Retirement Savings:

There's a widely held urban legend that one of the greatest intellects of our time, Albert Einstein, once declared that compound interest is "the most powerful force in the universe." Well, maybe he said it was "the greatest invention in human history." Or simply "the eighth wonder of the world." (As an aside, Einstein is also popularly attributed to the sentiment that "Preparing a tax return is more complicated than relativity theory." But we'll hold that thought for our Commentary next April!)

Regardless of the veracity of the legend, when put into application, the crux of the thought bears truth sometimes beyond the comprehension of us mere intellectual mortals. So, in the vein of encouragement to retirement savers feeling more pain than gain from their 401(k) savings exercise, we offer these simple examples of 'man's greatest invention.'

Even relatively small monthly contributions add up over time. Consider the hypothetical that your household has currently saved \$50,000 for retirement and has it invested 80% in stocks and 20% in bonds. If you didn't make any additional contributions to your retirement account for the next 25 years and investment returns were identical to the past 25 years (1988 through 2012) you'd end up with \$467,134. But if you consistently contributed \$750/month more to your accounts for the next 25 years and invested these contributions in the same 80/20 allocation, your portfolio would grow to almost \$1.2M in 25 years. Monthly contributions of \$250 and \$500 over this 25-year period added to your original \$50k would result in around \$707k and \$946k respectively. That's an impressive number but a difficult one to comprehend because it doesn't consider the grind of inflation on the purchasing power of all those Franklins. So a single target number has its obvious failings.

The most striking stats computable from these examples, and the basis for our urban legend lead-in, is the surprisingly small annual savings 'pain' required over 25 years to generate a reasonably realistic and relatively large annual income in retirement. To begin with, the initial \$50k alone could generate over \$18k annually, or around \$8,500 per year in today's dollars⁽¹⁾. Adding further monthly savings to your hypothetical \$50k current balance could result in the following scenarios⁽¹⁾:

- \$50k + \$250/month for 25 years = \$3k/year generating ~ \$28k/year or ~ \$13k/year in today's dollars.
- \$50k + \$500/month for 25 years = \$6k/year generating ~ \$38k/year or ~ \$18k/year in today's dollars.
- \$50k + \$750/month for 25 years = \$9k/year generating ~ \$47k/year or ~ \$23k/year in today's dollars.

⁽¹⁾ Income projections including those depicted as 'in today's dollars' were computed using the generally accepted lifetime sustainable withdrawal rate of 4% of annually remaining balance, investment returns equivalent to those resulting from the actual returns of the S&P 500 Index and the Barclays Aggregate Bond Index in 80%/20% allocations from 1/1/1988 thru 12/31/2012 (around 9.3% average annualized total return), and inflation at 3%.

These hypotheticals are helpful starters. But hopefully we've motivated you to take that next step and personalize Einstein's 'Eighth wonder of the world' to your own savings, living situation and costs, age and gender, family mortality and financial self-control. Retirement calculators thrive on the internet today and range from relatively short-session build-outs to fee-based long-session exercises. Our current choices from among the FREE ones are:

- Simple with optional enhancements: <https://www3.troweprice.com/ric/ricweb/public/ric.do>
- More robust: <http://www.marketwatch.com/retirement/tools/retirement-planning-calculator>
- Complex but worth it: <http://financialmentor.com/calculator/best-retirement-calculator>

There are undoubtedly a few more excellent choices out there that we've missed. If you have a favorite please pass it along to us with an e-mail to info@planspecs.com.

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

(All for periods ended September 30, 2013)

(1) A fund with a 17th Ranking outperformed 83% 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 <i>Morningstar Category Name</i>	Securities Type(s)	Morningstar™ Category Percentile ⁽¹⁾ Ranking Past		OER ⁽²⁾	Total Return Performance for		Average Annualized Total Return for:			
		3 Years	10 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
PRIME MONEY MARKET - VMMXX	Money Market	14th	15th	0.16%	0.0%	0.0%	0.0%	0.3%	1.8%	2.4%
<i>Money Market Funds >></i>		<i>Category Average >></i>		0.17%	0.0%	0.0%	0.0%	0.1%	1.5%	2.2%
TOTAL BOND MARKET INDEX SIGNAL - VBT SX	Bonds	8th	22nd	0.10%	0.5%	-1.8%	2.8%	5.3%	4.5%	5.1%
<i>Intermediate Bond Funds >></i>		<i>Category Average >></i>		0.89%	0.6%	-1.0%	3.4%	6.4%	4.5%	5.0%
INFLATION PROTECTED SECURITIES ADM - VAIPX	Bonds	5th	19th	0.10%	0.9%	-6.2%	3.9%	5.1%	5.1%	N/A
<i>Inflation-Protected Bond Funds >></i>		<i>Category Average >></i>		0.82%	0.6%	-5.8%	3.0%	4.5%	4.9%	6.0%
WELLINGTON ADMIRAL - VWENX	Bonds & Stocks	12th	4th	0.17%	3.6%	13.8%	11.7%	9.9%	8.5%	7.6%
<i>Moderate Allocation Funds >></i>		<i>Category Average >></i>		0.99%	4.3%	11.9%	9.6%	7.9%	6.3%	5.6%
WINDSOR II ADMIRAL - VWNAX	Stocks	17th	20th	0.27%	4.0%	20.8%	16.3%	9.6%	8.4%	6.6%
<i>Large-Cap U.S. Value Stock Funds >></i>		<i>Category Average >></i>		1.18%	4.4%	21.2%	14.7%	8.7%	7.3%	6.2%
500 INDEX SIGNAL - VIFSX	Stocks	23rd	33rd	0.05%	5.2%	19.3%	16.2%	10.0%	7.5%	5.3%
<i>Large-Cap U.S. Blend Stock Funds >></i>		<i>Category Average >></i>		1.11%	5.7%	20.4%	14.8%	9.3%	7.2%	5.7%
SELECTED VALUE - VASVX	Stocks	14th	11th	0.38%	9.6%	32.5%	18.6%	14.5%	11.1%	10.9%
<i>Mid-Cap U.S. Value Stock Funds >></i>		<i>Category Average >></i>		1.30%	6.8%	28.3%	16.0%	11.8%	9.5%	9.7%
MORGAN GROWTH ADMIRAL – VMRAX	Stocks	41st	33rd	0.26%	8.7%	20.9%	15.8%	11.0%	8.1%	6.5%
<i>Large-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.25%	9.3%	20.7%	15.3%	10.7%	7.6%	5.7%
MID-CAP GROWTH INVESTOR - VMGRX	Stocks	22nd	40th	0.54%	8.5%	24.9%	17.6%	13.4%	10.0%	10.6%
<i>Mid-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.36%	10.1%	26.1%	16.0%	11.9%	9.3%	9.1%
EXPLORER ADMIRAL - VEXRX	Stocks	37th	46th	0.32%	11.8%	35.8%	19.8%	14.0%	9.7%	10.6%
<i>Small-Cap U.S. Growth Stock Funds >></i>		<i>Category Average >></i>		1.45%	12.3%	30.4%	18.8%	13.1%	9.6%	9.6%
INTERNATIONAL GROWTH ADMIRAL - VWILX	Foreign Stocks	44th	28th	0.36%	13.7%	22.5%	8.5%	8.5%	9.6%	6.7%
<i>Foreign Large Blend Stock Funds >></i>		<i>Category Average >></i>		1.27%	9.9%	19.9%	7.2%	5.9%	7.7%	5.9%
EMERGING MARKETS INDEX SIGNAL - VERSX	Foreign Stocks	60th	36th	0.18%	4.8%	-0.2%	-1.0%	6.5%	12.3%	11.8%
<i>Diversified Emerging Markets Stock Funds >></i>		<i>Category Average >></i>		1.62%	5.0%	3.0%	-0.5%	6.3%	12.0%	11.7%
ENERGY ADMIRAL - VGELX	Energy Stocks	52nd	3rd	0.26%	8.2%	11.5%	9.9%	5.0%	14.4%	13.4%
<i>Energy Sector Stock Funds >></i>		<i>Category Average >></i>		1.60%	6.0%	16.4%	8.9%	3.3%	12.9%	12.0%

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

(All for periods ended September 30, 2013)

(1) A fund with a 6th Ranking outperformed 94% 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 <i>Morningstar Category Name</i>	Securities Type(s)	Morningstar™ Category Percentile ⁽¹⁾ Ranking Past		OER ⁽²⁾	Total Return Performance for		Average Annualized Total Return for:			
		1 Year	5 Years		Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	Target Date 2000-2010	40th	48th	0.16%	2.7%	4.1%	6.5%	6.8%	N/A	N/A
Target Date 2000-2010 Funds >>	Category Average >>			0.52%	3.3%	6.3%	6.7%	6.6%	5.1%	4.5%
TARGET RETIREMENT 2010 - VTENX	Target Date 2000-2010	22nd	23rd	0.16%	3.4%	6.8%	7.9%	7.4%	N/A	N/A
Target Date 2000-2010 Funds >>	Category Average >>			0.52%	3.3%	6.3%	6.7%	6.6%	5.1%	4.5%
TARGET RETIREMENT 2015 - VTXVX	Target Date 2011-2015	14th	18th	0.16%	4.3%	9.6%	9.1%	7.9%	N/A	N/A
Target Date 2011-2015 Funds >>	Category Average >>			0.49%	3.7%	7.5%	7.4%	6.7%	4.4%	4.0%
TARGET RETIREMENT 2020 - VTENX	Target Date 2016-2020	11th	16th	0.16%	4.9%	11.7%	9.9%	8.2%	N/A	N/A
Target Date 2016-2020 Funds >>	Category Average >>			0.55%	4.3%	8.7%	8.1%	7.2%	5.7%	4.7%
TARGET RETIREMENT 2025 - VTXVX	Target Date 2021-2025	20th	25th	0.17%	5.4%	13.3%	10.7%	8.4%	N/A	N/A
Target Date 2021-2025 Funds >>	Category Average >>			0.48%	5.1%	11.6%	9.6%	7.8%	N/A	N/A
TARGET RETIREMENT 2030 - VTENX	Target Date 2026-2030	15th	19th	0.17%	5.9%	15.1%	11.5%	8.6%	N/A	N/A
Target Date 2026-2030 Funds >>	Category Average >>			0.55%	5.6%	12.5%	9.8%	7.8%	6.1%	4.9%
TARGET RETIREMENT 2035 - VTXVX	Target Date 2031-2035	14th	23rd	0.18%	6.5%	16.8%	12.2%	8.9%	N/A	N/A
Target Date 2031-2035 Funds >>	Category Average >>			0.49%	6.2%	15.0%	11.0%	8.2%	N/A	N/A
TARGET RETIREMENT 2040 - VTENX	Target Date 2036-2040	11th	16th	0.18%	6.8%	17.8%	12.6%	9.1%	N/A	N/A
Target Date 2036-2040 Funds >>	Category Average >>			0.55%	6.4%	14.9%	10.7%	8.1%	6.4%	4.6%
TARGET RETIREMENT 2045 - VTXVX	Target Date 2041-2045	13th	21st	0.18%	6.7%	17.7%	12.6%	9.1%	N/A	N/A
Target Date 2041-2045 Funds >>	Category Average >>			0.49%	6.7%	16.5%	11.6%	8.4%	N/A	N/A
TARGET RETIREMENT 2050 - VTENX	Target Date 2046-2050	14th	18th	0.18%	6.8%	17.7%	12.6%	9.1%	N/A	N/A
Target Date 2046-2050 Funds >>	Category Average >>			0.53%	6.7%	15.7%	11.0%	8.2%	6.9%	N/A
TARGET RETIREMENT 2055 - VTXVX	Target Date 2051+	11th	n/a	0.18%	6.8%	17.7%	12.6%	N/A	N/A	N/A
Target Date 2051+ Funds >>	Category Average >>			0.48%	6.9%	17.4%	11.6%	8.1%	N/A	N/A
LIFE STRATEGY CONSERVATIVE - VSCGX	Conservative Allocation	40th	60th	0.15%	3.3%	6.6%	6.8%	6.6%	5.7%	5.4%
Conservative Allocation Funds >>	Category Average >>			0.91%	2.4%	5.0%	6.3%	7.0%	5.2%	5.0%
LIFE STRATEGY GROWTH - VASGX	Aggressive Allocation	34th	50th	0.17%	6.1%	15.5%	11.2%	8.0%	7.2%	5.7%
Aggressive Allocation Funds >>	Category Average >>			0.97%	5.9%	15.2%	10.6%	7.9%	6.6%	5.6%