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

Compensation & Capital's Financial Planning Commentary as of September 30, 2021
"What's Driving Your Investing Attitude? What *Should* Be?"

When it comes to news that could impact your retirement security, and your retirement investing strategy specifically, which of the following provokes your most fervent concern?

a) America's national debt.
b) Social Security insolvency.
c) Resurging inflation.
d) None of the above.

Clearly our list of choices preceding the obligatory "None of the above" could have dispensed every letter of the alphabet and then some. Complexity has always been a staple of modern investing. But shorter-term, risk-managed, fundamental investing is tougher than ever, even for the smartest investors in the room. Recent across-the-scoreboard performance from those fancy-pants hedge funds clearly supports the fact that investing continues to be, well – REALLY complicated.

So for many Americans, option (e) could be more appropriately phrased: "Absolutely Nothing. It's all so frustrating and arcane that I get nauseous thinking about it!" And though this attitude is probably a bit more negative than would be in your best interests, its "No Action" *outcome* is possibly the best of the choice of perspectives you could reasonably adopt in the face of all these concerns. Here's why:

Successful long term investing is all about developing an appropriate investing strategy based upon a time horizon that's in sync with your intentions for actually using those savings to support your post-paycheck life. Ongoing adjustments to that strategy are then based *only* upon changes in your personal situation that would somehow alter your projection of either the time horizon itself or your attendant retirement expenses. In short, any significant change to your strategy resulting solely from your concerns over current economic, political or market issues is probably counterproductive to your long-term goals. No matter (within reason) how critical, global or long-term you believe those issues may be.

As for our opening question, here are our thoughts: (a) Ahh yes… The national debt debate. Given that an army of learned and respected minds have analyzed and argued virtues and evils of national deficits for hundreds of years to no empirically supported conclusion, suffice to say we'd be way outside our competencies to weigh in firmly for only one side. There's clearly good and clearly bad to come from America spending more than its revenues. Moderation and objective circumspection will rule the day. The trick will be to stay within those bounds while recognizing the good that can come from investing our futures. (b) The future of Social Security. It's a political football game in its 40th [annual] overtime since the last significant "shore-up" legislation. Here too, there exist multiple sources to soften – but not to solve – the problem combined with little-to-no political resolve to even begin the discussions. Our guess: Multi-pronged, 11th hour programs of payroll tax increases for workers coupled with means-based benefit reductions and income tax increases for recipients with remaining deficits adding to the national debt. (c) And then there's the recent uptick in inflation. Given that historical average inflation in the U.S. has run around 3%, but the past decade+ has seen the CPI average below 2%, an "uptick" was probable. But this too is not all that simple. As we discussed at length in our Q420 edition, inflation is very personal indeed. Its impacts depend significantly upon what goods and services your household buys, the amount of discretion you have in the timing of those purchases, and whether your income is wages which can also inflate or transfer payments which generally don't.

There's no doubt that very different outcomes can result from different investment strategies under varying circumstances that are well outside our control – especially in the short term. But the advantages provided by a time-appropriate, well-diversified, continuously funded saving and investing strategy have stood the test of time and offer every retirement saver a relatively resilient oasis from the worries that saturate our daily world. Remember, strategy development help is available at www.planspecs.com/dhc >> *Plan Investing.* Or, contact us at info@plansecs.com with your questions.

Compensation & Capital's September 30, 2021

Retirement Saving and Investing "Action Points"

Personal Finance Conventional Wisdom – When the Rules Work and When They Don't:

"If-Then" rules can take much of the complexity out of personal finance decisions. But if applied blindly, without careful consideration of their "fine print" conditions and exceptions, they can yield very UN-desired results. So let's look under the sheets of four rules embedded in conventional wisdom:

- When we speak 1-on-1 with 401(k) plan participants, a commonly asked question is: What percentage of my gross pay should I be contributing? Jim Cramer, a very respected CNBC financial whiz, recently recorded a public service video aired on mass media in which he stated, *without qualification*, that 10% to 15% of pay is generally appropriate. Though we are not saying he's wrong, that contribution rate (always including profit sharing contributions) is appropriate *only if it's initiated in your early 20's* and *unfailingly applied throughout entire your career* and *only if your career-long income is in the lower to middle range.* For people who begin saving for retirement in their 30's, an appropriate rate range is 15% to 20%; for 40-somethings, it's 20% to 30%. Note that we are NOT suggesting that if you can't afford to contribute an age-appropriate rate, you shouldn't contribute at all. Anything saved and appropriately invested during your career will make retirement less economically stressful.
- We've devoted many of our past *Quarterly Memos* to the subject of appropriate "strategic asset allocations" (SAA) across stocks, bonds, and money markets. Second only to contribution rate, getting this one right is absolutely vital to your retirement planning success. Suffice to say that if the simple rule "invest 100-minus-your age as your stocks %" worked for everyone all the time, it would be worth its weight in retirement bliss! Age-based SAA rules, back-tested and currently agreed upon by many respected academicians, run more like this:

Age →	**18-41**	**42-46**	**47-51**	**52-56**	**57-61**	**62-66**	**67-71**	**Retired**
Stocks	90%	86%	80%	77%	70%	65%	55%	50%
Bonds	10%	14%	20%	23%	30%	31%	37%	34%
MMkts	0%	0%	0%	0%	0%	4%	8%	16%

So the simple rule is advisable *only*, according to our objective experts, when your nest egg is woefully insufficient and must be stringently protected from any possibility for market loss. Otherwise, it puts too much into bonds; in fact, *way too much to bonds over our entire adult lifespans*. Overly conservative, stocks-light investing by young savers can't beat inflation.

- Annual post-retirement withdrawals of 4% can indeed *help* your nest egg last through your lifetime. But it's no guaranty of that result. This 4% "silver bullet" withdrawal rate assumes that your investment SAA's annual returns are at least 4% PLUS inflation. Historic inflation's around 3%. So for the 4% rule to be successful, your annual investment returns must be around 7% for your entire retirement. Historically speaking, that requires an SAA of at least 60% to stocks which, by accepted standards (see the chart above) is far more aggressive than most experts would advise for retired folks. So this rule works only for those that are willing and able to accept that added risk of investment loss during their retirement years.
- "Your Retirement Number" is the current marketing rage of mutual funds, banks and insurance companies. Their motivation is simple: Curiosity drives eyes to their websites. Since most people are woefully under-saved relative to their computed "number," the marketers hope these folks will become new customers. The algorithms and assumptions behind these computations are complex and deep. Coupled with relatively long timeframes inherent in career to death extrapolations, very small variations in assumed inflation or investment returns can have dramatic impacts on your "number." Best to follow appropriate contribution rates, invest with appropriate SAA's, while keeping living costs well below 75% of your gross pay.

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

(All for periods ended September 30, 2021)

(1) A fund with a 5th Ranking outperformed 95% 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: 5 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**	**2nd**	**3rd**	**0.09%**	**0.0%**	**0.0%**	**1.1%**	**1.1%**	**0.6%**	**0.9%**
Money Market Funds >>		*Category Average >>*		*0.33%*	*0.0%*	*0.0%*	*1.0%*	*1.0%*	*0.5%*	*0.9%*
TOTAL BOND MARKET INDEX ADMIRAL - VBTLX	**Bonds**	**52nd**	**59th**	**0.05%**	**0.1%**	**-0.9%**	**5.4%**	**2.9%**	**3.0%**	**4.2%**
Intermediate-Term Core Bond Funds >>		*Category Average >>*		*0.62%*	*-0.0%*	*-0.3%*	*5.3%*	*2.9%*	*3.1%*	*4.0%*
INFLATION PROTECTED SECURITIES ADM - VAIPX	**Bonds**	**42nd**	**25th**	**0.10%**	**1.7%**	**5.1%**	**7.3%**	**4.2%**	**3.0%**	**4.3%**
Inflation-Protected Bond Funds >>		*Category Average >>*		*0.64%*	*1.6%*	*5.6%*	*6.8%*	*4.0%*	*2.6%*	*3.9%*
WELLINGTON ADMIRAL - VWENX	**Bonds & Stocks**	**12th**	**9th**	**0.16%**	**1.0%**	**20.3%**	**12.1%**	**11.6%**	**11.6%**	**8.7%**
US Allocation – 50% to 70% Equity Funds >>		*Category Average >>*		*1.07%*	*-0.7%*	*19.8%*	*9.7%*	*9.5%*	*9.5%*	*6.8%*
WINDSOR II ADMIRAL - VWNAX	**Stocks**	**6th**	**8th**	**0.26%**	**-0.1%**	**40.2%**	**14.8%**	**14.7%**	**14.8%**	**8.7%**
Large-Cap U.S. Value Stock Funds >>		*Category Average >>*		*1.00%*	*-1.0%*	*34.9%*	*9.7%*	*11.2%*	*12.7%*	*7.5%*
500 INDEX ADMIRAL - VFIAX	**Stocks**	**21st**	**14th**	**0.04%**	**0.6%**	**30.0%**	**16.0%**	**16.9%**	**16.6%**	**10.4%**
Large-Cap U.S. Blend Stock Funds >>		*Category Average >>*		*0.90%*	*-0.2%*	*30.1%*	*14.3%*	*15.3%*	*15.1%*	*9.5%*
SELECTED VALUE - VASVX	**Stocks**	**36th**	**47th**	**0.31%**	**-1.5%**	**52.3%**	**10.7%**	**11.1%**	**13.1%**	**8.6%**
Mid-Cap U.S. Value Stock Funds >>		*Category Average >>*		*1.07%*	*-1.5%*	*46.9%*	*9.5%*	*10.5%*	*12.9%*	*8.1%*
U.S GROWTH ADMIRAL – VWUAX	**Stocks**	**12th**	**8th**	**0.28%**	**-1.4%**	**26.1%**	**25.4%**	**24.5%**	**20.9%**	**13.3%**
Large-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.02%*	*0.0%*	*26.5%*	*19.8%*	*20.7%*	*17.9%*	*11.9%*
MID-CAP GROWTH INVESTOR - VMGRX	**Stocks**	**55th**	**69th**	**0.34%**	**0.1%**	**28.4%**	**16.3%**	**17.9%**	**15.7%**	**11.3%**
Mid-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.12%*	*-0.8%*	*33.3%*	*18.4%*	*18.9%*	*16.5%*	*11.4%*
EXPLORER ADMIRAL - VEXRX	**Stocks**	**42nd**	**37th**	**0.30%**	**-0.9%**	**42.0%**	**16.0%**	**19.0%**	**17.3%**	**11.3%**
Small-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.26%*	*-2.4%*	*38.8%*	*15.8%*	*18.4%*	*16.5%*	*11.2%*
INTERNATIONAL GROWTH ADMIRAL - VWILX	**Foreign Stocks**	**2nd**	**3rd**	**0.33%**	**-4.1%**	**24.8%**	**22.3%**	**20.1%**	**15.0%**	**9.4%**
Foreign Large Growth Stock Funds >>		*Category Average >>*		*1.09%*	*-1.5%*	*20.2%*	*13.2%*	*12.2%*	*10.5%*	*5.9%*
EMERGING MARKETS INDEX ADMIRAL - VEMAX	**Foreign Stocks**	**54th**	**54th**	**0.14%**	**-7.0%**	**18.4%**	**9.6%**	**8.7%**	**6.0%**	**5.5%**
Diversified Emerging Markets Stock Funds >>		*Category Average >>*		*1.28%*	*-7.0%*	*21.3%*	*10.1%*	*9.2%*	*6.4%*	*5.5%*
ENERGY ADMIRAL - VGELX	**Energy Stocks**	**44th**	**41st**	**0.25%**	**2.4%**	**36.4%**	**-10.3%**	**-3.2%**	**0.2%**	**1.1%**
Energy Sector Stock Funds >>		*Category Average >>*		*1.39%*	*-1.9%*	*94.7%*	*-12.9%*	*-6.6%*	*-3.5%*	*-2.0%*

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

(All for periods ended September 30, 2021)

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

(1) A fund with a 43rd Ranking outperformed 57% of its peers.

(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	15 Years	OER(2)	Total Return Performance for: Past Qtr	12 Mos	Average Annualized Total Return for: 3 Yrs	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	**Target Date Retire Income**	**43rd**	**18th**	**0.12%**	**-0.1%**	**8.5%**	**7.5%**	**6.2%**	**6.2%**	**5.6%**
Retirement Income Funds >>	*Category Average >>*			*0.69%*	*-0.2%*	*9.0%*	*7.0%*	*5.9%*	*5.6%*	*4.7%*
TARGET RETIREMENT 2015 - VTXVX	**Target Date 2015**	**79th**	**50th**	**0.12%**	**-0.2%**	**9.5%**	**7.7%**	**7.1%**	**7.9%**	**6.0%**
Target Date 2015 Funds >>	*Category Average >>*			*0.60%*	*-0.2%*	*12.4%*	*8.0%*	*7.6%*	*7.9%*	*6.1%*
TARGET RETIREMENT 2020 - VTWNX	**Target Date 2020**	**35th**	**16th**	**0.13%**	**-0.4%**	**13.4%**	**9.0%**	**8.6%**	**9.1%**	**6.6%**
Target Date 2020 Funds >>	*Category Average >>*			*0.64%*	*-0.3%*	*13.6%*	*8.6%*	*8.0%*	*8.5%*	*N/A*
TARGET RETIREMENT 2025 - VTTVX	**Target Date 2025**	**29th**	**13th**	**0.13%**	**-0.7%**	**15.9%**	**9.9%**	**9.6%**	**10.0%**	**7.0%**
Target Date 2025 Funds >>	*Category Average >>*			*0.68%*	*-0.5%*	*15.4%*	*9.2%*	*8.9%*	*9.1%*	*6.2%*
TARGET RETIREMENT 2030 - VTHRX	**Target Date 2030**	**41st**	**16th**	**0.14%**	**-0.8%**	**18.3%**	**10.5%**	**10.4%**	**10.8%**	**7.2%**
Target Date 2030 Funds >>	*Category Average >>*			*0.69%*	*-0.7%*	*18.4%*	*10.1%*	*10.0%*	*10.0%*	*6.5%*
TARGET RETIREMENT 2035 - VTTHX	**Target Date 2035**	**43rd**	**13th**	**0.14%**	**-0.9%**	**20.6%**	**11.0%**	**11.2%**	**11.5%**	**7.5%**
Target Date 2035 Funds >>	*Category Average >>*			*0.70%*	*-0.8%*	*21.5%*	*10.9%*	*11.0%*	*10.9%*	*6.9%*
TARGET RETIREMENT 2040 - VFORX	**Target Date 2040**	**39th**	**25th**	**0.14%**	**-1.0%**	**23.0%**	**11.6%**	**12.0%**	**12.1%**	**7.9%**
Target Date 2040 Funds >>	*Category Average >>*			*0.71%*	*-1.0%*	*24.1%*	*11.4%*	*11.7%*	*11.4%*	*7.2%*
TARGET RETIREMENT 2045 - VTIVX	**Target Date 2045**	**35th**	**15th**	**0.15%**	**-1.1%**	**25.4%**	**12.2%**	**12.6%**	**12.4%**	**8.1%**
Target Date 2045 Funds >>	*Category Average >>*			*0.71%*	*-1.1%*	*25.8%*	*11.9%*	*12.2%*	*11.8%*	*7.4%*
TARGET RETIREMENT 2050 - VFIFX	**Target Date 2050**	**43rd**	**1st**	**0.15%**	**-1.1%**	**25.6%**	**12.2%**	**12.7%**	**12.4%**	**8.1%**
Target Date 2050 Funds >>	*Category Average >>*			*0.72%*	*-1.1%*	*26.5%*	*12.0%*	*12.3%*	*11.9%*	*7.2%*
TARGET RETIREMENT 2055 - VFFVX	**Target Date 2055**	**50th**	**n/a**	**0.15%**	**-1.1%**	**25.6%**	**12.2%**	**12.7%**	**12.4%**	**N/A**
Target Date 2055 Funds >>	*Category Average >>*			*0.72%*	*-1.1%*	*26.9%*	*12.1%*	*12.5%*	*12.1%*	*N/A*
TARGET RETIREMENT 2060 - VTTSX	**Target Date 2060+**	**59th**	**n/a**	**0.15%**	**-1.1%**	**25.6%**	**12.2%**	**12.6%**	**N/A**	**N/A**
Target Date 2060+ Funds >>	*Category Average >>*			*0.72%*	*-1.2%*	*27.3%*	*12.1%*	*12.5%*	*N/A*	*N/A*
LIFE STRATEGY CONSERVE GROWTH - VSCGX	**Moderate Allocation**	**37th**	**38th**	**0.12%**	**-0.5%**	**10.3%**	**8.5%**	**7.3%**	**7.3%**	**5.7%**
Allocation – 30% to 50% Equity Funds >>	*Category Average >>*			*1.00%*	*-0.5%*	*13.6%*	*7.8%*	*6.8%*	*7.0%*	*5.5%*
LIFE STRATEGY GROWTH - VASGX	**Aggressive Allocation**	**26th**	**41st**	**0.14%**	**-1.0%**	**22.5%**	**11.5%**	**11.6%**	**11.4%**	**7.4%**
Allocation – 70% to 85% Equity Funds >>	*Category Average >>*			*1.06%*	*-1.0%*	*24.4%*	*10.2%*	*10.5%*	*10.5%*	*7.0%*