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

Compensation & Capital's Financial Planning Commentary as of December 31, 2019

"So many choices. So few facts. So little time."

First off: To all of you and your families our best wishes for a Happy, healthy and peaceful New Year / New Decade! We trust your Holiday break was spent doing exactly what you decided would be most fulfilling. And that you can continue through the coming years applying that yardstick to as many of your choices as possible.

While you were putting a wrap on your 2019, the U.S. Senate surprised the retirement plan industry by passing a long-languishing bill named the SECURE Act. SECURE stands for Setting Every Community Up for Retirement Enhancement. The Act's name is a bold mission statement indeed! Nevertheless, as with any plan, history's judgement as to its success/failure will be in its execution. Considering that the bill represents pretty much the sole significant retirement reform since 2006, there's plenty of fodder for that final judgement. And plenty of new choices added to an already burgeoning pile of ever-more-complicated planning tools for you to navigate.

The SECURE Act contains a grab bag of changes across the retirement spectrum, from IRAs to, 401(k)s and defined benefit pension plans - even 529s. Changes with significance to you may be:

- ✓ More time in IRAs and 401(k)s: The Act raises the age for required minimum distributions (RMD's) from 70½ to 72 for distributions after 2019 for persons turning 70½ after 12/31/19.
- ✓ Expanded benefits for older workers: As long as you're working, you can still contribute to your IRA after age 70½. Previously, you couldn't.
- ✓ 529 plans: They can be used to repay up to $10,000 in student loans for the 529's beneficiary, as well as for siblings. The $10,000 limit is lifetime and specific to each beneficiary/sibling.
- ✓ Access to IRA and 401(k) accounts for "qualified birth or adoption" costs: Creating a new exception to the 10% penalty on withdrawals before age 59½. There's a $5,000 lifetime limit, per parent, [and apparently] per child. Subject to tax. Must come within the one-year period after birth/finalized adoption.
- ✓ Elimination of Stretch IRA's/Beneficiary Payouts: Current law allows non-spouse designated beneficiaries to receive distributions over their life expectancy. Under new rules, distributions to most death beneficiaries limited to 10 years.
- ✓ Mandates that 401(k) Plans distribute personalized lifetime income disclosure statements: The Act intends these statements to show how much money you could potentially receive each month if your total 401(k) balance was used to purchase an annuity.

There's no doubt in our minds that this last change, forcing visibility of annuities to 401(k) plan participants' consideration in their retirement planning, represents the one with the broadest application to the most Americans. It's also the facet of the Act with the least definitive path to execution. In fact, its very abbreviated language amounts to merely a directive to the Department of Labor [DoL] to hash out its details within an unspecified timeframe. When and in what sort of format this will finally impact you is anyone's guess. Suffice to say this will be the third official DoL comment period on this very subject during the past 13 years. All previous ones ended without consensus.

To that backdrop, our inset photo is not only way too cute but spot-on to our concerns over the complicating impact of the Senate's intent to "Enhance" our retirement options. More on Page 2…

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

Continuing from Page 1, there's always that fine line between enhancing and over-complicating. 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 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 the 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 and the kind that we believe will ultimately be available in 401(k) plans.

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 lives past normal mortality age (approx. 83 for males, 86 for females) then the annuitant "wins." Otherwise the insurance company retains what's left of the initial investment amount (plus their investment returns earned through the annuitant's life) and pools that gain to pay long-lived annuitants. In the big picture, the insurance company must price its annuities so that it "wins" more than it "loses." And the longer you live, the more you win! Pretty straight-forward, right?

There's a lot to like about the concept of an annuity: The annuitant is freed from managing his retirement portfolio, from worrying over market downturns and possibly outliving his nest egg. And he knows exactly what his monthly payment will be for the rest of his life, regardless of how long he lives!

And the downsides? ►Insurance companies determine future payment amounts based upon their projections for future investment returns, mortality and inflation (that is, ongoing reduction in purchasing power of the U.S. dollar). 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 payment amount – it just feels better at the time. If inflation picks up over the life of the annuity (inflation's around 2% now; it was 13% in the early 1980's) a fixed dollar payment will quickly lose purchasing power. ►When you die, your heirs get nothing. ►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 for whatever reason.

Our discussion here has only scratched the surface of annuities as a viable choice for 401(k) plan participants. We'll continue this topic over the coming quarters so you're as capable as possible to make a comfortable choice if and when the option becomes available to you.

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

(All for periods ended December 31, 2019)

(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: 1 Year	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
TREASURY MONEY MARKET - VUSXX	**Money Market**	**3rd**	**17th**	**0.09%**	**0.4%**	**2.1%**	**1.6%**	**1.0%**	**0.5%**	**1.3%**
Money Market Funds >>		*Category Average >>*		*0.33%*	*0.4%*	*2.0%*	*1.5%*	*0.9%*	*0.5%*	*1.3%*
TOTAL BOND MARKET INDEX ADMIRAL - VBTLX	**Bonds**	**34th**	**38th**	**0.05%**	**0.0%**	**8.7%**	**4.0%**	**3.0%**	**3.7%**	**4.1%**
Intermediate Bond Funds >>		*Category Average >>*		*0.67%*	*0.1%*	*8.1%*	*3.6%*	*2.7%*	*3.6%*	*3.8%*
INFLATION PROTECTED SECURITIES ADM - VAIPX	**Bonds**	**45th**	**15th**	**0.10%**	**0.6%**	**8.2%**	**3.2%**	**2.5%**	**3.3%**	**3.7%**
Inflation-Protected Bond Funds >>		*Category Average >>*		*0.74%*	*0.9%*	*7.9%*	*2.9%*	*2.2%*	*2.8%*	*3.3%*
WELLINGTON ADMIRAL - VWENX	**Bonds & Stocks**	**11th**	**5th**	**0.17%**	**5.2%**	**22.6%**	**10.8%**	**8.7%**	**10.0%**	**8.3%**
Allocation Funds – 50% to 70% Equity >>		*Category Average >>*		*1.11%*	*5.0%*	*19.2%*	*8.6%*	*6.2%*	*7.9%*	*6.2%*
WINDSOR II ADMIRAL - VWNAX	**Stocks**	**13th**	**32nd**	**0.26%**	**9.4%**	**29.2%**	**11.4%**	**8.7%**	**11.4%**	**7.8%**
Large-Cap U.S. Value Stock Funds >>		*Category Average >>*		*0.99%*	*7.4%*	*25.0%*	*10.0%*	*8.0%*	*10.9%*	*7.2%*
500 INDEX ADMIRAL - VFIAX	**Stocks**	**24th**	**19th**	**0.04%**	**9.1%**	**31.5%**	**15.2%**	**11.7%**	**13.5%**	**9.0%**
Large-Cap U.S. Blend Stock Funds >>		*Category Average >>*		*0.94%*	*8.2%*	*28.8%*	*13.3%*	*9.8%*	*12.0%*	*8.1%*
SELECTED VALUE - VASVX	**Stocks**	**20th**	**24th**	**0.33%**	**7.1%**	**29.5%**	**7.5%**	**6.8%**	**11.3%**	**8.4%**
Mid-Cap U.S. Value Stock Funds >>		*Category Average >>*		*1.09%*	*7.2%*	*25.2%*	*7.3%*	*6.9%*	*10.9%*	*7.6%*
U.S GROWTH ADMIRAL – VWUAX	**Stocks**	**37th**	**35th**	**0.28%**	**10.5%**	**33.5%**	**21.0%**	**13.9%**	**14.5%**	**9.9%**
Large-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.07%*	*9.4%*	*31.9%*	*18.1%*	*12.1%*	*13.4%*	*9.3%*
MID-CAP GROWTH INVESTOR - VMGRX	**Stocks**	**55th**	**41st**	**0.36%**	**6.6%**	**32.1%**	**15.9%**	**9.4%**	**12.9%**	**9.6%**
Mid-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.18%*	*8.1%*	*32.5%*	*15.6%*	*10.5%*	*12.8%*	*9.1%*
EXPLORER ADMIRAL - VEXRX	**Stocks**	**29th**	**41st**	**0.34%**	**9.5%**	**31.4%**	**16.5%**	**11.2%**	**14.0%**	**9.3%**
Small-Cap U.S. Growth Stock Funds >>		*Category Average >>*		*1.24%*	*9.5%*	*27.7%*	*13.7%*	*9.9%*	*12.7%*	*8.8%*
INTERNATIONAL GROWTH ADMIRAL - VWILX	**Foreign Stocks**	**22nd**	**3rd**	**0.32%**	**14.3%**	**31.5%**	**18.1%**	**10.8%**	**8.8%**	**7.8%**
Foreign Large Growth Stock Funds >>		*Category Average >>*		*1.13%*	*9.4%*	*27.8%*	*12.7%*	*7.3%*	*6.9%*	*5.9%*
EMERGING MARKETS INDEX ADMIRAL - VEMAX	**Foreign Stocks**	**41st**	**55th**	**0.14%**	**11.3%**	**20.3%**	**10.5%**	**5.0%**	**3.5%**	**7.1%**
Diversified Emerging Markets Stock Funds >>		*Category Average >>*		*1.33%*	*10.3%*	*19.3%*	*10.5%*	*4.8%*	*3.8%*	*7.1%*
ENERGY ADMIRAL - VGELX	**Energy Stocks**	**14th**	**3rd**	**0.29%**	**6.1%**	**13.3%**	**-1.0%**	**0.3%**	**1.7%**	**5.5%**
Energy Sector Stock Funds >>		*Category Average >>*		*1.41%*	*8.1%*	*7.3%*	*-10.2%*	*-8.8%*	*-2.6%*	*2.7%*

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

(All for periods ended December 31, 2019)

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

(1) A fund with a 28th Ranking outperformed 72% of its peers.

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

VANGUARD INDEXED AUTO-BALANCED FUND	Securities	Morningstar™ Category Percentile (1) Ranking Past			Total Return Performance for		Average Annualized Total Return for:			
Morningstar Category Name	Type(s)	5 Years	10 Years	OER(2)	Past Qtr	12 Mos	3 Yrs	5 Yrs	10 Yrs	15 Yrs
TARGET RETIREMENT INCOME - VTINX	**Target Date Retire Income**	**28th**	**23rd**	**0.12%**	**2.6%**	**13.2%**	**6.4%**	**4.8%**	**5.8%**	**5.2%**
Retirement Income Funds >>		*Category Average >>*		*0.76%*	*2.5%*	*12.9%*	*5.9%*	*4.3%*	*5.1%*	*4.2%*
TARGET RETIREMENT 2015 - VTXVX	**Target Date 2015**	**43rd**	**25th**	**0.13%**	**3.2%**	**14.8%**	**7.5%**	**5.6%**	**7.3%**	**5.8%**
Target Date 2015 Funds >>		*Category Average >>*		*0.67%*	*3.7%*	*15.5%*	*7.3%*	*5.4%*	*6.8%*	*5.7%*
TARGET RETIREMENT 2020 - VTWNX	**Target Date 2020**	**16th**	**9th**	**0.13%**	**4.5%**	**17.6%**	**8.7%**	**6.4%**	**8.0%**	**N/A**
Target Date 2020 Funds >>		*Category Average >>*		*0.75%*	*3.9%*	*16.1%*	*7.6%*	*5.5%*	*6.9%*	*N/A*
TARGET RETIREMENT 2025 - VTTVX	**Target Date 2025**	**14th**	**12th**	**0.13%**	**5.2%**	**19.6%**	**9.6%**	**7.0%**	**8.6%**	**6.5%**
Target Date 2025 Funds >>		*Category Average >>*		*0.73%*	*4.8%*	*18.3%*	*8.6%*	*6.2%*	*7.7%*	*5.9%*
TARGET RETIREMENT 2030 - VTHRX	**Target Date 2030**	**24th**	**15th**	**0.14%**	**6.0%**	**21.1%**	**10.2%**	**7.4%**	**9.1%**	**N/A**
Target Date 2030 Funds >>		*Category Average >>*		*0.77%*	*5.5%*	*20.1%*	*9.4%*	*6.8%*	*8.1%*	*N/A*
TARGET RETIREMENT 2035 - VTTHX	**Target Date 2035**	**28th**	**15th**	**0.14%**	**6.7%**	**22.4%**	**10.9%**	**7.8%**	**9.5%**	**7.0%**
Target Date 2035 Funds >>		*Category Average >>*		*0.76%*	*6.4%*	*22.0%*	*10.3%*	*7.3%*	*8.8%*	*6.5%*
TARGET RETIREMENT 2040 - VFORX	**Target Date 2040**	**25th**	**17th**	**0.14%**	**7.4%**	**23.9%**	**11.5%**	**8.2%**	**9.9%**	**N/A**
Target Date 2040 Funds >>		*Category Average >>*		*0.79%*	*7.0%*	*23.2%*	*10.7%*	*7.6%*	*8.9%*	*N/A*
TARGET RETIREMENT 2045 - VTIVX	**Target Date 2045**	**22nd**	**15th**	**0.15%**	**8.0%**	**25.0%**	**11.8%**	**8.4%**	**10.0%**	**7.3%**
Target Date 2045 Funds >>		*Category Average >>*		*0.76%*	*7.5%*	*24.4%*	*11.2%*	*7.8%*	*9.2%*	*6.7%*
TARGET RETIREMENT 2050 - VFIFX	**Target Date 2050**	**26th**	**18th**	**0.15%**	**8.0%**	**25.0%**	**11.8%**	**8.4%**	**10.0%**	**N/A**
Target Date 2050 Funds >>		*Category Average >>*		*0.80%*	*7.6%*	*24.5%*	*11.2%*	*7.9%*	*9.2%*	*N/A*
TARGET RETIREMENT 2055 - VFFVX	**Target Date 2055**	**33rd**	**n/a**	**0.15%**	**8.0%**	**25.0%**	**11.8%**	**8.4%**	**N/A**	**N/A**
Target Date 2055 Funds >>		*Category Average >>*		*0.77%*	*7.8%*	*24.9%*	*11.4%*	*8.0%*	*N/A*	*N/A*
TARGET RETIREMENT 2060 - VTTSX	**Target Date 2060+**	**60th**	**n/a**	**0.15%**	**8.0%**	**25.0%**	**11.8%**	**8.4%**	**N/A**	**N/A**
Target Date 2060+ Funds >>		*Category Average >>*		*0.76%*	*7.9%*	*25.2%*	*11.5%*	*8.4%*	*N/A*	*N/A*
LIFE STRATEGY CONSERVATIVE - VSCGX	**Conservative Allocation**	**18th**	**29th**	**0.12%**	**3.3%**	**15.7%**	**7.6%**	**5.7%**	**6.6%**	**5.4%**
Allocation – 30% to 50% Equity Funds >>		*Category Average >>*		*1.09%*	*3.2%*	*14.8%*	*6.3%*	*4.7%*	*6.2%*	*5.0%*
LIFE STRATEGY GROWTH - VASGX	**Aggressive Allocation**	**19th**	**23rd**	**0.14%**	**7.1%**	**23.1%**	**11.0%**	**7.9%**	**9.4%**	**6.8%**
Allocation – 70% to 85% Equity Funds >>		*Category Average >>*		*1.22%*	*6.1%*	*21.4%*	*9.2%*	*6.5%*	*8.4%*	*6.3%*