

TOWNSEND

NEWSLETTER

2018 FALL EDITION



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www.TownsendRetirement.com

QUARTERLY COMMENTARY – Jeff Townsend, CRPC®

Relative Strength of the Market:

POSITIVE

Can you believe that it's been 10 years since the biggest economic crisis of our time? 2008 was the year that Lehman Brothers filed for bankruptcy, the largest bankruptcy in U.S. history, and one of the oldest and largest money market funds broke the dollar and AIG insurance company failed.

In a matter of days the global credit market practically collapsed, and unemployment peaked at 10%. It seemed like day after day we went from one catastrophe to another! We saw the market plunge almost 60% from October 2007 through March 2009.

Ugh, it was an ugly year, and I can't remember ever having to work so

hard to keep our clients invested - but aren't you happy we did? Even though we had never experienced anything so horrific, I learned a lot from this experience - which was that the market always recovers! The market recovered to its October, 2007 high by March 2013. From its bottom in March of 2009, the market advanced by almost 180% in 60 months. Do you know that had you invested \$100,000 in October 2007 it would be worth over \$200,000 today? That works out to be an average annual return of just north of 7%. Not too shabby, considering what we went through.

So just how is the financial system today? The U.S. is much less vulnerable to another crash than it was when junk mortgages set off the market panic of 10 years ago. Banks are better capitalized now. You may be hearing about

(Continued on pg. 5)

NEWSWORTHY ITEMS:

TRAVEL

Do you enjoy traveling and like to spend time volunteering? Then combining both interests is an option for you! You can visit www.transitionsabroad.com for more information on abroad senior-friendly volunteer trips. You will find a list of senior opportunities overseas, including adventure trips to the Galapagos and research trips with the Earthwatch Institute, an international nonprofit. Site includes pricing and contact information.

SOCIAL SECURITY

Rising Age. Full retirement age for Social Security continues its climb toward age 67. Baby boomers turning 62 this year won't reach full retirement age until age 66 and four months. Early claimers will take a steeper permanent reduction in benefits than older beneficiaries suffered; claim at age 62 and the haircut is about 27%. Those who delay past their full retirement age will see benefits increase by 2/3 of 1% for each month they postpone their claim until age 70. The maximum addition will be about 29%.

Counting COLAs. If you delay your Social Security benefit until age 70, you won't be missing out on your annual cost-of-living adjustments. No matter what age you claim your benefit, the Social Security Administration will build into your benefit every COLA going back to when you were 62, the first time you were eligible to claim a benefit. So if you delay until 70, eight years of annual COLAs will be included, in addition to all the delayed credits you earned. (Source: Kiplinger's Retirement Report; April 2018)

Fall Client Events:

Presentation:

Oct. 25 | Understanding Medicare Presentation
Downtown Aquarium

Nov. 8 | Economics Presentation | Downtown Aquarium

Fall Social Club Events:

Check your emails regularly for more-detailed information.

Townsend Sew n' Sews | Quilting Club:

Join the Sew n' Sews as they continue to sew with a purpose.

Oct. 17 | Townsend North Office

Townsend Triggers | Clay Shooting Club:

Join the Triggers for the last clay shooting event of the year!
13600 Lanewood St., Brighton, CO 80603

Oct. 30 | 9 a.m. | Colorado Clays

Community Involvement:

Volunteer Opportunity:

Mark your calendars to join us at our fifth annual ringing of the kettle bells benefiting The Salvation Army. Townsend volunteers will ring holiday bells and thank shoppers for their donation into the Salvation Army Holiday Kettle at various preselected locations throughout the Denver Metro area. Detailed information regarding times and locations will be available soon.

Dec. 1 | Various Salvation Army Kettle Bell Ringing Locations

You are always welcome to bring a friend to join in the fun! To receive more information or to R.S.V.P. to any of the Townsend events, please contact the office at 303.452.5986.

**We look forward to seeing you
at the events listed above!**

Employee Spotlight



Christine Kaneta

Document Control Specialists

Christine's primary responsibility is document control, including both paper and electronic files. She also provides our administration staff support by answering incoming calls and directing them to the correct person. Christine's responsibilities play a very important role in the daily operations at Townsend! We are very happy to have her on our team!

Get to know Christine ...

Nothing gives me greater joy and pride than motherhood; the ability to grow and learn more about myself and the world by raising and watching my child flourish into another amazing, independent strong spirit. It's pure selflessness and love. I thoroughly enjoy the masochistic pain and the natural high associated with intense workouts, followed by debilitating soreness. Solitude is my best friend when I need to recharge. I might secretly hug trees and find their Zen-ness awesome – nature brings me happiness! Beer, wine, bourbon ... yes, please!

- I was born in the Philippines on an air base. I've lived in many places, including the Philippines, Japan, Maryland, Virginia, Nebraska, and have made Colorado my home. Including the many places I have lived, I've gone through numerous schools both on base and off. I bounced through a few different high schools here in Colorado; school has never been my thing.*
- I enjoy spending time with family and friends and the great outdoors.*
- My favorite pastimes include reading and cooking.*
- I'm always cooking.*
- I love nature and animals and observing people.*
- I cherish my solitude.*
- I frequent Colorado's many breweries.*
- I have enjoyed working with the talented team at Townsend for over 10 years and seeing its growth. Everyone is driven and unique; it makes every day a new fun challenge!*

NEWSWORTHY ITEMS:

PENSIONS

The Pension Benefit Guaranty Corp. is running out of money. Fast. The federal agency backs defined-benefit retirement plans and pays retirees in insolvent plans. But it too will become insolvent by 2025 unless Congress rescues it. Lawmakers gave a special committee they established until Nov. 30 to find a solution. PBGC expects to pick up the tab of 130 plans covering 1.3 million retirees of pension funded jointly by employers and unions that will fail over the next 20 years. Such plans owe \$553 billion to union retirees, who could see their benefits slashed. (Source: Kiplinger's Retirement Report; June 2018)

ECONOMY

Inflation is up: Prices in April rose 0.2%, and inflation for the full year is on track to rise 2.6%. That's an increase from 2017's 2.1%, and it reflects higher overall prices, particularly for gasoline. Housing costs will rise 3.5% in 2018, slightly up from last year's 3.1%. Costs for medical care will spike 2.7%, compared with last year's low 1.6%. (Source: Kiplinger's Retirement Report; June 2018)



Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Townsend), or any non-investment-related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Townsend. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. Townsend is neither a law firm nor a certified public accounting firm, and no portion of the newsletter content should be construed as legal or accounting advice. A copy of the Townsend's current written disclosure statement discussing our advisory services and fees is available upon request. If you are a Townsend client, please remember to contact Townsend, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.



LEAVE IT TO THE PROFESSIONALS

By: Tammara L. Bauer, Bauer Law, LLC

One of the most common reasons people procrastinate on estate planning is they're uncertain of who to appoint as their fiduciary. A fiduciary is someone who acts on behalf of another and/or for the benefit of another. This would include your personal representative, or executor of your estate - the person who winds up your affairs after you pass away. This also includes your agents under a power of attorney, both financial and medical. Finally, this includes a trustee for any trust you may have established.

Although I prefer not to think about my own demise, or incapacity, I also want to ensure my affairs are properly handled in the event of my death or incapacity. One way to ensure proper execution of my intentions is to name a fiduciary with experience and knowledge of what that position entails. Professional fiduciaries are independent, fee-based consultants. Professional fiduciaries work with a wide range of individuals including children, elderly, or at-risk adults. Professional fiduciaries have made a career of serving as

personal representatives, powers of attorneys and trustees. Therefore, they are more than qualified to properly perform their job duties on your behalf.

There are a lot of laws that govern the rights and responsibilities of fiduciaries. Professional fiduciaries know these laws extensively. A friend or family member that we might name for this role probably has little to no knowledge of these laws. A friend or family member also likely has little to no experience serving in this role. Fiduciaries, whether they are professional or not, are all held to the same standard and laws.

Oftentimes our most responsible and capable friend or family member tends to be very busy. Burdening them with maintaining your affairs, in addition to running their own lives, is a lot to ask. Although they are responsible and capable, time may prevent them from serving at an appropriate standard. Also, utilizing a professional eliminates the concern of family discord over decisions and management, which can occur when naming family members for this role.

There are several reputable companies you can

interview. When selecting a professional fiduciary, I highly recommend you select a bonded and insured company, rather than just an individual. This will help to ensure adequate coverage at all necessary times. Here are some considerations for selecting a professional fiduciary company:

1. How long have they been in business, and likewise how long have they been serving as fiduciaries? You want to establish how much experience they have serving as a professional fiduciary.
2. What is their education and certification background? You want to verify they are qualified.
3. What are their policies and procedures for responding to their clients? You want to establish how responsive they will be to you and other interested parties. Also, who would be your main point of contact, and through what method do you make that contact?
4. Are they properly insured?
5. How do they bill for their services (i.e., hourly, extra charge for after hours or emergencies)?
6. How do they report information to interested parties? You are seeking a company with transparency to the interested parties. For example, if the professional is serving as your agent under power of attorney, are they keeping your children informed of the details of your affairs?
7. Are they ethical? Do they perform in-depth background checks on their employees?
8. What is their contingency and succession plan? If your agent is not available, who will fill in? When your agent is no longer able to serve, who will take over?

Once you give this some thought, it may be appropriate for you to discuss your consideration of naming a professional fiduciary with your family.

Tammara L. Bauer, Bauer Law, LLC
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(Quarterly Commentary continued)

a new debt crisis that is supposedly threatening to derail the economy, but most of those worries are overblown. According to Kiplinger, consumer debt is in check when measured against household income, and default rates are in check as well, and in some cases actually falling. Government debt levels are OK for now but could be a problem in the long run.

The markets are seeing both tailwinds and headwinds. On the plus side, the economy and corporate earnings are doing well due to strong demands, lower taxes and selective loosening of regulations. Also, the U.S. and Mexico have reached a deal on trade, and the Federal Reserve seems likely to increase interest rates slowly as it strives to restore normalized rates without derailing the economy. Headwinds that exist are trade relations with China and the political turmoil that persists.

As of 09/14/18, the market has topped its high set back on 01/26/18 by 1%. By all accounts, the market is doing well this year, however not all companies are advancing. Share prices of many large-value companies that pay dividends, while off of their lows, are still negative for the year. Even though earnings of these companies are good, we have seen outflows of investors heading to large growth companies like Facebook, Amazon, Apple, Netflix, and Google (FAANG companies). Regardless, I still believe that value companies belong in your portfolio because they are defensive and provide investors a good income. They will come back in favor at some point.

In Summary: For now, the bulls will continue to reign, but expect volatility. Yes, we will eventually see a recession but most likely not in the near future. When it does occur, there is a good probability it will be shallow. Historically, the market has always recovered, and declines provide opportunities for those who don't panic and are patient. Don't hesitate to let us know if you have any questions or would like to review your accounts with us. Have a great fall!

Townsend Client Corner

Townsend Volunteers | Fill A Backpack Event | July 2018



Townsend Screaming Eagles Motorcycle Long Ride | July 2018



Fall Build A Foursome | Arrowhead Golf Course | September 2018



Women's Event | Upstairs Circus | September 2018



Townsend Triggers | Clay Shooting | Summer 2018



Cayle's Connection

Have You Ever Been To

The Forney Transportation Museum. Growing from a private car collection to the eclectic vehicle collection that exists today, the Forney Transportation Museum in Denver, Colorado, contains such oddities as Amelia Earhart's car, a bashed-up Herbie the Love Bug, and one of the world's largest steam locomotives. www.forneymuseum.org

The History Colorado Center. This museum in Denver is dedicated to the history of the state, from its geologic development to the current day. We often take out-of-town guests there and have enjoyed it every time. www.historycolorado.org

The Clyfford Still Museum. If you're a fan of abstract impressionistic art, this may be of interest to you. Clyfford Still laid the groundwork for the Abstract Impressionist movement, made famous by artists like Jackson Pollock and Mark Rothko. In 2013, Denver became home to a permanent collection of his large-scale works. www.clyffordstillmuseum.org

Charity

I discovered on my Amazon page that a portion of everything you buy on Amazon can be donated to a charity of your choice. www.Amazon.smile.com

A client recently told me about an app she has called Charity Miles. It's simple. You download the app, create an account, choose your charity, and move. For every mile you move, a donation is made from their corporate sponsors. It's that easy. I'm turning my daily walks, bike rides and hikes into money for the Wounded Warrior Project. Thanks for the heads up, Linda! www.charitymiles.org

Interesting Places To Eat

My daughter and I had lunch at Linger Eatuary located in the Highland area. Once a mortuary that held the remains of Buffalo Bill, this Denver hot spot is now a death-fixated restaurant. The best part is that Little Man Ice Cream is right next door. www.lingerdenver.com

Eating at the Buckhorn Exchange is on my list of places to try. Founded in 1893, the Buckhorn Exchange displays antique weapons, hundreds of mounted animal heads and other assorted taxidermy upon its bright red walls. The menu boasts unique meats for the adventurous: rattlesnake, alligator tail, buffalo sausage, elk, quail, game hen, pheasant, venison, and Rocky Mountain oysters. I'm not trying the oysters. www.buckhorn.com

Things For The Brain

Just like every other part of the human body, your brain needs exercise to thrive. I found a few websites that are designed to keep your minds sharp. I've tried a few of the games, and like them. Crossword puzzles, word jumbles, and sudoku games are also good for the noggin. My dad loved a good crossword puzzle! Some of these sites are free, and others are subscription based. Let me know what you think.

<https://stayingsharp.aarp.org/games>

www.happy-neuron.com

www.mybraintrainer.com

www.lumosity.com

Happy Fall Y'all
~Cayle Townsend

TOWNSEND

Retirement & Estate Planning



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