

TOWNSEND

NEWSLETTER

2019 SUMMER EDITION



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www.TownsendRetirement.com

QUARTERLY COMMENTARY – Jeff Townsend, CRPC®

Relative Strength of the Market:

POSITIVE

As of this writing (06.24.19) the S&P 500 is up more than 17% YTD. I think that the only surprising fact about this recovery is that people seemed surprised by it. Sure, the fourth quarter was down 20% (unjustified in my opinion) but it did give us a buying opportunity. While we didn't buy at the very bottom, we did make some good buys. In March we did take some profits and replenished our cash reserves.

Anyone who has investments with us know that 2018 was slightly negative but for most it was an unrealized loss, meaning that we didn't need to sell anything. If you are retired and taking a reasonable withdrawal, we were

able to support those withdrawals from cash.

The S&P 500 is up 8.5% over the past twelve months, which encompasses the worst December since 1931. On Thursday, September 20, 2018 the S&P 500 made an all-time high closing at 2930.75. Nine months later we are at all-time new highs again at +/- 2950. Case-in-point, one who does not panic and sell into fear is the smarter investor.

The case for the Feds to cut interest rates is getting stronger. As of this writing we have not seen any cuts yet, but I think that it's just a matter of time. The argument for an interest rate cut was strengthened by May's weak employment reports, and that March's and April's job reports were revised lower.

(Continued on pg. 5)

NEWSWORTHY ITEMS:

MEDICARE

Ever wonder if something is covered by Medicare? Now there's an app for that and it's free. Download it from your app store.

ECONOMY

Identity thieves are getting better at their craft! There are some easy steps you can take to safeguard your identity, such as don't store your credit or debit cards on retail sites, set up alerts from your credit card companies, for each transaction goes through on your card. Be extremely careful of emails with links. This is a common way to get a phishing virus. Run your cursor over the email address to make sure it's not coming from a scammer. Freezing your credit reports can prevent criminals from opening credit lines in your name.

Free Money:

State treasuries, the Feds and other agencies are holding billions of dollars in unclaimed funds from inactive bank accounts, utility deposits, final paychecks, tax refunds and other sources of missing money. Go to missingmoney.com and enter your last name to launch a search for unclaimed assets in 40 states and the District of Columbia.



*Did you know...
0% of your
planning fees
go toward
client events!*

Summer Client Events:

Presentations:

September 26 | A Good Goodbye | Downtown Aquarium

Volunteer Opportunity:

Volunteers are needed to help fill backpacks with school supplies. Filled backpacks will be provided to children in need throughout the community.

July 23 | Fill-A-Backpack | A Precious Child

Volunteers needed to help easily assemble bicycles for low-income second grade students at Rocky Mountain Elementary School.

September 6 | Wish for Wheels | details to come

Summer Social Club Events:

Check your emails regularly for more-detailed information.

Screaming Eagles | Motorcycle Club:

Join the Screaming Eagles for a motorcycle ride this spring!

July 20 | Ride through Trail Ridge Road! Please check our website for ride details.

August 24 | End of Summer Cruising! Please check our website for ride details.

September 14 | Ride over Guanella Pass. Last Ride of the Year. Please check our website for ride details.

Townsend Triggers | Clay Shooting Club:

13600 Lanewood St., Brighton, CO 80603

July 28 | 9 a.m. | Colorado Clays

August 25 | 9 a.m. | Colorado Clays

September 29 | 9 a.m. | Colorado Clays

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



Derek Cheshire, CFP®

Financial Planner

Being still relatively new, my duties are a little limited but expanding. I have just been assigned clients for which I'll be responsible for conducting the profile update call to gather their financial information. I will also be creating the plan, putting together the initial plan recommendations, and will work with their advisor to put a final action plan

together for the client. I will also be responsible for working with clients to answer questions and concerns about their financial plan, accounts or questions in general. I currently also help out by taking calls related to general account questions, inquiries as well as for money requests for all clients. I also help A.J. with the analysis of clients' 401ks and putting together 401k recommendations through 401k Advantage. Lastly, I am responsible for tracking the performance of our investment portfolios, and am a member of the investment committee.

Get to know Derek ...

- *I grew up in Albuquerque, NM but moved to Denver in 2002 after graduating from college in December 2001.*
- *I completed my bachelor's degree at New Mexico State University in December 2001. I graduated from CU Denver in December 2011 with an MBA and specialization in Financial Analysis.*
- *Something interesting about myself; I have back packed through Western Europe, Argentina, Southern Mexico and parts of Uruguay, Chile, and Bolivia and Guatemala.*
- *In my spare time I enjoy cooking (& eating) all types of foods. I am an avid reader and will read books from all sorts of genres but primarily stick to horror/suspense, mystery, history and historical fictions. I enjoy spending time with my wife Jessica and two boys, Griffin & Russell. Lastly, I enjoy traveling although it is limited these days with two small boys.*

NEWSWORTHY ITEMS:

INTEREST RATES

The Federal Reserve is likely to hold off on raising rates for the near future. There's a chance that they may even lower rates. Good for borrowers but bad for savers.

TOWNSEND

Need a guest speaker for your infinity group? Consider using Townsend. We can speak on several topics such as retirement planning, investments, estate planning and other financial topics. Contact Madison Petersen at Madison@TownsendRetirement.com or give her a call at 303.452.5986.

How are we doing? I would love to hear from you about your experience here at Townsend including your experience with your advisor. Contact me, Jeff Townsend at Jeff@TownsendRetirement.com.



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.



What is Legacy Planning?

Legacy planning is a multi-generational approach to estate planning. It focuses on smooth transitions of wealth, less family discord, and the effective transition of family values and leadership to future generations. Legacy planning is the creation of a plan for managing your total wealth while you are alive, for distributing your estate how you choose after your death, and providing a clear plan so that your legacy lives beyond your first generation.

Most people generally dislike and avoid the topics of death and inheritance, partly because of the potential for emotional and financial misunderstandings and conflict. Legacy is a more hopeful concept because it can involve participants from several generations. The one-dimensional topic of leaving an “inheritance” can be intimidating, but leaving a “legacy” can be more appealing because it captures all facets of an individual’s life – including their family traditions and history, life stories, values and wishes.

Your estate consists of all the assets of any value that you own. This includes financial assets, including real property, business interests, investments, insurance proceeds, and retirement accounts, as well as non-financial assets like personal property. A basic estate plan might typically include a Living

Trust and Last Will and Testament which can serve to manage an individual’s assets in the event of their incapacitation or death. And although this strategy provides basic protections, it fails to plan for your life and how to build the legacy you ultimately want to leave behind.

The concept of legacy planning, on the other hand, involves more than just the management of your assets. It accounts for the “emotional assets” in your life. It includes the relationships you built, the stories you lived, the values you believed in and lived by, and the assets or heirlooms you acquired to pass on to your heirs. Legacy planning transforms your thinking and focus from money, material items and legal documents to establishing a family narrative, creating roots and determining how you would like to positively impact and influence the future generations of your family in ways that extend beyond monetary wealth. Even if you have no heirs, you may want to think about leaving the same Legacy to charities or nonprofits. Wouldn’t it be a noble endeavor to leave money that can help in the search for a cure for children’s cancer? This can be done in a way that if the mission of the charity should change, the trustee can choose another similar charity.

One method of achieving a legacy plan is through the use of a Stretch IRA. There is a good chance that your IRA represents your largest asset and at the time of your death will be subject to state and federal income taxes. It could possibly be taxed at the top income tax rates, which would leave your heirs perhaps half of the original balance. A Stretch IRA allows your IRA to continue growing by deferring the taxes and providing that your beneficiaries only receive the annual required minimum distribution (RMD) based on their age. Other benefits of stretching include protecting the assets from spendthrift beneficiaries, failed marriages, creditors, predators and claimants.

Legacy planning is not just for the rich and famous! An estate of \$1,000,000 could produce an income of \$50,000 a year. A \$2,000,000 estate could produce \$100,000 per year in income. This allows your beneficiary to receive substantially more benefit over the years, and chances are they can do some pretty amazing things with the income. And just like having a proper Stretch IRA provision, a well-drafted trust can provide the same asset protection. The trust can be professionally managed by your investment advisor and administered by a corporate trustee for best results.

Over the next twenty years, \$30 trillion dollars could be transferred from the current generation to the next. Studies reveal that a traditional estate plan will result in a 70% chance that your wealth will be lost by the second generation, and a 90% chance that your wealth will be lost by the end of the third generation. The demise of wealth lies in the fact that heirs have not been sufficiently prepared to receive wealth or learn about stewardship of the family assets. But with a properly constructed legacy plan, you can minimize the emotional impact on your family, retain valuable assets, and ensure that your legacy lives on through those you love and for your future generations. Talk to your Townsend advisor to learn more about how you can start this process.

By: Sallie Diamond
Townsend Estate Planning Specialist

(Quarterly Commentary continued)

Slowing employment growth is only one of the factors that the Feds will consider. There will need to be other reports showing an economic slowdown. These include a slowing in manufacturing, housing and non-manufacturing industries. This by no means should be construed that we are heading into a recession, though.

Trade tensions are also problematic. May's threats involving increased tariffs on China's goods caused a negative market reaction, shaving off almost 6% on the S&P 500. True, talks are ongoing and some type of deal is likely, given the costs of a long standoff. Until there is some type of deal, the risks of a slowdown in economic activity are increasing. The friction between the U.S. and Iran hasn't had much of an effect on the market so far, however any type of strike by either country most likely will create additional volatility. Keep in mind, like it or not, volatility creates opportunities.

Through it all, business expansion is likely to continue. Our economic expansion, now the longest ever, will probably continue into 2020. The likelihood of lower interest rates and the likely increase in corporate earnings should keep this historic bull market intact.

In conclusion: While we will most likely experience continued volatility, it will be important to stay the course. I doubt if we'll see a market correction, but if we do we will want to add to our equity positions, providing the economic indicators are still positive.

Should you have any questions or comments, don't hesitate calling or emailing us. Thank you for your continued trust and confidence in us and allowing us to serve you, and have a great summer!



Jeff Townsend, CRPC®

Townsend Client Corner

**Townsend Clients
Avalanche Game | March 2019**



**Townsend Sew n' Sews
Quilt Gathering | May 2019**



Townsend Adventure Club | Horseback Trail Ride | Estes Park, CO | June 2019



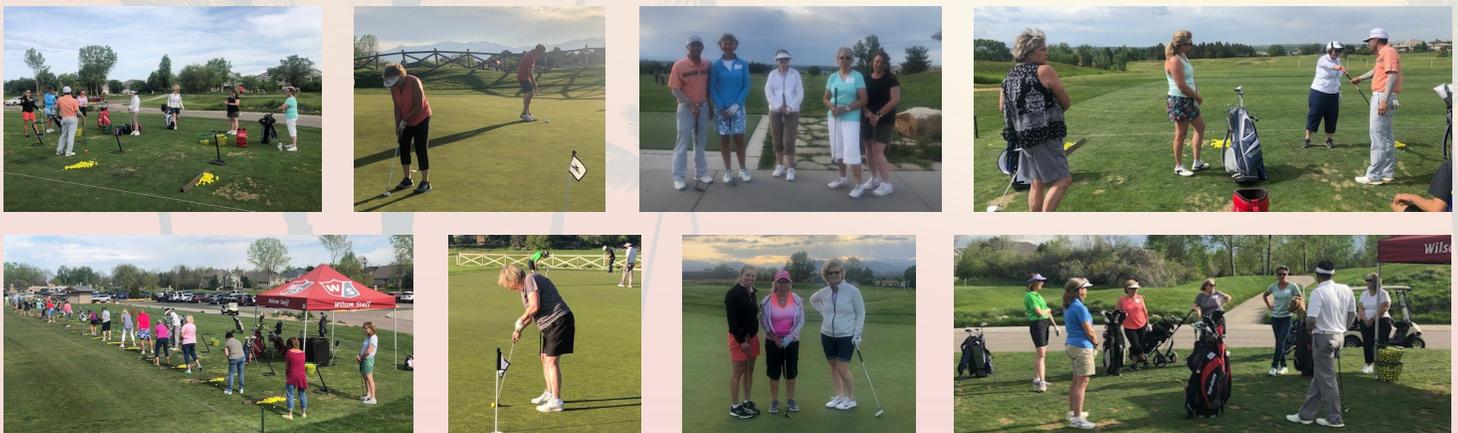
**Office Fun!
Shawn's Birthday**



**Townsend Travel Club
Travel Meeting | May 2019**



Townsend On The Greens | Ladies Golf Clinic | May & June 2019



Cayle's

Connection

Things to Know

Did you know you could take some college courses free? Search www.class-central.com for whatever knowledge you seek. It will pair you with online college courses from institutions such as Harvard, Stanford and MIT. Another university-based site, www.edx.org also offers free classes. Visual learners might prefer www.khanacademy.org

Out There Colorado has a list of the most photogenic lakes in Colorado. Might make for some good summer hiking! <https://tinyurl.com/y43aocl7>

I recently subscribed to *Reader's Digest*. I grew up with this gem! A recent article about DNA testing confirmed what I'd heard about their reliability. Check it out here <https://www.rd.com/health/wellness/at-home-dna-test-facts/>

Afternoon Fun

Any country music fans remember Joe Diffie? He's going to be in concert Saturday, August 3 in Keenesburg. Jeff and I will be there! Come join us. <https://www.bigstarep.com/>

The 36th annual Sculpture in the Park in Loveland on August 10 & 11. If you've never been, it's a wonderful display of artistry. I'm taking Jeff this year! <http://www.sculptureinthepark.org/>

Have you ever wanted to experience the Old West lifestyle? What about a trip to a dude or guest ranch. Check out the AAA article <https://tinyurl.com/y3znronr>

Are you looking for a truly wild experience that involves letting a massive wolf lick your face? Look no further! The Rocky Mountain Wildlife Foundation will give you a tour of their facility for free, putting you up-close and personal with their animals. <https://tinyurl.com/y3l3ebnu>

For the five best places to see wildflowers in Colorado visit <https://tinyurl.com/y28745pm>

There is a museum in Ft. Lupton that showcases WW1 memorabilia. On display are several planes, uniforms and other amazing remembrances. <https://www.vafm.org/>

If you're like me, you grew up going to the Natural History Museum – now called Museum of Nature and Science. Remember the saber-toothed tiger that if you put change in it, it roared? It recently got a facelift and some new sounds. Might be time to go check it out – and the rest of the fascinating things there. <https://tinyurl.com/yyasqdrw>

Enjoy your summer!
~Cayle Townsend



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Kaitlin Bell x 232
Renee Michel x 223

**For Performance Results, Profile Updates
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Tiffany Brown x 209
Derek Cheshire x 206
A.J. Holmes x 222
Christine White x 235

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We're open Monday through Thursday 7:30 a.m. - 5:30 p.m. and Fridays 8 a.m. - noon.

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