



TOWNSEND NEWSLETTER

2020 FALL EDITION



IN THIS ISSUE:

- Quarterly Commentary
- Newsworthy Items
- Using Premier Trust as Your Successor Trustee
- Client Corner
- Employee Spotlight
- Cayle's Connection
- Contacts



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QUARTERLY COMMENTARY – Jeff Townsend, CRPC®

Relative Strength of the Market:

NEUTRAL

To say that 2020 has been a crazy year would be an understatement. After an incredible 2019 we saw the S&P 500 continue to go up and setting new highs on February 19 and then to see it drop by around 33% in a matter of a month due to COVID-19. On March 23, the Federal Reserve's announcement of no money would be spared to support the economy, the S&P 500 did a reversal and climbed close to 62% by September 2. As of September 25, the S&P 500 has retracted by around 8%. For the year with all the ups and downs the S&P 500 is up about 1%, not bad considering what we've been through and still good if we average last year and this year (27%). The economy, including personal income and retail sales

recovered faster than almost anybody had hoped for and continues to do so even without additional stimulus. This should be an important lesson to not ever panic and sell into a plunging market.

Significant declines in the equity market are quite common and can't be timed in either direction. The long-term successful investor's best strategy is to simply ride out declines and if possible, buy into them. Short-term volatility should not cause long-term mistakes!

You may have noticed that as of late volatility is back on the radar and here is why; for one thing the equity market (but not all sectors) are at high levels and in need of some correction. In addition, COVID-19 is still with us and there isn't an approved vaccine yet and let's not forget there is a major election in less than a month. Political messages

(Continued on pg. 3)

NEWSWORTHY ITEMS

Better with age – Famous investor Warren Buffett just turned 90. Mr. Buffet is worth \$69 billion. He has accumulated 84% of his wealth after turning 65 (*source: Fortune*).

Savings are growing – although consumer spending has risen strongly since early summer so did consumer savings. Americans have been saving 19% of their income (*source: Kiplinger 9/20*).

Support your local restaurants – For most small businesses, especially restaurants, the shut down earlier this year has been fatal. Currently restaurants are operating at reduced capacity to maintain social distancing. The Independent Restaurant Coalition predicts that as many as 85% of independent restaurants close be permanently closed by the end of the year (*source: Kiplinger 9/20*).

COVID-19 vaccine Progress – A potential vaccine being developed by the National Institute of Health and Moderna entered phase 3 of the clinical trials. The efficacy and safety of the vaccine will be tested on 30,000 adult volunteers who do not have the virus. It is thought if the third trial is successful the vaccine will be available in the next few months (*source: Kiplinger 9/20*).

Home prices keep going up – Even during a pandemic home prices continue to go up. The median sales price of existing homes sold in the U.S. was \$304,100 through 7/31/20. This is the first time that the median sales price has exceeded \$300,000, thanks to low interest rates (*source: National Association of Realtors*).

Defeated by COVID – The AP college football preseason top 25 rankings include 9 teams that will likely not play this fall, including #2 ranked Ohio State and #7 ranked Penn State (*source: AP*).

Tough year for some companies – 29% of the companies in the S&P 500 are down 20% YTD through 8/28/20 (*source: CNBC*)

Economic Impact Payments – The \$1,200 per adult and \$500 per child that were part of the 3/27/20 Cares Act were the third time the government has issued direct stimulus payments in the last twenty years. The previous payments were made in 2001 and 2008.

Can't be too clean – The demand for paper towels is 25% higher today than it was before COVID19 here in the United States (*source: Proctor & Gamble*).

The IRS may be knocking at your door – The Treasury Department recently got after the IRS for paying too much attention lower income taxpayers who take refundable credits while ignoring wealthy individuals with incomes over \$100,000 (*source: U.S. Treasury Department*).

Too much change - \$48 billion in coins that is in circulation is not being spent since the pandemic begun because consumers have turned more to cashless payments. This is a problem for small businesses who need to make change to support cash transactions. The Federal Reserve is calling on the public to start spending their change or deposit it at their banks.

(Quarterly Commentary continued)

are making an all-out assault to convince you whom to vote for. For these three reasons we reduced our equity positions (in our mutual fund portfolios) in August. We did so not because we're afraid of a market crash but because we wanted to take some profit and take advantage of future buying opportunities. I'd like to remind you that we never venture to far from our goal-focused, long-term investment strategy.

Clients are asking us how we are investing considering the upcoming election. Election outcomes aren't a primary driver of our investment process; however, we carefully weigh various ranges of outcomes. While we focus on long-term fundamentals more than near-term political outcomes, we don't burry our heads in the sand. Under a Biden administration there's a good chance of a partial rollback of the Tax Cuts and Jobs Act of 2017. This means higher corporate tax rate which will cut into growth and earnings, meaning slower economic growth. However, while this will hit short-term profitability it could be beneficial for the sustainability of profits over the long run. A Trump victory would mean more possible outcomes for some assets but not for others. Of course there's a lot of other outcomes to consider but there's not enough room in this newsletter to cover everything.

The things that matter probably won't change that much. Investing in the market is purchasing shares in some of the largest and most successful companies in the world. Companies are made up of people like you and me who make products and/or provide services, earn a profit, reinvest a portion of these profits and often distribute a percentage of profits to their owners, you and me.

Granted we can expect increased volatility around election day as people may react or panic. They may let their emotions get the best of them and they'll make decisions that may have a permanent negative impact in their long-range goals. *The goal is not to be one of them!*

Regardless of what you may hear or read, it has always paid to stay invested and not try to time the market. It's important to know that markets don't care if you like the President, if you're a Republican or Democrat. History tells us that regardless of who the President is, the market does well over the long term. Remember the last presidential election when the news had us believing that if Trump was elected the market would crash? *News Flash: it didn't!* While today's rhetoric is at a fevered pitch, don't let emotion or fear drive your decisions.

To conclude, we remain optimistic over the long term but fully expect short-term volatility which could lead to buying opportunities. Short-term volatility is a nonevent in our world. We focus more on if the results are going to help you meet your long-term goals rather than focusing on returns. We are well diversified and believe that our portfolios are resilient. Bottomline, you hired us to do a job and we will try our best to not let you down. We are probably your best insurance from doing something that you'll regret.

Don't hesitate to let us know if you have any questions.

Stay healthy, be safe and have a good fall!

Jeff Townsend | Jeff@TownsendRetirement.com

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USING PREMIER TRUST AS YOUR SUCCESSOR TRUSTEE

If you are considering a trust as the cornerstone document for your estate plan, you will most likely be named as the primary trustee and will appoint a successor trustee to act when you are no longer able. Many clients ask whether they should name a child or other family member as the successor trustee, however this may be a mistake. If the child or family member is also a beneficiary of your estate, not only can conflicts of interest occur, but this can also jeopardize any asset protection that you had hoped for.

There are other disadvantages of naming an individual as a trustee:

- They may lack the investment experience needed to navigate the ever-changing economic front.
- They may incur expenses from outside experts such as accountants and attorneys.
- This presents the possibility of placing strains on family relationships or friendships.
- The beneficiaries may influence the decision maker.

Since trustee responsibilities are significant and long-term, a better solution is to name a corporate trustee. Positive characteristics of a corporate trustee are:

- In-house experience and expertise in tax accounting, tax law and estate law;
- Reviewing and filing of taxes;
- Professional investment management, and working with an independent investment advisor to the trust such as Townsend;
- The ability to be around for generations;
- Fairness, uniformity and lack of any biases;
- Assurance of compliance with instructions and agreements through government regulations;
- Resources available to handle complex issues;
- Objectivity; and
- Preparation of monthly, quarterly and annual trust reports.

WHO IS PREMIER TRUST?

Townsend has carefully reviewed the trustee services offered by Premier Trust and suggest you consider using them as your successor trustee. One advantage of using Premier Trust is that they only administer trusts and do not manage investments. This allows clients the ability to maintain continuity in their investment plans and retain the relationships they have with Townsend, their trusted financial professional.

Premier Trust is the largest independent trust company in Nevada. The mission of Premier Trust is to provide clients with unparalleled personal service. Premier acts in a fiduciary capacity and their experienced staff has extensive experience serving as trustee for all types of personal trusts including Revocable Trusts, Special Needs Trusts, and Charitable Trusts. Their goals are aligned with their clients and they have no conflicts of interest. Each client is matched with an experienced trust officer

and administrative team best suited to their unique situation. Premier Trust is currently administering over 4,000 Nevada trusts. They have 45 professionals to service you and currently administer over \$2B in assets.

Premier Trust is located in Nevada which allows clients to formulate and execute their estate plans to take advantage of Nevada corporate, trust and tax laws. You can reside anywhere in the United States and still benefit from a trustee relationship with Premier Trust. Nevada does not have a state or fiduciary income tax.

Irrevocable trusts are taxed at the state level on where the trustee resides. If a client has a Nevada trustee, the trust may avoid filing a state income tax return. This helps to reduce the erosion of trust assets by the tax rate. The trust will still have to file a federal income tax return.

Premier Trust offers local and national markets the traditional administration services of administering and settling trusts. This includes administering an account by collecting, holding and valuing assets, paying debts, expenses and taxes, distributing property, monitoring investment portfolios, and advising heirs. Approximately 72% of their beneficiaries reside outside the state of Nevada and utilize Premier to obtain Nevada situs for their trust.

Whether avoiding the costs of probating an estate, preserving wealth for future generations, or mitigating family dynamics, Premier Trust offers cost effective, creative, and flexible solutions for carrying out your wishes.

Please contact me with any questions you may have with regard to naming a corporate successor trustee or naming Premier Trust.

Sallie Diamond
Estate Planning Specialist
Sallie@TownsendRetirement.com

Employee Spotlight



Corinne Wytulka, Client Relations Manager

Corinne's primary role to empower the client relations team. Her responsibilities include supervising appointment books, helping facilitate client events and assisting where needed within other departments. Corinne is an exceptional addition to the client relations team, going above to serve Townsend clients.

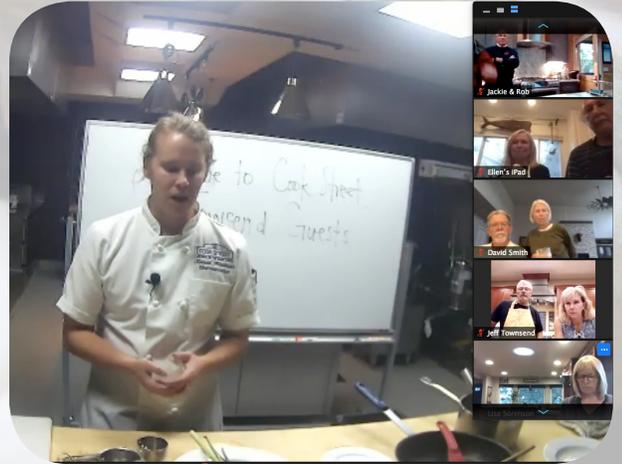
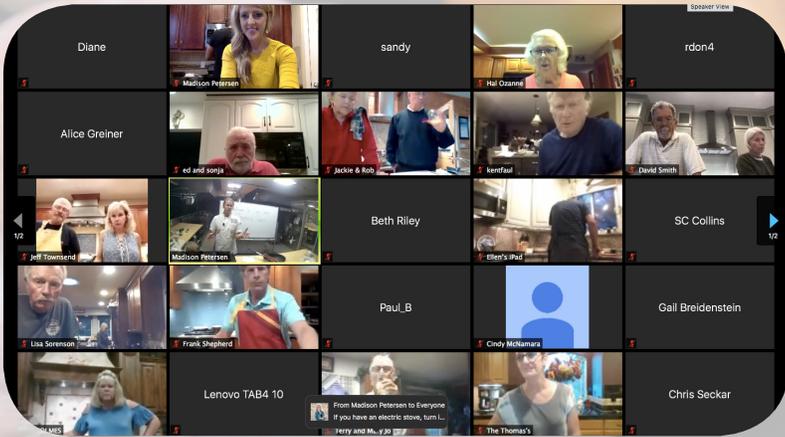
Get to know Corinne

- *I was born and raised in Valley Stream, New York; however moved to Colorado when I was 7. I attended Arvada High School, honored to be the last graduating class of the Redskins.*
- *I enjoy spending time with my family. Often times you'll find me at a baseball field cheering on my sons Jace and Cade – always their #1 fan! When not cheering on my boys, you can find supporting the Colorado Rockies.*
- *If we're not on the road travelling to a baseball tournament or game, we like to get to warm destinations like Arizona.*
- *My favorite way to pass time is kicking around the soccer ball – I played competitively growing up and throughout high school.*
- *When asked to share one silver lining found in 2020 – The pandemic forcing me to slow down, appreciating extra time with loved ones.*

Townsend Client Corner



Taste of Townsend Virtual Thai Cooking Class



Upcoming Webinars

UNDERSTANDING MEDICARE

OCTOBER 22

ESTATE PLANNING

NOVEMBER 19



FALL
RIDE

Cayle's Connections

Well, we're still not gathering in large crowds, and we can watch our beloved sports team play on TV, here's some ideas if you're looking to get out and about this fall. As always, I'd love to hear about your adventures!

Stay Happy ♥ Cayle Townsend

COLORADO IS KNOWN FOR ITS MOUNTAINS, PLAINS, AND ALL-AROUND SPLENDOR... BUT BEACHES? BELIEVE IT OR NOT, OUR STATE IS ACTUALLY HOME TO A NUMBER OF MUST-VISIT SANDY BEACHES, INCLUDING THIS PARTICULARLY HUGE ONE AT BLUE MESA RESERVOIR THAT YOU WILL WANT TO SINK YOUR TOES INTO. SIDE NOTE: MY FAMILY CAMPED HERE WHEN I WAS GROWING UP. I NEED TO GET BACK!

<https://www.thebluemesa.com/>

AFTER MY MOM WAS DIAGNOSED WITH DEMENTIA I READ THAT ONE OF THE WAYS TO PUT THAT OFF IS TO LEARN SOMETHING NEW DAILY. I RECENTLY LEARNED ABOUT OLLI - OSHER LIFELONG LEARNING INSTITUTES. IT IS AN ADULT LEARNING MEMBERSHIP PROGRAM DESIGNED FOR INQUIRING ADULTS, AGE 50 AND "BETTER," WHO WISH TO PURSUE LIFELONG LEARNING IN A RELAXED NON-COMPETITIVE ATMOSPHERE. AT THIS TIME, THEIR CLASSES ARE ON ZOOM AND THE BEST PART IS THERE ARE NO ASSIGNMENTS OR GRADES TO ADULTS OVER AGE 50!

CHECK IT OUT HERE:

<https://courses.online.colostate.edu>

<https://universitycollege.du.edu/olli>

HAVE YOU EVER HAD MOONSHINE? JEFF'S TRIED IT - NOT FOR THE FAINT OF HEART. THERE IS A PLACE IN MONUMENT CALLED 3 HUNDRED DAYS OF SHINE. IT'S A DISTILLERY THAT SPECIALIZES IN ALL THINGS MOONSHINE. THIS MAY MAKE OUR ADVENTURE LIST!

<https://www.3hundreddays.com/home>

CHEESE. I LOVE IT! I FOUND OUT ABOUT A FARM AND CREAMERY IN LARKSPUR THAT MAKES THEIR OWN CHEESE - AND THEY OFFER TOURS. DEFINITELY ON OUR LIST! CHECK IT OUT:

<https://www.fruitionfarmscreamery.com/>

WHILE I'M NOT NECESSARILY A BIRD WATCHER, I'M PUTTING THIS PLACE ON ONE OF OUR RV TRIPS FOR NEXT YEAR. PAWNEE NATIONAL GRASSLANDS IS LOCATED AN HOUR EAST OF FT. COLLINS AND HOUSES OVER 200 DIFFERENT SPECIES OF BIRDS.

<https://www.fs.usda.gov/arp>

ARE YOU LOOKING FOR A NEW PLACE TO TRY AUSTRALIAN FOOD? LOCATED IN FT. COLLINS, THE WALTZING KANGAROO SERVES SOME OF THE BEST AUSTRALIAN FOOD OUTSIDE OF AUSTRALIA.

YOU GUESSED IT - IT'S ON OUR LIST!

<https://waltzingkangaroo.com/>

ARE YOU READY FOR A LITTLE COLORADO GET AWAY - AND A DRINK? STRATTON IS HOME TO THE CLARMONT INN - A WINERY BED AND BREAKFAST. THEY ALSO OFFER UPGRADES TO YOUR STAY INCLUDING COOKING CLASSES, MURDER MYSTERY WEEKENDS, PAINT AND TASTE PARTIES, PRIVATE DINNERS AND GOLF PACKAGES. <https://claremontinn.com/>



Information:

**For Policy Changes, Account Information,
New Accounts or Rollover Paperwork:**

Jason Aubuchon x 225
Kaitlin Bell x 232
Renee Michel x 223

**For Performance Results, Profile Updates
or Questions on Your Accounts:**

Jonathan Amick x 243
Tiffany Brown x 209
Derek Cheshire x 206
A.J. Holmes x 222
Christine White x 235

For Scheduling Appointments:

Corinne Wytukla x 240
Jessica Vega x 219

For Client Billing:

x 500

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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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The BBB has determined this business meets BBB accreditation standards, which include a commitment to make a good faith effort to resolve any consumer complaints. BBB Accredited Businesses pay a fee for accreditation review/monitoring and for support of BBB services to the public. BBB accreditation does not mean that the business' products or services have been evaluated or endorsed by BBB, or that BBB has made a determination as to the business' product quality or competency in performing services.

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