

# TOWNSEND

## NEWSLETTER

### 2021 WINTER EDITION

#### QUARTERLY COMMENTARY – Jeff Townsend, CRPC®

Relative Strength of the Market:

**NEUTRAL / POSITIVE**

Happy New Year! This is the first time that I can remember that I couldn't wait to get into a new year.

For a quick recap of 2020, when the pandemic first struck with full force the S&P 500 fell 34% in just 33 days, a record decline in such a short time. Most everyone followed our advice to stay the course and ride it out. We used this as a buying opportunity and bought more equities towards the end of March.

From March 23<sup>rd</sup> to August 28<sup>th</sup> the S&P 500 climbed 56%, another record, this time it was the biggest gain in the shortest period of time. While I was confident the market would recover, I was surprised at the speed of the market recovery. With this recovery and hitting new highs we reduced our equities a little from our Portfolio Advantage

accounts at the end of August, a little profit taking. From this time to September 23<sup>rd</sup> the market declined almost 8% only to run up 9% by October 12<sup>th</sup> and then decline once again by a little over 7% by October 30<sup>th</sup>. Volatility was certainly back due to concerns of another stimulus bill failure, concerns of a second COVID19 wave shut down, and let us not forget an upcoming election.

I don't think that I can remember a time when so many clients wanted out of equities before an election. Fortunately, most everyone followed our advice and stayed the course (can you see a pattern here?). Since October 30<sup>th</sup> the market has gone up a whopping 13% through December 23<sup>rd</sup> and about the same amount for the entire year of 2020.

The rising toll from COVID19 is having a direct impact on our economy to be sure but the good news is the calvary is on the way in the form of vaccines.



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# NEWSWORTHY ITEMS

**Not a Great Return.** An American male retiring at age 65 in 2020 who has earned the maximum taxable wage for Social Security taxes every year during his working career (\$137,700 in 2020) is projected to have paid \$741,000 (stated as a 2020 present value number) in lifetime Social Security taxes but is projected to receive just \$533,000 (stated as a 2020 present value number) in lifetime benefits. *Source: Tax Policy Center*

**I Need My Space** – 28% of the households in the United States in 2020 were made up of just 1 individual living alone. Another 35% of US households are comprised of just 2 people, of which 65% (of the 35%) are a married couple. *Source: Census Bureau*

**Small Gals/Guys Rule.** Small American businesses, defined as having less than 500 employees, are responsible for 44% of economic activity. *Source: US Small Business Administration – Office of Advocacy*

**Not Going to the Mall** - \$1 out of every \$6 was spent on US retail sales (16.1%) during the 2nd quarter 2020 was transacted online. *Source: Census Bureau*

**Every Day** – An estimated 10,800 Americans will turn 65 years old each day next year (2021), i.e., 1 every 8 seconds. This group represents the 11th year of 19 years of “Baby Boomers” turning age 65. An estimated 11,500 Americans will turn 65 years old each day in the year 2029. *Source: Government Accountability Office*

**Supply and Demand** – On 4/09/2020 OPEC and Russia agreed on a historic production cut of 10 million barrels a day. The price of West Texas Intermediate (WTI) crude oil had fallen to \$22.76 a barrel as of 4/09/2020 as the global impact of COVID-19 was crushing the worldwide demand for oil. As of 12/04/2020, WTI crude oil closed at \$46.26 a barrel. *Source: NY MEX*

**The Friendlier Skies** – 4,592,989 passengers went through TSA at US airports on Wednesday before Thanksgiving through the Sunday after Thanksgiving. Exactly 8 months earlier, March 25th through March 29th just 1,006,765 passengers went through TSA screening at US airports. *Source: TSA*

**Start Saving Now** – A child born in 2020 that begins kindergarten in the fall of 2025 would attend college between the years of 2038 and 2042. If that child attended an average public in-state 4-year college and if the annual price increases for public colleges that have occurred over the last 30 years (+5.0% per year) continued into the future, the aggregate 4-year cost of the child’s college education (including tuition, fees, room & board) would be \$231,779 or \$57,945 per year.

*Source: College Board*

**Six Guys Better than Him?** – LeBron James will be the 7th highest paid player in the NBA for the upcoming 2020-2021 season, earning \$39.21 million. *Source: ESPN*

# Employee Spotlight

Tiffany Brown

CFP®, CRPC®

Financial Planner | Manager

Tiffany's primary role is to assist the advisors in developing and updating retirement plans for new and existing clients, answering client questions, investment research and placing trades. Tiffany has been in the banking and securities industry since 2002

and holds multiple industry designations, which include Certified Financial Planner™ and Chartered Retirement Planning Counselor™.

- I grew up in Black Hills, South Dakota.
- I enjoy cooking, watching NBA basketball, virtual calls with family and friends, and playing with our dog, Coco. I'm looking forward to traveling in 2021 (hopefully) as my husband and I have lots of family in all parts of the country, but I am most excited to disconnect on a beach! I've also been working on my gardening skills... I'm open to new techniques to help grow the best veggies and flowers!
- I attended Chadron State College in Nebraska and have a BA in Finance.
- I recently celebrated 13 years at Townsend. Over the years, I've enjoyed building a team of financial planners, the challenges presented and all the growth opportunities. I value the strong client relationships I've formed through this career.

## (Quarterly Commentary continued)

We don't know how long it will take to reach everyone or how long it will take to get back to normal or even a new normal or if local governments will shut things down again but I'm confident there is light at the end of the tunnel.

We have seen a lot of market optimism and exuberance as of late. This along with high P/E multiples suggest the need for a correction in the coming months unless corporate earnings kick into gear to substantiate the current prices. Not to worry though, corrections are very normal and create opportunities for us.

**Conclusion:** We're happy to report that on a risk adjusted basis our Portfolio Advantage portfolios did quite well last year. We remain optimistic for 2021 but there's a chance of a mild correction in the first half of the year. If this were to occur, we fully expect to use this as a buying opportunity. Other than reallocating profit taking from time to time it's never a good strategy to try to time the market. The best course of action is to ignore short-term volatility and focus on your long-term investment and planning goals.

Thank you for your continued trust and confidence in us! Don't hesitate to let us know if you have any questions. Stay healthy and be safe!

-- Jeff Townsend, CRPC®

## UPCOMING VIRTUAL EVENTS

- January 28 | Keith Barry Show
- February 4 | Retirement Presentation
- February 18 | Meet The Author
- March 4 | Economist Presentation
- March 18 | Virtual Bingo



For more information please visit our website

[www.TownsendRetirement.com/  
News-Events/Upcoming-Events/](http://www.TownsendRetirement.com/News-Events/Upcoming-Events/)

**ZERO PERCENT OF CLIENT PLANNING  
FEES ARE ALLOCATED TO EVENTS**

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# THE IMPORTANCE OF ASSET TITLING IN ESTATE PLANNING



*written by*

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Townsend Legacy Planner

Wills and trusts create the framework that dictate how your assets will be distributed after your death. Coordinating account titling and beneficiary designations with your will and/or trust is a critical component of your successful estate plan. Failing to coordinate can cause your assets to pass in a manner other than the way you intended which can lead to increased taxes, the need for a probate administration, disappointment, frustration and even lawsuits among heirs.

Wills and trusts pass most assets titled in your individual name to the beneficiaries named in your will or trust document. However, assets such as life insurance, annuities and individual retirement accounts (IRAs, 401K, Roth, SEPs, etc.) pass outside your will or trust directly to third parties through a beneficiary designation. This is true even if your will or trust says otherwise. A good, comprehensive estate plan with proper asset titling and beneficiary designations can avoid unintended consequences.

The term *titling* refers to the legal form of asset ownership. Here are the most common account titles:

**INDIVIDUAL** One person or entity owns this type of account. This choice is the most direct way to assure the wishes in your will prevail. Assets that are titled in your name will pass according to your estate plan as long as you don't have a different beneficiary designated.

Assets from an individual account will be added to the total estate and will be subject to probate.

JOINT TENANCY This is one of the most common ways married couples title accounts. This type of account will pass directly to the surviving account holder when the first account holder dies and it is not controlled by the decedent's estate plan. It is often desirable to hold an account this way between spouses because the surviving spouse will have access to the funds in the account immediately upon the death of the first spouse.

TENANTS-IN-COMMON This method also involves multiple owners but does not create a right of survivorship. Title holders are current owners while alive with ownership interests proportional to the amounts they contributed to the asset.

On death, a title holder's share will pass according to his or her estate plan.

TRANSFER-ON-DEATH (TOD) This method transfers an asset to a named beneficiary upon death. The beneficiary lacks ownership rights during the property owner's lifetime. Upon death, property is transferred outside of probate and outside of the decedent's estate plan.

PAYABLE-ON-DEATH (POD) This is similar to TOD but normally applies only to bank accounts and CD's. This designation allows you to specify both multiple beneficiaries and the percentage of assets each will receive. Similar to the TOD, the named beneficiary has no access to or control over the assets during the owner's lifetime.

REVOCABLE LIVING TRUST If you adopt a living trust-based estate plan, you may retitle some or all of your assets into that living trust for administrative purposes. Your trust becomes the owner of the assets, and your right and ability to control them continues, because you name yourself as trustee. Upon your death or disability, your successor trustee will assume control over your trust assets. Assets held in your trust will not be subject to probate.

BENEFICIARY DESIGNATIONS Certain assets - such as life insurance policies, annuities, qualified retirement plans, and IRAs - permit an owner to name one or more beneficiaries who will receive the assets upon the death of the owner. A contingent beneficiary should also be named in case your named beneficiary predeceases you. Assets transfer directly to named beneficiaries outside of the decedent's estate plan and probate.

What is the best way to ensure that your assets are properly titled? Begin by reviewing titling and beneficiary designations for all of your assets. This includes your primary residence, other real estate, bank accounts, insurance policies, annuities, IRAs, trusts, qualified retirement plan accounts, investment accounts, and other assets. Next, review your will or revocable living trust. Make sure that the terms contained in those documents are consistent with your current wishes and harmonize with your titling choices. Feel free to contact our office if you have any questions.

# Rollin Oldies R V Club



# WINE TASTING



# Taste of Townsend ♥ Italian



2020  
the year of  
ZOOM



# TOWNSEND WORKSHOP



in total  
clients  
generously  
donated  
\$18,118.80  
to our  
virtual kettle

ONLINE



# Cayle's Connections

I was hoping by now I could be sharing things to do. Really get out and go to something in person – but that's not happening. I'm very grateful for the news of the vaccine and have high hopes for a different summer. Here are some more places I plan to go see and things I'd like to experience:

I don't think I'd have any trouble talking Jeff into taking me to the Donut Mill in Woodland Park. Check out their incredible donuts, pastries, breakfast burritos and biscuits and gravy! <https://www.thedonutmill.com/>

Have you ever been to Strasburg? My dad was a train engineer and he took us there to show us where the first transcontinental US railroad link was forged. I need to revisit it this coming summer. You can check out this piece of American history at the Comanche Crossing Museum. The museum is not open year-round so check out their website before you head out.

<http://www.rgusrail.com/costrasburg.html>  
<http://www.cchscolorado.com/>

Are you a lover of goats like Jeff and I? Mountain Flower Goat Dairy is a dairy farm in Boulder that specializes in sustainable agriculture and teaches humane dairy production practices. You can learn the basics of goat care and participate in bottle feeding and team building activities. They also have goat yoga! <https://mountainflowerdairy.com/>

Have you been to the Garden of the Gods? It's a registered National Natural Landmark with 300' sandstone rock formations. It's been way too long for me and I think it would make a great day adventure.

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

In Brighton just off 144 is the best year-round market that specializes in all things fresh and local called Lulu's Farm. They have the best pies and carry everything from fresh produce to grills, storage buildings, naturally raised beef and so much more.

Another fun day adventure!

<https://lulusfarm.com/>

Located near Cripple Creek is the Vindicator Valley Trail, a two mile path that provides a gold mine of abandoned gold mines. This will make a great hike when the weather warms up!

<https://www.atlasobscura.com/places/vindicator-valley-trail>

Are you a movie buff? In Monte Vista there is the Best Western Movie Manor that is home to one of the "world's most unique lodging concepts" and is attached to a historic drive-in movie theatre. Rooms have big screen TVs perfect for movie viewing. There's lots to do nearby too. The Great Sand Dunes, and annual Crane Festival in the spring and the Ski Hi Stampede Rodeo.

[https://www.bestwestern.com/en\\_US/book/hotels-in-monte-vista/best-western-movie-manor/propertyCode.06029.html](https://www.bestwestern.com/en_US/book/hotels-in-monte-vista/best-western-movie-manor/propertyCode.06029.html)



# 2021 RETIREMENT REPORT – WINTER ISSUE

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