

TOWNSEND NEWSLETTER

2021 Spring Edition



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QUARTERLY COMMENTARY – Jeff Townsend, CRPC®

Relative Strength of the Market:

POSITIVE

Welcome spring! Certainly a much better start to spring than last year. Coronavirus hospitalizations and deaths have been falling this year and a rising number of Americans are getting one of the vaccines. Health experts agree that the worst of the pandemic is likely behind us. With unemployment numbers declining and restrictions gradually ending I'm confident that the economy will continue to improve. You can say that I'm feeling cautiously optimistic that we should have a good year but probably not without volatility.

The economy should be in full stride by the second half of the year with GDP possibly hitting 5%. Some of these improvements can be credited to low interest rates (good and bad), pent-up demand on the consumer side, expected progress in defeating

the pandemic, continued growth in corporate earnings and the possibility of further stimulus drivers.

What makes me cautious are low interest rates, too much investor optimism and future inflation. Interest rates are one of the reasons that the stock market has been comfortable trading at such high multiples. Most of you are probably aware of the trading mania going on with get rich quick storylines popping up almost daily. A record number of new brokerage accounts were opened last year with a growing use of margin accounts (allows investing with borrowed money). Too much optimism can be bad news for stocks with investor sentiment creeping towards euphoria. Finally, there's been inflation jitters. I believe that excessive inflation fears are over-blown. Rising oil prices and the projected rise in consumer and business spending will put pressure on pricing.

(Continued on pg. 3)

Newsworthy Items

The standard deduction increases.

Uncle Sam has a couple of holiday tax gifts taking effect in 2021, starting with higher standard deductions. Single taxpayers (\$12,550) married couples filing separate returns (\$12,550) and head of household filers (\$18,800) will be ringing in the New Year with a standard deduction that is \$150 more than the 2020 amount. Married couples filing jointly get \$300 boost in their standard deduction to \$25,100.

Tax payers who are at least 65 years old or blind can claim an additional standard deduction of \$1,350 (\$1,700 is using the single or head of household filing status). That additional deduction amount is doubled for anyone who is both blind and age 65 or older.

Source: Kiplinger Report

Higher income limits for IRA contributions.

Taxpayers can also earn a little more and still contribute to a traditional or Roth IRA, as income limits are rising next year. In 2021, contributions to a traditional IRA for single filers gradually phase out when their modified adjusted growth income ranges between \$66,000 and \$76,000, up from \$65,000 to \$75,000 in 2020. Married couples filing jointly are phased out when modified income hits \$105,000 to \$125,000, an increase of \$1,000 at each end.

For Roth accounts, the phase-out range is \$125,000 to \$140,000 for single filers and heads of households, up from MAGI of \$124,000 to \$139,000. Contributions for married couples filing jointly phase out at \$198,000 to \$208,000, up from \$196,000 to \$206,000 in 2020.

Source: Kiplinger Report

Contribution amount stay the same.

The maximum total contribution for all your IRA accounts is unchanged at \$7,000 for people age 50 and older (\$6,000 for everyone else).

Source: Kiplinger Report

In my lifetime. Last year's (2020) contraction of the US economy (down 3.5%) was the largest drop our nation has experienced since 1946 or in 74 years. *Source: Bureau of Economic Analysis.*

What a comeback. Many American employers have recovered and as of 2/28/21 they have hired back 67% of the 25.4 million jobs that were lost last year during the two months of March – April 2020. *Source: DOL*

Quick, before rates rise! 13% of outstanding home mortgages nationwide as of 12/31/20 i.e., 7.2 million mortgages out of 53.9 million mortgages, were refinanced during 2020.

Source: Federal Reserve Bank of NY

Pandemic and after. The price of West Texas Intermediate (WTI) crude oil fell to \$22.76 a barrel as of 4/9/20, i.e., 11 months ago. As of 3/5/21, WTI crude oil closed at \$66.09 a barrel.

Source: NYMEX

More than half. The split between “up” stocks and “down” stocks in the S&P 500 based upon YTD performance through 2/26/21 is 59% “up” and 41% “down”. *Source: S&P 500*

Smaller Homes. The average size of a single family home built in the United States in 2019 was 2,509 square feet, the 4th consecutive year that the national average size has declined.

Source: Census Bureau

Employee Spotlight



Nellie Townsend
OPERATIONS ASSISTANT

As our operations assistant, Nellie provides administrative and technical support to both our Financial Planning and Client Service teams. Nellie has a strong background in banking with a concentration in mortgage

lending. Nellie recently passed her Series 7 exam and we couldn't be more proud of her dedication to this industry and the growth she has shown over the years.

Congratulations on all your hard work Nellie

- I am a Colorado Native. I grew up in Westminster and now live in Thornton where I love taking advantage of the trails going on runs around the lake and walking my dogs on the various walking paths.
- In my spare time I like to keep busy! During the warmer months I enjoy paddle boarding and camping. I enjoy going on horseback rides, hiking, motorcycle rides, and visiting local breweries. Summer is meant for country concerts and dancing, so I am looking forward to having those back. My "Passion Project" is being an active volunteer and foster for The Good Dog Rescue.
- My favorite part about working at Townsend is seeing how happy the clients are! I am proud to be a part of such an amazing team that is client focused, it makes every day a joy!

(Quarterly Commentary continued)

However, with production capacity, raw materials availability and a sufficient labor force any pricing pressures should be relatively modest.

I am forever reminding you of the principles and practices we have in place and you should not get caught up with the news channels or the day-to-day markets' ups and downs. Instead focus on your plan and goals. The goal of lifetime income and even multigenerational wealth comes from very long-term compounding of a diversified portfolio and staying invested through turbulent times. It's human nature to panic during market downturns and become a failed investor statistic. It's our job to try our best to prevent this!

To conclude, there's always a push and pull of positive and negative factors in the market. Always has been and always will be. When I look at 2021 I see both positives and negatives but even still I remain positive and think the positive forces in the economy and markets will outweigh the negative forces. The knowledge that the market can't be timed and the only way to successful investing is by not only tolerating but embracing the frequent temporary setbacks. As a reminder, our Portfolio Advantage portfolios are well diversified, resilient and able to take advantage of market corrections as a buying opportunity.

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

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Tips to help you talk about estate planning



Discussing estate planning with your family can be difficult and may make you feel uncomfortable, however lack of clear communication during the estate planning process or having an inadequate or outdated plan can result in your beneficiaries not receiving what you intended for them, and can cause uncertainty and conflict during an already difficult time. Sixty-four percent of Americans don't have a will or trust at all which creates the potential for a lot of hardship and unneeded stress on the part of your survivors.

There are personal and financial benefits to having these hard conversations. You might assume one of your children or family members would be comfortable managing your assets or serving as a successor trustee for your estate, when in reality that person might not be up to the task. They may not have the skills necessary or they may not understand your plans for your estate. For example, you may want to minimize the tax implications of your estate and provide asset protection for your beneficiaries. If your children or family members don't understand these financial goals, they may wonder why your plan contained provisions to provide for these contingencies. You may want to consider naming a professional to assume these roles due to their extensive knowledge and skill in the area and the amount of responsibility needed to carry out your intentions.

To get a conversation about estate planning started you don't have to force it, but if the subject of estate planning comes up you should use the opportunity to discuss it. You could reference an article you read on estate planning or a conversation you have had with a friend about it. Because estate planning conversations have to do with money, it may help to seek the guidance of your financial advisor. An advisor can help you by clarifying your financial goals as they relate to your estate planning, and then help you get the process started with an estate planning attorney.

The benefits of having a dialogue about estate planning with your family provide more than certainty and an accurate understanding of your intentions. A dialogue can empower your family by having them see that you are taking control of their future rather than leaving it to chance and it can provide an understanding for how you and your family's legacy will be carried out.

We have all seen or heard of examples of people fighting over wills, contesting wills, or being unsure of what final wishes the deceased had. It is much better to speak your intentions and lay out the details so that all parties are as prepared as they can be.

Knowing that your affairs are in order and that your wishes are known can allow you to focus more on the present. Having no surprises or mysteries around inheritances and expectations tied to family wealth is a valuable gift that you can give yourself and your family. A few hard conversations can make a world of difference and give all involved peace of mind.

Feel free to contact me if you would like to discuss your estate planning. I would be happy to review any existing plan you may have in place as well as discuss possible strategies to minimize taxes and protect your heirs from failed marriages (in-laws), bankruptcies, lawsuits and creditors.

-- Sallie Diamond | Legacy Planner

The Essence of Community: Coming Together Through Tragedy

After navigating through 2020, it feels like we've been battered with loss and grief.

Last month's tragic news, left many of us numb; feeling untethered and shattered. How do these senseless acts of violence continue to ripple through our communities? The devastation we feel is messy, complex, multilayered and personal.

At Townsend, we're devoted to showing up for those who **boldly** show up for us. Therefore, we partnered with The Tunnel to Towers Foundation. This organization is committed to ensuring we never forget the events of 9/11 and the sacrifices that were made and continue to be made by our first responders in the line of duty. Through the Fallen First Responder Home Program, Tunnel to Towers aims to pay off the mortgages of fallen law enforcement officers and firefighters killed in the line of duty that leave behind young children. The Foundation's goal is to ensure stability and security to these families facing sudden, tragic loss.

Combined with your efforts, over \$30,000 was graciously accepted by The Tunnel to Towers Foundation to aid in paying off Officer Eric Talley's mortgage. You have once again left us feeling both encouraged and humbled, fueled to do more good within our communities. Easter is a significant celebration for many, however it feels a little more beautiful this year knowing that Officer Eric Talley's wife and 7 children will have the stress of a mortgage removed from this ever heavy situation.

The generosity and support from clients leaves us with a remarkable beacon of hope.

Rest in Peace Officer Eric Talley

Townsend Client Corner

KEITH BARRY MIND MAGIC



Local Author Joe Siple



When will we phase back into live events and in office appointments? It's the question hanging over just about everything since Covid-19 took over the world last year. The answer can be measured in vaccinations, the advice from the CDC and health experts. Our hope is to have a few live events come late summer/ early fall, still implementing strict social distancing and mask mandates. At Townsend, we will continue to prioritize your health and be considerate of your comfortability.

virtual bingo

Cayle's Connections

Spring is here

Welcome 2021! Jeff and I got our Johnson & Johnson vaccine and I feel ready to take on the world – and the world is opening up! There are actual sporting events you can go to and concerts are in the realm of possible. We have tickets to an Eagles concert that was scheduled for 2020. Fingers crossed! As always, I love to hear from you and know where you've been, what you've seen and what you'd recommend to others. Email me at caylet@comcast.net

Summer is coming and so is hiking season. Need a new place to hike? Check out one of these:

IOWA HILL TRAIL, BRECKENRIDGE,
<https://tinyurl.com/jjxhs8bb>

COLORADO MIDLAND TRAIL, LEADVILLE,
<https://tinyurl.com/yzbksdru>

ALBERTA FALLS TRAIL, ESTES PARK,
<https://tinyurl.com/3tmhzfu9>

PICKETWIRE CANYON, LA JUNTA,
<https://tinyurl.com/nc6hy5b3>
you'll even see dinosaur prints

RUETER-HESS INCLINE CHALLENGE, PARKER,
not quite a hike but a workout!
<http://www.rhrecreation.org/>

For all things Rockies visit www.mlb.com/rockies. I've been listening to their games on the radio and can't wait to hear them with crowd noise.

The Wild Animal Sanctuary is one of the nonprofits Jeff and I support. Their mission is amazing and so are all the animals there. www.wildanimalsanctuary.org/

Do you like wolves? Did you know you can visit rescued wolves? Wolf Education offers several different tours and encounters. www.wolfeducation.org/tours

Rocky Mountaineer is a world-renowned luxury travel company known for its glass-domed trains through the Canadian Rockies. Now, there's a train route in Colorado called Rockies to the Red Rocks. This travels between Denver and Moab, Utah with an overnight stay in Glenwood Springs. www.rockymountaineer.com/train-routes/rockies-red-rocks

Calhan is home to one of the most colorful spots in Colorado. The Paint Mines is 750 acres of canyons, gullies and spires. Definitely on my list of adventures for this summer. <https://tinyurl.com/weer4pc8>

This one comes from one of you! You know my love of all things antique and this place is amazing. Sugar Mills Antiques is in Longmont and worth the drive. www.sugarmillmead.com/

As always, let's continue to support small and local businesses!

Cayle Townsend



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 Wytulka x 240
Jessica Vega x 219

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