



### **Item 1 - Introduction**

Townsend & Associates, Inc. (“we”, “us” or “our”) is registered with the U.S. Securities Exchange Commission (“SEC”) as an investment advisory services and compensation structures differ from that of a registered broker-dealer, and it is important that you understand the differences.

Free and simple tools are available to research firms and financial professionals at [www.Investor.gov/CRS](http://www.Investor.gov/CRS). The site also provides educational materials about broker-dealers, investment advisers and investing.

### **Item 2 - Relationships and Services**

#### **What investment services and advice can you provide me?**

We offer investment advisory services, including discretionary and non-discretionary investment management and financial planning services to individuals, trusts and estates (our “retail investors”).

When a retail investor engages us to provide investment management services we shall monitor, on a continuous basis, the investments in the accounts over which we have authority as part of our investment management service. Furthermore, when engaged on a discretionary basis, we shall have the authority, without prior consultation with you (unless you impose restrictions on our discretionary authority), to buy, sell, trade and allocate the investments within your account(s) consistent with your investment objectives. If we are engaged on a non-discretionary basis, we may not transact in your account without first consulting you. Our authority over your account(s) shall continue until our engagement is terminated.

We offer investment management and financial planning services as part of our standard investment advisory engagement. However, we may also be engaged to provide financial planning services on a separate fee basis. When we provide financial planning services, we rely upon the information provided by the client for our financial analysis and do not verify any such information while providing this service. We also provide variable annuity subaccount management. Variable annuities are also subject to other product level expenses, including surrender charges for early withdrawals. We do not limit the scope of our investment advisor services to proprietary products or a limited group or type of investment. We generally require a \$500,000 minimum assets under management, which is waivable at our discretion.

**Additional Information:** For more detailed information about our Advisory Business and the *Types of Clients* we generally service, please see items 4 and 7, respectively in our ADV Part 2A.

**Conversation Starters:** *Given my financial situation, should I choose an investment advisory service? Why or why not?*

*How will you choose investments to recommend to me?*

*What is your relevant experience, including your licenses, education and other qualifications?*

*What do these qualifications mean?*

### **Item 3 - Fees, Costs, Conflicts, and Standard of Conduct**

#### **What Fees will I pay?**

We provide our investment advisory services on a fee basis. When engaged to provide investment management services, we shall charge a fee calculated as a percentage of your assets under our management (our “AUM Fee”). Our annual AUM fee is negotiable but does not exceed 1.25%. We may also monitor retirement plan accounts through our 401(k) Advantage program for a fee of up to \$195.

We typically deduct our AUM Fee from one or more of your accounts, in advance, on a monthly basis. Because our AUM Fee is calculated as a percentage of your assets under management, the more assets you have in your advisory account, the more you will pay us for our investment management services. Therefore, we have an incentive to encourage you to increase the assets maintained in accounts we manage.

Our representatives receive compensation in connection with the sale of variable annuity products, including ongoing trail commissions. Thus, we do not charge a separate management fee for variable annuity assets.

We offer our Financial Planning services on either a fixed fee basis, where the client is charged \$265 for the initial plan and \$150 annually thereafter, or on an hourly rate basis, generally \$285 per hour. The fee for subsequent work shall be

agreed to prior to commencing the engagement.

**Other Fees and Costs:** Your investment assets will be held with a qualified custodian. Custodians generally charge brokerage commissions and/or transaction fees for effecting certain securities transactions. However, relative to all mutual fund and exchange traded fund purchases, certain charges will be imposed at the fund level (e.g. management fees and other fund expenses). You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

**Additional Information:** For more detailed information about our fees and costs related to our management of your account, please see item 5 in our ADV Part 2.

**Conversation Starters:** *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

#### **What are your legal obligations to me when acting as my investment adviser?**

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. As an example, we may recommend a particular custodian to custody your assets, and we may receive support services and/or products from that same custodian, certain of which assist us to better monitor and service your account while a portion may be for the benefit of our firm.

*How might your conflicts of interest affect me, and how will you address them?*

**Additional Information:** For more detailed information about our conflicts of interest, please review our ADV Part 2.

#### **How do your financial professionals make money?**

Our financial professionals are compensated on a salary basis. Additionally, our financial professionals may receive a quarterly performance bonus. Firm principals may receive compensation in connection with ownership status. You should discuss your financial professional's compensation directly with your financial professional. Our representatives may earn additional commissions in their respective capacities as registered representatives of a broker-dealer or as insurance agents.

#### **Item 4 - Disciplinary History**

##### **Do you or your financial professionals have legal disciplinary history?**

No as to the Firm and Yes as to one of our financial advisers. We encourage you to visit [www.Investor.gov/CRS](http://www.Investor.gov/CRS) to research our firm and our financial professionals. Furthermore, we encourage you to ask your financial professional:

*As a financial professional, do you have any disciplinary history? If so, for what type of conduct?*

#### **Item 5 - Additional Information**

Additional information about our firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may contact our Chief Compliance Officer, Shawn Kelly, at any time to request a current copy of your ADV Part 2 or our *relationship summary*:

Our Chief Compliance Officer may be reached by phone: (303) 452-5986.

*Who is my primary contact person? Is he or she a representative of an investment adviser or broker-dealer?*

*Who can I talk to if I have concerns about how this person is treating me?*

We're open Monday through Thursday 7:30 AM - 5:00 PM and Fridays 8:00 AM to noon.

**2761 West 120th Avenue, Suite 200, Westminster, CO 80234**  
**Telephone: 303.452.5986 | Toll Free: 800.578.9896 | Facsimile: 303.452.5989**

*Advisory products and services offered by Investment Advisory Representatives through Townsend, a Registered Investment Advisor. Private Client Services and Townsend are unaffiliated entities.*

**[www.TownsendRetirement.com](http://www.TownsendRetirement.com)**