NEWSLETTER
FALL 2026

TOWNSEND

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Why Your Adult Children Should Receive Our Newsletter

One of the most important goals of financial planning is creating confidence, not just for today, but for the future. While much of our work focuses on helping you navigate retirement, investment decisions, tax strategies and estate planning, there is another important consideration that often gets overlooked: preparing the people who may one day help carry out your wishes.

As life evolves, many families eventually face significant transitions. These may include retirement, health challenges, the loss of a spouse, or the settlement of an estate. During these moments, adult children often find themselves stepping into unfamiliar roles and making important decisions on behalf of loved ones. Unfortunately, many families are forced to navigate these situations under stress and with limited financial knowledge.

One of the greatest gifts you can provide your family is preparation.

That is why we encourage our clients to consider subscribing their adult children to our newsletter. While our content is educational and appropriate for all ages, it is particularly valuable for individuals who are building careers, raising families, managing debt, saving for retirement, or simply trying to make smart financial decisions.

Our newsletter covers topics such as investing, retirement planning, tax strategies, insurance considerations, estate planning concepts, and important financial trends. More importantly, it helps create financial awareness and confidence over time. Rather than learning these concepts during a crisis, your children can gradually build their understanding while preparing for their own financial futures.

There is also a practical benefit for you as a client.

Over the years, we have seen that families who communicate openly about financial matters are often better prepared when major life events occur. When adult children already have a basic understanding of financial concepts and are

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familiar with the trusted professionals their parents work with, transitions can be smoother and less overwhelming. Instead of wondering where to turn for guidance, they may already know who has been helping their family navigate important decisions for years.

In many cases, preserving wealth across generations is not just about investment returns. It is about education, communication, and preparing future decision-makers. Family wealth can be diminished when heirs are unprepared to manage financial responsibilities or do not understand the planning that has been put in place. Helping younger generations become more financially informed can increase the likelihood that the values and resources you have worked hard to build continue benefiting your family for years to come.

Our goal is not simply to help clients accumulate wealth. It is to help families make informed financial decisions and create lasting financial legacies. By sharing our newsletter with your adult children, you can provide them with educational resources, timely insights, and a trusted source of financial information that may prove valuable both today and in the future.

If you'd like your adult children to receive our newsletter, we've made it simple. Visit www.TownsendRetirement.com, scroll down to "A Simple Way to Include Your Family in the Conversation," and click "Share with Your Family." It only takes a moment and can be an important step toward helping your loved ones become more informed, confident, and prepared for whatever life brings.

The greatest legacy often isn't just the wealth you leave behind. It's the knowledge, preparation, and confidence you pass along to the people you care about most.



Jeff Townsend, CEO, CRPC

Upcoming Events

Tuesday, October 20th: Q4 Webinar

Saturday, November 7th: Pickleball Outing

Mid-November: The Salvation Army Toy Drive (more details coming soon)

Saturday, December 5th: Kettle Bell Ringing

NEWSWORTHY ITEMS

Are Your Bank Deposits Fully Protected? Many people are surprised to learn that FDIC insurance is generally limited to $250,000 per depositor, per insured bank, per ownership category. If you have more than that amount at a single bank, some of your money may not be fully protected in the unlikely event the bank fails. The good news is that many households can increase their coverage by using different account ownership categories, such as individual, joint, IRA, or trust accounts. If you've accumulated significant cash balances from a home sale, inheritance, business transaction, or simply years of saving, it may be worthwhile to review your FDIC coverage and ensure your deposits are properly protected. (Source: FDIC) [fdic.gov], [fdic.gov]

The Cost of Waiting to Invest: Keeping money in cash may feel safe, but it can come with a hidden cost. Historically, inflation has reduced the purchasing power of cash over time, meaning the same dollar buys less in the future than it does today. While maintaining an emergency fund is important, holding large amounts of long-term savings in cash can make it harder to keep pace with rising prices. The key is finding the right balance between liquidity, safety, and growth. (Sources: U.S. Bureau of Labor Statistics; Investor.gov Compound Interest Calculator)

Check Your Beneficiaries: Many people spend time creating wills and trusts but forget to review their beneficiary designations. Retirement accounts, life insurance policies, and certain bank accounts typically pass according to the beneficiary form on file, regardless of what your will says. Major life events such as marriage, divorce, the death of a loved one, or the birth of a child are all good reasons to review your beneficiaries and make sure your assets will go where you intend. (Sources: Principal Financial Group; Consumer Financial Protection Bureau)

Beware of "Pig Butchering" Scams: A growing type of financial fraud known as a "pig butchering" scam often begins with an unexpected text message, social media contact, or online friendship. After building trust over weeks or even months, the scammer convinces the victim to invest money, often in fraudulent cryptocurrency schemes. Victims frequently believe they are earning impressive returns until they attempt to withdraw funds and discover their money is gone. The best defense is skepticism. Be cautious about investment opportunities promoted by someone you've never met in person. (Sources: Commodity Futures Trading Commission; Federal Trade Commission)

Retirement May Last Longer Than You Think: A healthy 65-year-old couple has a significant chance that at least one spouse will live into their 90s. While many people focus on accumulating enough money to retire, they spend less time considering how long those assets may need to last. For retirees, one of the biggest financial risks isn't market volatility, but outliving their savings. A thoughtful retirement income strategy can help balance spending needs today with financial security in later years. (Sources: Social Security Administration; retirement longevity analysis based on SSA actuarial tables)

The Hidden Cost of a Forgotten Subscription: Americans spend hundreds of dollars each year on subscription services they no longer use or have forgotten about. From streaming platforms and fitness apps to software memberships, small recurring charges can quietly add up over time. Conducting a quick review of your bank and credit card statements once or twice a year can help identify unnecessary expenses and free up money for savings or other financial goals. (Source: Consumer financial experts and budgeting studies; widely recommended by financial planners.)

"Interest rates are to asset prices, you know, sort of like what gravity is to the apple."
– Warren Buffett

Earnings Growth vs. Interest Rates: Stocks' Tug-o-War



Traditionally, interest rates and stock prices move in opposite directions as rising rates put downward pressure on stocks. Interest rates can be thought of as the opportunity cost of waiting for the future earnings you receive from stock ownership. When the interest income received by holding bonds today increases, it's arguably more expensive to hold stocks while you wait for those future earnings to materialize. Future earnings are worth less today when 'discounted' at a higher rate.

But this year the normally inverse relationship between interest rates and stock prices has not held. While longer-term interest rates have risen significantly from the beginning of the year, and the Fed looks to raise short-term rates further, investors have continued to bid up stocks due to their confidence in future strong earnings growth.
One explanation for this anomaly is that stock traders see rising rates as only causing pain among leveraged, lower-income consumers, highly indebted households and companies with excessive debt. In other words, they believe that higher rates don't really affect the AI-driven economy and the high income / high net worth crowd.

Another explanation is that the upward pressure on rates has been a known, digestible phenomenon for a long time. Many traders see rising rates as temporary since some of it can be attributed to the inflationary effect of rising oil prices from lower supplies while Iran gets sorted out. Stock traders often 'look through' what they see as temporary, so higher rates haven't played a major role in markets.

A third explanation is that the extraordinary growth in earnings has trumped the negative effect of rising rates. Right now, FactSet estimates that 3rd quarter earnings growth will be roughly 29% year over year with a full year growth versus 2025 of 24%. Moreover, a lot of the earnings and increase in estimates are coming out of the tech sector, which many investors see as less sensitive to interest rates than say housing stocks. On top of that, the economy has remained resilient and business investment remains high.

In other words, two powerful forces are pulling equity prices in opposite directions. The question for long term investors is not which force matters. Both matter. The more important question is which one will ultimately dominate.

As I have alluded before, what is not captured in the high earnings growth numbers are the trillions of dollars of capital expenditures by AI companies that will be depreciated in the future (depreciation will be a rising expense that negatively affects earnings). Moreover, profit margins are at record levels today, but margins are cyclical and reliably revert to a mean over the longer run. So high profits today do not predict high profit margins tomorrow. It's the opposite.

Also being ignored is that another cause of higher rates, apart from inflation, is excessive debt and deteriorating credit of the US government. This is an intractable problem that will not be solved in the political realm. It will be solved by markets, meaning higher interest rates from which the US government will be forced to borrow.

I won't pretend that I can predict interest rates or inflation. The factors driving them are extraordinarily complex, interrelated and reflexive. But we do see the continuing upward pressure on rates from inflation, tight labor, and fiscal excesses. We also see risks to the earnings growth story from lots of different sources. It is possible that today's enthusiastic stock investors have the big picture thesis exactly backward: which is that it could be the high earnings growth that is temporary, and that it is higher interest rates from inflation (geopolitical upset, tight labor markets and money supply growth) and fiscal unsustainability that will continue.

So what have we done in this tricky environment? We have continued to maintain a cautious stance, in

general, and haven't made any major portfolio changes, even though the 10-year Treasury yield recently surpassed 5%. We don't assume that strong earnings, not just of AI and tech companies, but other companies as well will continue, nor make valuation irrelevant. Valuations are relevant, just not necessarily in the short run.

Diversification will be more important now than it has been before, in my opinion. And good quality yet out-of-favor, off-the-radar companies trading at reasonable value provide a margin of safety.

Broad complacency and the dubious economics of AI make the future unclear. Our focus remains on the businesses behind the stocks we own and the stocks we would like to own at the right price. The goal is to own shares of businesses whose intrinsic value compounds over multiple economic and market cycles. That is where fundamental research, diversification, disciplined valuation and patience remain essential.

John Goltermann, CFA® CGMA®
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Near and Dear to Our Hearts.....

This year our clients helped Townsend support The Salvation Army by helping with their Stuff the Bus event on July 23rd. Our clients helped students across the state start the school year ready to learn. Every child deserves to have the school supplies they need to succeed – but for many families, the cost of backpacks, notebooks, pencils, and more can be overwhelming. The Salvation Army's Stuff the Bus campaign makes it possible for communities across the country to come together and ensure no child faces that first day unprepared.

Our clients came together to stuff 937 backpacks in under two hours!








Near and Dear to Our Hearts.....

Our clients also came together to build bikes for second graders in under-served communities on September 11th. Wish for Wheels was founded in 2004, with the mission of giving every child in need their very own bike and helmet. Each year since 2022, Townsend hosts the bike build in honor of Officer Gordon Beesley. We had Officer Beesley's widow, Karen and local law enforcement officers join the event to help the second graders learn to ride their bikes.

This year we bought and built 82 bikes for two local schools!









We are so grateful to our clients for their time and dedication to helping those in need.

Ten Common Estate Planning Mistakes

Below are some mistakes that frequently occur in estate planning. By recognizing these common errors, you can sidestep potential complications and make certain your estate plan functions as you intended it to.

Mistake 1: Having No Will or Trust in Place
One all too common mistake in estate planning is neglecting to create a will or trust. If these documents are not in place, the distribution of your assets might be left to Colorado's intestacy rules, which may not be what you would have chosen. Drafting a will or trust helps direct your assets according to your intentions.

Mistake 2: Failing to Fund a Revocable Trust
A trust is only effective if assets are retitled into its name or designated as the beneficiary at death. Failing to transfer real estate, bank accounts, and investments into the trust or adding the trust as the beneficiary means those assets may go through a probate proceeding.

Mistake 3: Missing Key Documents
A complete plan should include a Last Will and Testament or a Trust, a durable power of attorney for finances, a durable power of attorney for health care and an advance directive. Many people forget to include health directives, such as a living will or a medical power of attorney, in their estate planning. These documents are especially important, as they provide clear instructions about your medical care preferences in situations where you can't communicate your wishes. Without them, your family may face difficult decisions without knowing what you would have wanted.

Mistake 4: Failing to Name Backup Fiduciaries
Not naming a backup executor or trustee or naming someone who is unable to serve (due to age or incapacity), can cause chaos. Always name a successor or contingent agent in case the person you named as the primary executor cannot or does not want to serve.

Mistake 5: Neglecting Digital Assets
Failing to include digital assets such as social media accounts, cryptocurrency, and digital photos can make them inaccessible at your death.

Mistake 6: Failing to Make Beneficiary Updates
It's not uncommon to miss updating the beneficiaries on your financial accounts, including bank accounts, life insurance, retirement funds, and other assets. If these designations aren't kept current, your assets could end up going to unintended individuals or through a probate proceeding.

Mistake 7: Ignoring Potential Tax Issues
Tax laws, including income and estate taxes, as well as capital gains taxes on inherited property, can significantly affect your estate. Overlooking these potential tax obligations could reduce the value of what you pass on to your heirs. Working with a tax professional can help you develop strategies to minimize the tax impact on your estate.

Mistake 8: Not Communicating the Plan
Failing to let family members know where to find important documents or not informing them of their roles (executor, agent) can lead to confusion and disputes.

Mistake 9: Using Internet Forms to DIY
Writing a Will by hand or using non-specialist legal advice can create invalid or ineffective documents. You should always seek the assistance of a licensed attorney to help you with your plan.

Mistake 10: Failing to Regularly Update Your Estate Plan
Major life changes, like getting married, divorced, the birth of a child, acquiring new assets, or relocating to a new state often require updates to your estate plan. If you don't revisit and adjust your plan after these events, it may no longer accurately reflect your wishes.

If you want to discuss your estate planning, please contact our office and schedule an appointment with me.



THIS IS SALLIE DIAMOND, J.D., C.P.R.C.

SALLIE IS TOWNSEND'S LEGACY PLANNER AND WROTE THE ARTICLE ON PAGE 6.

BUT SHE IS ALSO A CERTIFIED RETIREMENT COACH AND WROTE THE ARTICLE BELOW.

TO CONTACT SALLIE, EMAIL HER AT SALLIE@TOWNSENDRETIREMENT.COM

The Who, What, When, Where, and Why of Retirement

Who Will I Spend My Time With?

This may sound like a silly question because many of you have a spouse, significant other, family, and/or friends. But when you leave the workforce, you leave behind co-workers, vendors, and customers. While some of these relationships will endure, most do not. For many retirees, this leaves a void which cannot be easily filled. Cultivating new friendships is important and they take time to establish. Retirement can also affect the bond with your spouse. You may need to reevaluate things like how your day-to-day life may change along with what the general expectations of each other will be.

What Will I Do When I Retire?

Once you retire you may find that you have more free time. For some, that free time is what holds the greatest appeal. For others, filling that time may become a burden. Imagine it is day one of retirement. What will your perfect day look like. Your perfect week? What do you want your retirement to look like? Will you travel? Volunteer? Try a new hobby?

When Should I Retire?

For most clients, they are concerned about how long their money will last. Your financial advisor at Townsend will work with you on this aspect. However, you must also consider your health, travel plans, and family commitments.

Where Will I Live?

You have probably seen various lists that name the "best" places to retire to. Weather, crime rate, access to entertainment and recreation, taxes, and general affordability are popular aspects on these lists but for most people the primary issues are family, friends, and doctors. Even if you decide to stay in your current area the question is, will you stay in your current home? Issues with upkeep and maintenance, yardwork and stairs are things to consider now before they become an issue.

Why Should I Retire?

For many, this is the hardest question of all. Many Americans have their identity wrapped up in their work. Leaving their work is leaving behind a huge part of who they are. Confucius is credited with saying, "Choose a job you love, and you will never have to work a day in your life." There is a lot of truth to that, and studies show people who enjoy their work have a harder time deciding to retire. It can be helpful to consider what social, mental, and physical attributes the job provides that you will miss. What is it about these things that are important to you? What might you do as a retiree to help you replace those traits and help you to transition to a new identity?

It is often said that it is better to retire to something than from something. You may know of someone who has retired from their job but is unhappy in retirement and questioned their decision. The problem is they moved from their work identity to a new identity as a retiree and didn't have a plan in place. By doing some retirement planning in advance, this effect can be mitigated. Retirement is a blank slate. It is a chance to design your life into something new and different.

We discuss these topics and more in our Retirement Coaching Workshops.
See our website for the next workshop dates and times.

CAYLE'S CONNECTION

Happy Fall! Fingers crossed for an actual winter to come this year and still looking for grand adventures to entertain us. Here's a few for you to consider:

What if you could go to a building that was once used as a mortuary, sit with a table of strangers and laugh so hard your sides hurt. This is a Tuesday night at Adams Mystery Playhouse. Located on Federal Blvd, this dinner theater presents an interactive murder mystery paired with a buffet dinner. I took my mom once and it was perfect for everyone. Check it out here: *adamsmysteryplayhouse.com*

This was suggested by Trish. The Inventing Room Dessert Shop is a place you can go for Wonka-inspired desserts designed for all ages. There are seasonal demonstrations that combine science and sweets. *tirdenver.com*

I recently read about driving up Mount Blue Sky by Idaho Springs but have never done it. This is the highest paved highway in North America and climbs 14 miles from the Welcome Station to the Summit – a fourteener that tops out 14,000 feet above sea level. You are literally driving to the top of a mountain. The road is paved but narrow and there are no guardrails in several sections and great views. *tinyurl.com/3rzj5st9*

I love a good book store. And while I enjoy Barnes and Noble I really love a cozy place to read and find good books. The Denver Book Society describes itself as A bookstore. A café. A community hub. Located in Denver they regularly host events for kids and adults and you can have your book club meeting there. I need to get Emma there! *denverbooksociety.co*

Jeff and I took Eli to the Country Boy Mine for a tour in Breckenridge. You go into the gold mine shaft and learn about the history of the mine. Afterwards you get to pan for gold (I found a tiny piece!). There are donkeys to be petted and a museum with old photos and exhibits to be enjoyed. They also offer a Monster Truck Hay Ride and Treasure Hunt. Take the slide when you leave – it's crazy! *countryboymine.com*

In all the times I've been to Estes Park I didn't know they have a marina that rents paddleboats, kayaks and canoes. There is a paved trail around the reservoir and a stocked lake for fishing. This time of year you may get to see and hear the elks and a fudge stop in town is highly recommended! *evrpd.com/marina*

As a rock lover this one speaks to me. In Golden at the Mines Museum of Earth Science there is a free museum with minerals, mining history, fossils and even 2 lunar rocks. Might be a good place to spend a lazy afternoon. *museum.mines.edu*

Our clients had a very social summer! They were golfing, camping, going on motorcycle rides and sewing together with other clients. We also had clients go clay shooting and play pickleball.


























Our social clubs are a great way to meet other Townsend clients and make lifelong friends!







If you are interested in joing a club, or just want to learn more, please reach out to Trish Frankel at Trish@townsendretirement.com

Townsend's Recipe Round-Up



Fall, Football & a Little Extra Spice!

It's officially sweater-and-boots season—my favorite time of year! Bring on the crisp air, football weekends, comfort food, and, of course, a big pot of green chili. A few of you have asked if I make my own, and the answer is absolutely—plus, I like it with a serious kick! I let it simmer all day, just like my spaghetti sauce, so every delicious flavor has plenty of time to settle in. Naturally, wine pairs well with almost anything and is usually where I like to begin—although if the cooking starts in the morning, it's probably wise to wait until noon. Here's to football, flavorful food, and a fabulously cozy fall!

Colorado Green Chili (Great for smothered burritos, or just a big bowl with tortillas on the side)

Ingredients

- 3 lbs of diced pork (I usually ask the butcher to dice up a pork loin or pork roast for me)
- 1 Large onion diced
- 1 Head of garlic chopped (or 3 T of diced garlic)
- 1 16oz can of diced tomatoes
- 7 Cans of diced green chilies (or I buy the large jar of Hatch green chili medium spice and I use whole jar)
- Salt, pepper and ½ ground cumin

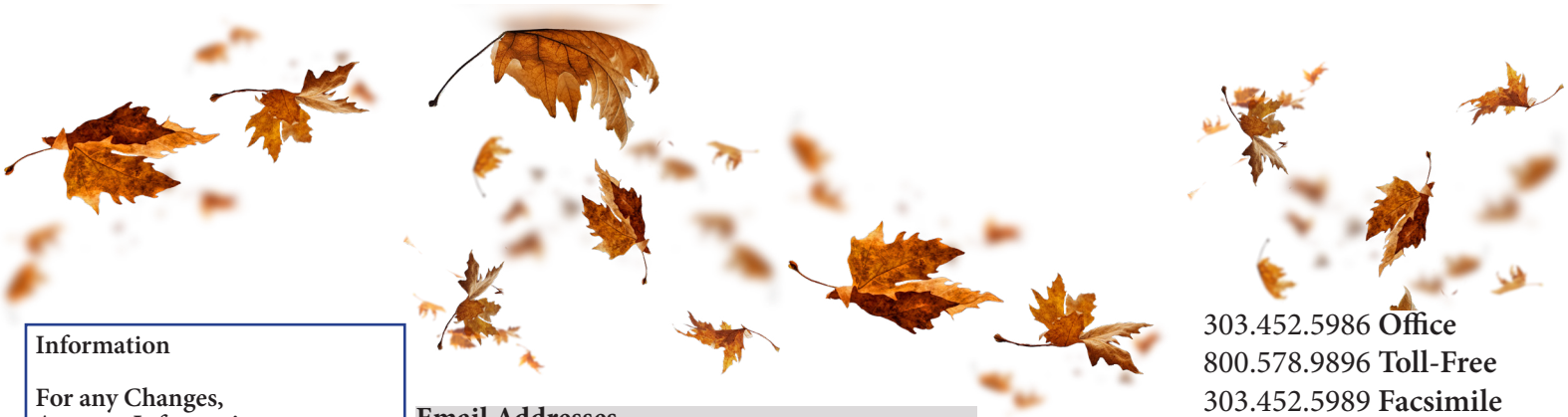
Instructions

1. Brown the diced pork in 2T of olive oil. Once browned, add in garlic and onions and cook at least 2 minutes.
2. Coat meat mixture with ¼ cup of flour and stir, making sure you don't burn.
3. Once that has cooked for at least 1 minute, add green chilies and diced tomatoes and seasonings to taste.
4. Cover with water and let simmer for at least 4 hours.

This recipe makes a lot, just freeze for leftovers.
Why does spicy food seem even hotter after a stay in the freezer? Leftovers that fight back!

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We're open Monday through Thursday 8:00 AM - 5:00 PM and Friday 8:00 AM - Noon.

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