

TOWNSEND

NEWSLETTER

2018 WINTER EDITION



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www.TownsendRetirement.com

QUARTERLY COMMENTARY – Jeff Townsend, CRPC®

Relative Strength of the Market:

POSITIVE

2017 was a positive year for our clients! Aren't you happy that you didn't panic and go to cash during the 2016 election? From November 9, one day after the election to one year later, the S&P 500 gained over 20%!

The economic impact of the deadly hurricanes that struck in the third quarter didn't have as large an impact on our economy as originally thought. Housing starts and sales are up, consumer confidence is at its highest level since 2000, and corporate earnings continue to grow.

Speaking of corporate earnings, last year 75% of companies in

the S&P 500 exceeded their earnings estimates, and over 60% of companies beat their sales forecast as well. This was the result of the loosening of the previous over-regulated era.

Last year our Gross Domestic Product (GDP) was stronger than expected, with gains of 3.1% in the second quarter and 3.4% in the third quarter, and is poised to top 3% in the fourth quarter. There is good reason to believe that GDP growth will be similar in 2018. With this good news, there is a strong likelihood that the Federal Reserve will be raising interest rates. Don't be surprised to see two or three additional rate hikes this year.

As of this writing (12.05.17) Congress is trying to pass a tax bill. Failure to do so will most

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NEWSWORTHY ITEMS:

RETIREMENT ACCOUNTS

2018 limits: This year you can stash more money in a 401(k) or other defined-contribution plan; inflation adjustments have lifted the limit by \$500 to \$18,500. The catch-up contribution will remain at \$6,000 for those 50 and older, who can contribute up to \$24,500 to a 401(k) in 2018. The annual limit for IRA contributions will remain \$5,500, and the catch-up contribution for those 50 and older will stay at \$1,000 for 2018.

Roth phaseouts: For 2018, the income thresholds that squeeze Roth contributions will rise. For singles, the income phaseout range will rise \$2,000, to between \$120,000 and \$135,000. For married couples filing jointly, the range will climb \$3,000, to between \$189,000 and \$199,000. Keep in mind that no income limits apply for Roth conversions. (Source: *Kiplinger's Retirement Report; December 2017*)

TAXES

Health coverage: The IRS says it will reject 2017 tax returns that don't report required health coverage status. You must check a box that indicates full-year coverage, claim an exemption from the Affordable Care Act's individual mandate, or pay a fine. The IRS is backtracking on its stance for 2016 returns, for which it didn't enforce the reporting rule after an executive order by President Trump directed agencies to reduce potential burdens. (Source: *Kiplinger's Retirement Report; December 2017*)

CONSUMER INFORMATION

Home insurance: LOCATION is the key word. Not only can location affect your home's price, but it also affects the cost of your home insurance. Insurance.com reports the most expensive place for home insurance is Conch Key, Florida, with an average annual premium of \$11,702. Honolulu lands as the least expensive, with an average annual premium of \$333. To see the average premium rate in your zip code, visit www.insurance.com/average-home-insurance-rates

HOW RICH ARE YOU?

Find out where you stand in comparison to the rest of the world. Go to www.globalrichlist.com
You may be surprised!

Winter Client Events:

Presentations:

Jan 18 | Community Outreach Presentation | Downtown Aquarium

Feb 1 | Retirement Presentation | Downtown Aquarium

Mar 8 | Security Protection Presentation | Downtown Aquarium

Winter Social Club Events:

Townsend Sew n' Sews | Sewing Club:

Jan 31 | 3:30 p.m. | Townsend North Office
Brainstorming Session: We will discuss projects for 2018

Feb 28 | 3:30 p.m. | Townsend North Office

Mar 28 | 3:30 p.m. | Townsend North Office

Dance Classes | Townsend Social Club:

Feeling a little rusty with your dance moves? Or want to learn some new ones? Join us for a dance class or two. Space is limited, so please make sure to R.S.V.P. to our office.

Feb 6 | 6:00 p.m. | Foxtrot | Fred Astaire Dance Denver North

Feb 13 | 6:00 p.m. | Rumba | Fred Astaire Dance Denver North

Feb 20 | 6:00 p.m. | Waltz | Fred Astaire Dance Denver North

Feb 27 | 6:00 p.m. | Swing | Fred Astaire Dance Denver North

Snowshoeing | Townsend Adventure Club:

Check your emails regularly for more detailed information.

Mar 3 | Snowshoe Outing | Time and Location TBD

Please keep in mind; you are always welcome to bring a friend to join in the fun! To receive more information or to R.S.V.P. to any of the Townsend events, please contact the office at 303.452.5986.

**We look forward to seeing you
at the events listed above!**



TOWNSEND

Employee Spotlight



Marie Hunt

Client Relations Specialist

We welcomed Marie to Townsend's Client Relations department in August 2017. Marie's responsibilities include scheduling appointments, taking reservations for client events, and making confirmation calls. Marie also assists in numerous other client-related projects and daily office duties that come her way. We are thrilled to have such a great team player at Townsend.

Get to know Marie...

- I was born in Missouri. From there we moved about 11 times, as my dad was in the military. I've lived in different parts of CA, CO, WY, MT, VA, and Europe. Most of my family lives on the East Coast and in the South, but I have some immediate family living 15 minutes to an hour and a half from me.
- On most days during my spare time I'm writing developing stories or screenplays with my husband. We hope to one day write and animate movies together. My husband and I love to get outside when the weather is nice and go on hikes with our dog Joey. I also enjoy cooking and creating new recipes for my family.
- I attended culinary school and received my bachelor's degree in culinary nutrition at Johnson & Wales University in Denver, CO. I was a personal chef for about 5 years. (Even though I enjoyed cooking for families, I didn't like the crazy hours and missing time away from my own family.) I took web design classes/business courses, and have worked in an office setting for several years now.
- I love the Townsend clients I get to meet on the phone and in person. I enjoy working with a great team that cares about the clients. Preparing and planning for the future can be scary, but here at Townsend I feel you're in good hands.

CYNICAL PHILOSOPHER...

For your reading pleasure. Enjoy!

- Today a man knocked on my door and asked for a small donation toward the local swimming pool. I gave him a glass of water.
- I find it ironic that the colors red, white and blue stand for freedom until they are flashing behind you.
- Relationships are a lot like algebra. Have you ever looked at your X and wondered Y?
- Did you know that dolphins are so smart that within a few weeks of captivity, they can train people to stand on the very edge of the pool and throw them fish?
- I think my neighbor is stalking me, as she's been googling my name on her computer. I saw it through my telescope last night.
- My 60-year kindergarten reunion is coming up soon and I'm worried about the 175 pounds I've gained since then.
- The pharmacist asked me my birth date again today. I'm pretty sure she's going to get me something.

You're welcome!

Thank you to all the volunteers who helped ring The Salvation Army kettle bells in December!

Together we collected donations in the amount of \$5,795.50.

With the matching from the Townsend Foundation we ended with a grand total of \$11,591.

No one has ever become poor by giving.

~Anne Frank

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Townsend), or any non-investment-related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Townsend. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. Townsend is neither a law firm nor a certified public accounting firm, and no portion of the newsletter content should be construed as legal or accounting advice. A copy of the Townsend's current written disclosure statement discussing our advisory services and fees is available upon request. If you are a Townsend client, please remember to contact Townsend, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.



2018 New Year's Resolution

Improving Your Financial Health

By: Jeff Townsend CRPC®

It's that time of year again! It is when we all start thinking about what we would like to accomplish in the New Year. What projects would we like to complete? Are there trips we want to take? How can we be healthier this coming year? However, how often does our financial health make the New Year's resolution list? If you have not done so in the past, I'd like to challenge you to make your financial goals a top priority for 2018.

Knowing your financial baseline is crucial to understanding and improving your financial well-being. The easiest way to do this is by writing out a budget. First things first; calculate your expenses. Where did you spend your money in 2017? How much did you spend on day-to-day expenses? One easy way of finding out where you are spending your money is by looking at bank statements. If your bank has an online application, they may even have a breakdown of where you are spending your money without you having to go through each line item, which could save you a lot of time. Once you do this, break it down into monthly expenses so you can really see what you are spending compared to your income. Since we are also looking at a new year, also take into consideration what special expenses you plan on having in 2018. Do you have any children's weddings

or special trips you would like to take? Break the total cost of these and divide it down into a monthly expense so you can set aside money each month, instead of trying to take one giant bite out of it.

Next step is to calculate your monthly income. Apart from your regular salary, are there any extra funds that come your way each year? Bonuses? RMDs? Are you planning on selling an unused camper or even a house this coming year? Do you receive dividends? Make sure to take everything into consideration when looking at your debts and income. Once you have completed these calculations, it should be clear whether or not you are making enough to cover your monthly expenses. It can be difficult to plan for your *future* when you don't have a full grasp of your *present*, so writing it down can paint a very vivid picture of your habits, which will help you to determine what changes you'd like to make to your finances.

Another way to improve your financial health is by dropping the "weight." High-interest debt is plaguing Americans at an all-time high according to Market Watch's Maria LaMagna. A study done by Robert Harrow at ValuePenguin in September 2017 concluded that the average credit card debt for Americans age 65 and over is \$6,351. The average Social Security benefit is \$1,368 monthly. This means that the average retiree's monthly credit card payments are more than double what they are collecting in Social Security. So how can we possibly pay off debts at this rate? One way to pay down high interest debt is to use a Home Equity Line of Credit or Home Equity

Loan to consolidate these debts. Most equity loans are also tax deductible, so it can be deducted from the income you claim on your tax return. If you do decide to consolidate your debt using one of these resources, make sure that the net costs of setting up such loans don't outweigh what you are paying on your debt. If you would like some referrals for banks that provide low-cost equity loans, feel free to ask your financial advisor here at Townsend.

Another way to improve your finances is by making sure you have fully contributed to your retirement accounts. Did you know that you have until April 17 of 2018 to make your contributions for 2017? If you are still working, you can contribute up to \$5,500 to all of your traditional and Roth IRAs according to IRS, or up to your taxable compensation for 2017 if your compensation was less than \$5,500. If you are age 50 or older, you may contribute up to \$6,500. If you have a 401(k) plan through your employer, you may want to also review how much you are contributing. 401(k) contributions are pretax, which means your contributions are taken from your paycheck prior to taxes being deducted. Maxing out your contributions can lower the amount of income you have to pay on taxes, without significantly affecting your take-home pay. Also, if your employer offers a matching program, consider contributing at least the amount they are willing to match. This is essentially free money that you could be missing out on.

The end of a year can be stressful, with all the holidays and expenses that come with them. Starting off the New Year with a financial game plan can not only help relieve some stress starting off 2018, but can greatly help you in the long run. Also remember that Townsend is always here for you, and we encourage you to take advantage of our annual review.



*Did you know...
0% of your planning
fees go toward
client events!*

(Market Commentary continued)

likely cause market volatility, however I don't believe that it will derail the already-improving economy. I do believe today's market has baked in some type of corporate tax relief: lower corporate tax rates, which means that corporations will keep more of what they make, which in turn will result in improved earnings. Great news for an investor! As a result of higher earnings, expect companies to increase their dividends to their shareholders, and more company stock buyback. Again, great news for an investor.

With all this good news, I don't want to overlook a possible market correction. As you probably heard me say before, declines are as normal as market gains. The market does not follow a straight line! A client recently asked what we are doing to prepare for the next market decline. First of all, we don't try to time the market; no one that I know of has a reliable crystal ball. However, with that said, we did increase our cash position for the eventual opportunity that will exist with a decline of 10% or greater. Another important item I want to point out is, when we encounter the next bear market, we have enough cash reserves to support most of our retired clients' withdrawals for a year or more without needing to sell any shares of our equity positions.

In summary, the stock market is not undervalued, but as the economy remains mostly upbeat and positive, improving corporate earnings should support current levels.

Should you have any questions or comments, don't hesitate calling or emailing us. Best wishes for a Happy, Healthy and Prosperous 2018!

WORDS FOR THOUGHT

- Denver's yearly average snowfall is 64 inches.
- The average U.S. city gets 26 inches of snow per year.
- The number of days with any measurable precipitation is 46.
- On average, there are 245 sunny days per year in Denver.

Townsend Client Corner

Townsend Triggers | Clay Shooting | October 2017
Congratulations to Joe Redding for placing 1st overall for men!
And congratulations to Diana Doss for placing 1st overall for ladies!



Townsend Client Volunteer Opportunity
Bell Ringing Benefiting The Salvation Army | December 2017



Townsend Toy Drive
Benefiting The Salvation Army
2017 Holiday Season
THANK YOU FOR YOUR GENEROUS DONATIONS!



Cayle's Connection

THEATRE

ARVADA CENTER:

Sense and Sensibility | Jan 26 - May 6, 2018

The Electric Baby | Feb 9 - May 4, 2018

www.arvadacenter.org

BOULDER'S DINNER THEATRE:

Annie | Now showing through Feb 24, 2018

Always... Patsy Cline | Mar 3, 2018 - May 20, 2018

www.bdtstage.com

CANDLELIGHT DINNER PLAYHOUSE:

Disney's Beauty and the Beast

Now showing through Feb 14, 2018

Kiss Me Kate | Feb 23 - Apr 15, 2018

www.coloradocandlelight.com

DENVER CENTER FOR THE PERFORMING ARTS:

Stomp | Feb 13 - 18, 2018 | Buell Theatre

Hamilton | Feb 27 - Apr 1, 2018 | Buell Theatre

The Illusionists Present Adam Trent | Mar 20, 2018 | The Ellie

www.denvercenter.org

OUTDOORS

2 Below Zero Sleigh Rides | Breckenridge & Frisco, CO

Scenic Sleigh Rides Through Shimmering Snow

Looking for an experience you'll never forget, why not enjoy a daytime sleigh ride with 2 Below Zero? They offer two options. Choose a Hot Cocoa sleigh ride for a group experience that includes entertainment. Or book a "one-horse open sleigh" ride for a more private (or romantic) mountain experience. The scenic hot cocoa sleigh rides take guests on a 40-minute round-trip ride aboard buckboard sleighs from the Frisco Nordic Center to a cozy heated tent. There you will warm up with hot cocoa (peppermint schnapps for adults' mugs) and enjoy a 20-minute live music show from David Peel. A talented entertainer, David includes celebrity voice impersonations of favorites like Johnny Cash, Willie Nelson and more in his show. To receive more information on all sleigh ride options, visit their website at www.dinnersleighrides.com

GIVING BACK

Little Hats Big Hearts™ | Year Round

The American Heart Association, in connection with The Children's Heart Foundation, celebrates American Heart Month by knitting and crocheting red hats for babies born in February at participating local hospitals. Little Hats, Big Hearts™ honors babies, moms, and heart-healthy lives in a very special way. Join Townsend volunteers by knitting and crocheting red hats to be given out to babies during American Heart Month to empower moms to live heart-healthy lives and to help their children do the same. They ask that hats are made with red medium or heavy weight acrylic or cotton yarn so that they can be machine washed and dried. Use your favorite pattern, or there are a few patterns available on their website at www.heart.org/littlehatsbighearts. As for sizes, most are preemie or newborn, but since babies come in all sizes, they take them starting at micro-preemie up to larger sizes as well. All donations can be dropped off to the Townsend north office throughout the year.

RECIPE

Cuddle up this winter with a warm mug of spiced Apple Cider!

- 16 cups (1 gallon) apple cider
- 1/4 cup light brown sugar
- 1 teaspoon allspice
- Pinch grated nutmeg
- 2 teaspoons whole cloves
- 1 orange
- Cinnamon sticks, for garnish
- 2 cups bourbon, optional

In a large pot over medium heat, add the apple cider. Stir in the brown sugar, allspice and nutmeg until the sugar is dissolved, and bring to a low boil.

Stick the pointy ends of the cloves into the orange so that just the buds of the cloves are visible. The entire orange should be covered with the cloves.

Add the orange to the cider, and reduce the heat to simmer.

Cover and continue cooking for 20 minutes. Cider can also be kept warm in a Crock-Pot.

Serve in warm mugs with a cinnamon stick garnish.

For adults, add bourbon to the cider.

Warm winter wishes ~Cayle



TOWNSEND

Retirement Planning & Wealth Management



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New Accounts or Rollover Paperwork:**

Jason Aubuchon x 225
Kaitlin Bell x 232

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

Tiffany Brown x 209
A.J. Holmes x 222
Deborah Macey x 206
Christine McNutt x 235

For Scheduling Appointments:

Linda Addison x 220
Marie Hunt x203

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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