

# TOWNSEND NEWSLETTER

2018 SPRING EDITION



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

## QUARTERLY COMMENTARY – Jeff Townsend, CRPC®

Relative Strength of the Market:

**POSITIVE**

Last year was a great year for all of us, as was the first month of this year. It had been a long time since we had seen any type of measurable decline - June of 2016 to be exact! I had been warning that we were long overdue for at least a 5% market decline. This is why we had increased our cash position in our mutual fund portfolios last fall. Because of this we were able to make some buys following the correction.

History tells us that we can expect a 10% correction on average every two years. February's correction was right on cue! The last 10% correction was during the first six weeks of 2016, but from there

the market went on to have a good year, up almost 10%. I can't pretend to know if the worst is behind us but I do know that the economy is doing pretty well, which leads me to believe that this year's market should represent this.

Most companies are beating expectations with solid demand, lower tax rates and a weaker dollar (which helps exports). However, tariff worries, inflation fears, low unemployment and the fastest rate of price growth in manufacturing in nearly seven years are contributing to more volatility.

I'd like to point out that we have been running well above our assumed rates of return for the past several years, and we should all know that the path to success

(Continued on pg. 5)

## **NEWSWORTHY ITEMS:**

### **INVESTING**

Beware of pyramid schemes! The Securities and Exchange Commission offers tips on spotting them. Indications for this type of scam can include the following: promises of high returns, emphasis on recruiting others to join for free, and a complex commission structure. Go to [Investor.gov](http://Investor.gov).

According to a survey by the North American Securities Administrators Association, about three-fourths of state securities regulators cite promissory notes as the leading source of current investor complaints or investigations. (Source: *The Kiplinger's Letter*; February 2018)

### **TAXES**

Avoid overpaying. With the withholding tables changing this year and lower rates in effect, your tax burden is likely to be quite different for 2018. If you're worried about underpaying your taxes this year, there are two ways to ensure you won't get hit with an underpayment penalty. That hit applies if you owe at least \$1,000 in tax for the year after subtracting withholding. To avoid the penalty, make sure that you pay either 90% of your tax burden for the current year or pay 100% (or 110% for higher-income taxpayers) of the tax shown on your previous year's return. (Source: *The Kiplinger's Letter*; February 2018)

For 2018 you can deduct one cent more per mile for business driving, medical reasons or moving. The business mile rate increased to 54.5 cents. The rate for miles driven for medical and moving increased to 18 cents per mile. Driving in service for charities? This rate stays steady at 14 cents per mile.

## **Spring Client Events:**

### **Presentation:**

**May 3** | Retirement Presentation | Downtown Aquarium

### **Client Event:**

**May 11** | Always... Patsy Cline | Boulder's Dinner Theatre

### **Ladies Golf Clinic:**

Learn to play golf this spring! In just four lessons you'll learn important skills and etiquette, focusing on putting, chipping, pitching, your full swing and on-the-course experience. Last year Townsend ladies loved learning how to play golf!

**May and June Sessions** | Legacy Ridge Golf Course

### **Client Golf Tournament:**

**June 22** | Client Golf Tournament | Legacy Ridge Golf Course

## **Spring Social Club Events:**

Check your emails regularly for more-detailed information.

### **Townsend Sew n' Sews | Sewing Club:**

**April 25** | 3:00 p.m. - 7 p.m. | Townsend North Office  
Join us for an instructor-led Collage Quilt Class.

### **Townsend Screaming Eagles | Motorcycle Club:**

Join the Screaming Eagles for motorcycle rides this spring!

**May 19** | First ride of the year! Round-trip ride through Pine Junction Area and Hartsel Woodland Park, heading back around through Pine Junction Area.

**June 9** | Mishawaka Ride! Round-trip ride to Mishawaka stopping for lunch on the Poudre River.

### **Townsend Adventure Club:**

**June 2** | Horseback Ride | Time and Location TBD

### **Townsend Triggers | Shooting Club:**

**June 24** | Clay Shooting | Colorado Clays  
13600 Lanewood Street

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.

## Employee Spotlight



**Steve Carlisle**

Financial Advisor CRPC®



Steve joined Townsend as a Financial Advisor, bringing with him comprehensive financial planning experience. His leadership and financial industry experience has enabled him to build lasting relationships and help clients reach their financial goals. Steve values the importance of relationships built on trust, respect and integrity, and has a passion for helping clients achieve their retirement milestones. We are proud to call Steve a member of the Townsend team!

Get to know Steve ...

Get to know Steve ...

- I was born in Denver, and my family lived in Centennial followed by Evergreen. At the age of 4, my family made the decision to move to Fremont, Nebraska to be closer to my mom's family who all lived in Iowa. In 2003, I was fortunate to return to Colorado, and have not looked back since.
- When I'm not spending time with my family Meghan, Ian (10) and Beckham(2), I really enjoy golfing, running/fitness and anything sports related. I also appreciate taking advantage of the amazing outdoor activities we have in Colorado (hiking, camping and skiing).
- After graduating from high school, I attended Doane College on a basketball and baseball scholarship, where I majored in pre-med/biology. After attending Doane College for 2 years, I transferred to the University of Nebraska-Lincoln where I continued majoring in pre-med/biology, and graduated with a B.S. in Biology. I began my professional career in the pharmaceutical industry, and changed to the financial services industry. I have my series 7/66/63 licenses and the CRPC (Chartered Retirement Planning Counselor) professional designation.
- I feel extremely fortunate to be a part of the team at Townsend. Having the opportunity to collaborate with a group of people so passionate and dedicated to helping clients realize their financial dreams is incredibly rewarding. Which brings me to my next favorite part of working at Townsend - our clients! Our clients are truly the most genuine, caring and charitable group of people I have ever met and been associated with. Our staff and clients are truly what make Townsend the special place it is. Preparing and planning for the future can be scary, but here at Townsend I feel you're in good hands.

## NEWSWORTHY ITEMS:

### TRAVEL

Are you thinking about planning a vacation but not sure where to start? Kayak's Explore tool [www.kayak.com/explore](http://www.kayak.com/explore) will show you destinations based on your budget. This site is user-friendly! All you have to do is enter your home airport, choose your vacation dates (either exact travel dates or a broad selection, such as summer 2018) and choose whether you would like nonstop or a direct flight. Then you can adjust the budget bar to see costs and destination airports that fit your budget.

### CONSUMER INFORMATION

Fraud alert. If you're concerned that your identity has been compromised, contact one of the three major credit bureaus and ask for a free fraud alert. That alert requires companies to verify your identity before extending new credit. Call Equifax, Experian or TransUnion to request the alert; that bureau will notify the other two. An initial alert lasts 90 days and can be renewed in 90-day increments. Identity-theft victims whose information has been misused are entitled to an extended fraud alert, which lasts seven years. Go to [www.consumer.ftc.gov](http://www.consumer.ftc.gov) to learn more. (Source: *The Kiplinger's Letter; February 2018*)

### ECONOMY

The Federal Reserve hiked short-term rates three times in 2017, to a range of 1.25% to 1.5%, and we expect three more 0.25% increases in 2018. (Source: *The Kiplinger's Letter; February 2018*)

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/reviving our previous recommendations and/or services.

# TAX CUTS AND JOBS ACT

## *Tax Cuts and Jobs Act*

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*By Randy L. Kite, CPA*

The “Tax Cuts and Jobs Act of 2017” was signed by the President on December 22, 2017. The new law’s legislative text exceeds 450 pages, and is generally effective starting in 2018. The following summary does not cover the business provisions of the new law, but only the changes we believe will have the greatest impact on “Individuals” for 2018.

### CHANGES IN THE INDIVIDUAL INCOME TAX RATES

Tax rates on “ordinary income” (e.g., compensation, most retirement income, interest income, and net short-term capital gains) is taxed at increasing tax rates that apply to different ranges of income, depending on your filing status (single, married filing jointly, including surviving spouse, married filing separately, and head of household). For 2018, there are still seven ordinary income tax brackets, but the percentages for each bracket have decreased from one to three percent generally. In addition, the ranges of income to get to the next tax bracket have also increased for all levels of income.

### REPEAL OF PERSONAL EXEMPTION DEDUCTION

For 2018, the new law repeals the personal exemption deduction for the taxpayer and their dependents. Under the old law, the personal exemption for 2018 was scheduled to be \$4,150 per individual.

### INCREASED STANDARD DEDUCTION

For 2018, the standard deduction was increased from \$13,000 to \$24,000 for joint tax returns; from \$6,500 to \$12,000 for single taxpayers; and from \$9,550 to \$18,000 for those filing as head of household. The intent of this provision is to allow more taxpayers to avoid taking itemized deductions, and simplify their tax filing.

### ENHANCED CHILD CREDIT

The new law increases the child credit from \$1,000 per “qualifying child” to \$2,000 per child. Under old law, this credit was phased out if your modified adjusted gross income (MAGI) exceeded \$110,000. Under the new law, the phaseout begins when your MAGI exceeds \$400,000 for joint returns, and \$200,000 for single and head of household.

### ALTERNATIVE MINIMUM TAX (AMT) FOR INDIVIDUALS

The AMT was basically repealed for individuals unless your adjusted gross income exceeds \$1,000,000.

## STATE AND LOCAL TAX DEDUCTION

For 2018, the aggregate deduction for state and local real property taxes, state and local personal property taxes, and state and local income taxes (or sales tax, if elected) is limited to \$10,000 per year. This limitation only applies to your tax deduction on Form 1040, Schedule A.

## NEW LIMITS ON HOME MORTGAGE INTEREST DEDUCTION

Under the new law, your mortgage interest on “original acquisition indebtedness” is limited to an aggregate mortgage on a principal and second home of \$750,000. Interest incurred on a mortgage that exceeds \$750,000 is not deductible. This only applies to mortgages incurred in 2018. Mortgages in place as of December 31, 2017 are still subject to the old rule for deducting mortgage interest. Also for 2018, “Home Equity Indebtedness” interest is no longer deductible. In 2017, interest on “Home Equity Indebtedness” was deductible on loans not exceeding \$100,000.

As mentioned earlier, this new tax law is very voluminous. I have only touched upon a few topics that affect individuals for 2018. I recommend that you consult with your tax advisor to determine the effect on your individual taxes.

### **Randy L. Kite, CPA**

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*Ian D. Gardenswartz & Associates, P.C. and Securities America are separate entities.*



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

(Quarterly Commentary continued)

isn't always easy. I have to congratulate you for not panicking during the recent correction! I don't think that anyone called in and asked us to sell. We try very hard to be the voice of reason and be there for you by providing steadfast counsel.

In conclusion: Further gains and even a full recovery from the recent correction are likely. However, the days of little volatility are probably behind us. I think that a move to a more normalized level of volatility is back due to concerns regarding higher inflation, higher interest rates and the possibility of trade wars.

I want to remind you that successful investors pursue their long-term plans and don't panic at every market decline or bad news. Unsuccessful investors react by making significant changes, like selling low, every time there is an economic crisis either real or imagined. One of my favorite slides in my retirement presentation is a quote from Benjamin Graham, “The investor's chief problem and even his worst enemy is likely to be himself.”

Should you have any questions or comments, don't hesitate calling or emailing us. Have a great spring!

## Words For Thought

*One long-term study found that, at least in the Colorado Rocky Mountain region, spring begins, on average, about three weeks earlier than it did in the 1970s.*

# Townsend Client Corner

**Townsend Adventure | Dance Classes | February 2018**  
Throughout the month of February, clients learned the Foxtrot, Rumba, Waltz and Swing! Great fun had by all!



**Townsend Adventure | Snowshoe Fun | March 2018**



# Cayle's Connection

Welcome to the latest version of Cayle's Connection! I'd really like to hear from you. What would you like to see here? Do you have something to add? Email me in care of [Jessica@TownsendRetirement.com](mailto:Jessica@TownsendRetirement.com)

## This and That

Have you set your phone to Do Not Disturb mode? When this feature is enabled, phones detect when your car is in motion. The app mutes notifications and text messages. Depending on your phone, it could also mute incoming calls. Distracted driving is dangerous!

AAA recommends taking a yearly inventory of your house and its contents. This would help in the event of a fire or other damage to your home. We took pictures of each room and have started documenting what we have, where we got it and how much we paid. Our insurance company also recommends this.

## Stuff To Do

Looking for a museum to visit in Colorado? There are so many museums – how will you pick just one? <https://www.colorado.com/activities/museums>

Have you ever visited Red Rocks when there's not a concert? You can visit the Red Rocks Performers Hall of Fame and the Trading Post Loop Hiking Trail, a 1.4-mile adventure through spectacular rock formations, valleys and a natural meadow. <http://redrocksonline.com/>

One of our favorite places to visit is the Wild Animal Sanctuary in Keenesburg. Over 450 carnivores roam freely, and you can walk the "Mile

into the Wild" elevated walkway that allows you to see these animals. There are lions, tigers, bears and more! <https://www.wildanimalsanctuary.org/>

## Things For Your Brain

My daughters got me listening to Ted Talks. Have you ever listened to one of the 2700+ talks? There's something for everyone - guaranteed to stir your curiosity. <https://www.ted.com/talks>

Mental Floss is a fun website which tells you the hidden stories behind the popular happenings around the world. They cover everything from science to history to technology to pop culture. Prepare your mind to be blown away by learning fascinating facts and hidden elements behind things which you thought you already knew of. <http://mentalfloss.com/>

I recently discovered The Great Courses. They're digital courses you can download and learn at your own pace. Some of their topics are Better Living, Fine Arts, Economics & Finance, History are some of the topics. Prices vary, and there's always something on sale. <https://www.thegreatcourses.com/>

## Just For Fun

There is a holiday for every day of the year. My birthday falls on National Safety Pin Day. Jeff's is National Roof Over Your Head Day. Oh, how will we celebrate?? What will you be celebrating on your birthday? <https://en.playbrain.me/en12350-what-odd-strange-holiday-falls-on-your-birthday/>

Happy Spring!  
~Cayle Townsend



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## 2018 RETIREMENT REPORT – SPRING ISSUE



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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  
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**For Client Billing:**

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