

**Townsend Retirement Specialists Client Disclosure Brochure (Form ADV Part 2A)
and Brochure Supplements (Form ADV Part 2Bs)**

Item 1 – Cover Page

Townsend & Associates, Inc.
conducting advisory business as
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This brochure provides information about the qualifications and business practices of Townsend & Associates, Inc. conducting investment advisory services as Townsend Retirement Specialists ("TRS"). If you have any questions about the contents of this brochure, please contact Shawn Kelly at 303-452-5986 or at shawn@townsendretirement.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about TRS is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for our firm name Townsend & Associates, Inc. or our business name Townsend Retirement Specialists. You also may search for information by using the firm's CRD number **113681**.

*Registration as an investment advisor does not imply a certain level of skill or training.

Item 2 – Material Changes

This Item 2 discusses only specific material changes that are made to the Disclosure Brochure and provides readers with a summary of such changes. Our last annual update filing for the Disclosure Brochure was in February 2013

With the annual update filing in February 2013, we added language at Item 10 Other Financial Industry Activities and Affiliations to indicate that Jeff Townsend and Shawn Kelly hold ownership interests in an accounting firm, Townsend Lippa Advisors, LLC. We also made corresponding updates to the ADV Part 2B Brochure Supplements for Jeff Townsend and Shawn Kelly. Also for the February 2013 update, we revised the 2B Brochure Supplement for Mark Thomas to add a description of the Chartered Retirement Planning CounselorSM (CRPC®) professional designation.

In May 2013, we revised the 2B Brochure Supplement for Tiffany Brown to add the Certified Financial Planner (CFP) professional designation.

In the past our firm has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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Item 4 – Advisory Business

Townsend & Associates, Inc. doing business as Townsend Retirement Specialists is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a corporation formed under the laws of the State of Colorado.

- Jeffery Townsend is the President of Townsend & Associates, Inc.
- Townsend & Associates, Inc. has been registered as an investment advisor since April 2006.
- Townsend & Associates has been in business since it incorporated in 1991.

General Description of Primary Advisory Services

The following are brief descriptions of TRS’ primary advisory services. A more detailed description of TRS’ advisory services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the description of services and description of fees in a side-by-side manner.

Financial Planning Services - TRS provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client’s overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

Asset Management Services - TRS provides advisory services in the form of Asset Management Services. Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that TRS will continuously monitor a client’s account and make trades in client accounts when necessary.

Limits Advice to Certain Types of Investments

TRS provides investment advice on the following types of investments:

- Mutual Funds
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Restricted securities (i.e., subject to Rule 144 restrictions)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Options contracts on securities and commodities
- United States government securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

TRS does not provide advice on foreign issues, warrants, commercial paper, futures contracts on tangibles and intangibles, or hedge funds and other types of private (i.e. non-registered) securities.

When providing asset management services, TRS typically constructs each client's account holdings using mutual funds, ETFs, stocks, bonds, options, and variable annuities to build diversified portfolios. It is not TRS' typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations. *(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

Tailor Advisory Services to Individual Needs of Clients

Our advisory services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

Client Assets Managed by TRS

The amount of clients assets managed by TRS totaled \$281,527,175 as of December 31, 2012. \$262,975,633 is managed on a discretionary basis and \$18,551,542 is managed on a non-discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provide in *Item 4 – Advisory Business*, this section provides additional details regarding TRS' services along with descriptions of each service's fees and compensation arrangements.

FINANCIAL PLANNING SERVICES

Financial Plans, Financial Consultations and Asset Allocation Services

The investment advisor representatives (IARs) of TRS offer financial planning services based on the client's specific needs and desires for future financial needs. The information gathered is presented in a format that does not make any promises or guarantees, but rather uses illustrations to show potential growth, all being hypothetical. Information is gathered using programs such as Financial Profiles, Morningstar and others. As part of this service, the IARs may also provide information and advice to clients regarding insurance products (i.e. life, health and long term care), which products the IARs are licensed to sell in their separate capacity as insurance agents.

A fixed fee of \$265 is charged for completing a financial profile. Fees will be due prior to services being provided.

If a client contracts for this service, TRS will provide a custom financial plan consisting of a written evaluation and analysis of the information provided by the client, regarding the client's financial goals,

objectives and current situation within 90 days of the date of the executed agreement, provided the client furnishes TRS with all required information. TRS will provide clients specific recommendations which may include, but not be limited to the following: tax planning, risk management, investments, insurance, educational funding, retirement planning, employee benefits, estate planning, corporate or business coordination with personal situation, cash flow analysis, financing options and charitable donations.

In addition, the IARs offer individual financial consultation services to clients who do not wish to contract with TRS for financial planning services or to clients who have established and maintain an account(s) for which the IARs will not act as registered representatives and will not implement transactions on behalf of the client. TRS will charge a fee of \$285 per hour for these services. This fee is non-negotiable. TRS will charge 50% of the fee, based on an estimated number of hours of service required by the client, in advance, with the remainder of the fee due and payable upon completion of the consultation service(s).

After reviewing the plan with the client, if the client wishes to have the IARs implement the plan, they will implement the plan in their separate capacities as registered representatives. The IARs will then provide asset allocation services through ongoing monitoring, recommendations and advice to accounts established with an outside custodian. At no time will TRS and/or its IARs act as custodian of any client account, nor will TRS and/or its IARs have direct access to a client's funds and/or securities other than to deduct advisory fees.

All asset allocation services will be provided on a non-discretionary basis, and no transactions will be implemented by the IARs without first obtaining prior consent from the client.

A fixed fee of up to \$150 will be charged to implement the recommendations of the custom financial plan for a one year period. At the initial meeting which is free, the client may be requested to provide copies of tax returns and other documents that may be used for future recommendations. Clients contracting for asset allocation services will also receive an updated financial profile on an annual basis. After the first year, if the client chooses to renew the services of TRS for an additional year, an annual fee of up to \$150 will be charged. Fees charged are not for trade implementation. Both the initial and annual fees are negotiable at the discretion of TRS and are based on the client's financial situation and circumstances. In addition, if the client chooses to implement the recommendations of the IARs, the IARs will earn commissions in their separate capacities as registered representatives or independent insurance agents. Typically, fees for this service are due at the time the agreement is executed. However, TRS may choose to send a billing notice directly to the client. At the discretion of TRS, the annual fee may be negotiable based upon the client's financial situation and circumstances.

Termination

Services will terminate upon completion and presentation of a written plan or upon completion of the consultations. The agreement for asset allocation services will remain in effect for a period of one year from the date the agreement is executed. Either party may terminate services at any time by submitting written notice to all appropriate parties. Termination will be effective upon receipt of such notice. If services are terminated within five business days, services will be terminated without penalty. After the initial five business days, fees will be refunded on a prorated basis based on the time and effort expended by TRS and/or its IARs prior to receipt of notice of termination. If the client is not satisfied with the written plan presented by TRS and the plan cannot be rewritten to the client's satisfaction, the client may return all written documents prepared and presented to the client by TRS for a full refund of all fees paid in advance.

401(k) Advantage Program

TRS offers monitoring services to qualified retirement plan accounts established with outside custodians. These services can be provided to individual non-discretionary client accounts within a plan or to a plan administrator for review of the entire plan. TRS' IARs will review accounts and provide recommendations regarding the implementation and allocation of the investments in the account and any new funds deposited into the account. However, all trade implementation in these accounts will be the responsibility of the custodian. Clients may either establish TRS as an interested party on the account so that a copy of the statement will be delivered directly to TRS' IAR or the client can provide the IAR with a copy of the account statement.

Fees for this service are charged generally up to \$195 at the discretion of the TRS IAR and are payable per year in advance. The exact fee for each client will be disclosed in the client agreement. Either party may terminate services at any time by providing written notice to the other and termination will be effective immediately. If services are terminated within five business days of signing the client agreement, services will be terminated without penalty. After the initial five business days, fees will be refunded on a prorated basis based on the time and effort expended by TRS and/or its IARs prior to receipt of notice of termination.

Newsletters

Quarterly newsletters are available on the TRS web site. The newsletters are informational in nature and are available free of charge to both current and prospective clients.

ASSET MANAGEMENT

Variable Annuity Management

TRS offers investment management services, including giving advice to clients based on the client's individual needs, through accounts established and held directly at variable annuity companies. The TRS IARs, in their separate capacities as independent insurance agents and as registered representatives of Securities America, Inc. (SAI), will assist the client with the initial purchase of a variable annuity product. All transactions will be implemented by the IARs in their separate capacities as registered representatives of SAI. The variable annuity company or its outside custodian will maintain custody of the client's funds and securities at all times. At no time will TRS, its IARs or SAI act as custodian for any client account, nor will they have direct access to client funds and securities.

The client has the option to have TRS' IARs provide investment management services on a limited discretionary or non-discretionary basis. The type of discretionary authority authorized by the client will be reflected in the TRS Variable Annuity Management Services Agreement (Agreement). If discretionary authority is chosen, it will be limited to exchanges in variable annuity sub-accounts. It will also be limited in that at no time will the IAR have authority to withdraw funds and/or securities from the client's account. The Agreement will specifically state which variable annuity policies are being managed.

TRS' IARs will receive commissions for the purchase of variable annuity products in their capacities as registered representatives and/or independent insurance agents. In addition, IARs may receive commission payments from the insurance companies based on the value initially invested in the variable annuity policy and receive annualized trail commission payments on the invested variable annuity policy assets.

TRS may invest a portion of client's assets in variable annuities and charge an investment management fee on client's assets invested in these securities. Therefore, clients may pay two levels of advisory fees for the management of their assets, one directly to TRS or SAA and one indirectly to the managers of the variable annuities held in their portfolios.

Either party may terminate asset management services and limited discretionary authority by providing written or oral notice to the appropriate parties. Termination will be effective when all assets have been transferred and the account is closed.

Portfolio Advantage

TRS offers asset management services, including giving investment advice to a client based on the individual needs of the client. The IARs will assist clients in establishing an account with Fidelity Institutional Wealth Services (Fidelity) also known as Portfolio Advantage. A minimum of \$50,000 in total assets under management per household is required to establish an account. At the discretion of the IARs, client's family members will be allowed to aggregate or bundle household accounts to meet the account minimum. Fidelity will maintain custody of all funds and securities. TRS and its IARs will not at any time maintain physical custody for any account nor will they have direct access to client funds and/or securities. The IARs will also assist clients in executing transactions in the account.

Management services for these accounts are provided on a discretionary basis. Discretionary authority is limited in that the IARs will prohibit themselves from withdrawing funds and/or securities from client accounts except when written authorization has been provided to have fees automatically deducted from the client's account and paid directly to TRS.

TRS will manage the client's assets for an annual fee based on a percentage of the assets under management. Management fees will be charged monthly in advance and be based on the average daily balance of the account for the previous month with the exception of the initial fee. The initial fee will be billed in arrears based on the number of days that services were provided during the first billing period. The annual management fee charged for this service will be as follows:

Account Value	Fee
\$1,000,000 or less	1.25%
\$1,000,001 to \$3,000,000	1.15%
\$3,000,001 to \$5,000,000	1.00%
\$5,000,001 to \$10,000,000	0.89%
\$10,000,001 to \$20,000,000	0.80%
\$20,000,001 to \$40,000,000	0.73%
\$40,000,001 to \$80,000,000	0.68%

The client may ask to negotiate the annual management fees charged. Any negotiation of management fees will be at the sole discretion of TRS' IARs and they will consider:

- Complexity of the client's situation
- Management fees charged by industry peers
- Experience and knowledge level of IARs providing the management services
- Anticipated future assets that will be added to the managed account

The exact fee that will be charged to the client will be fully disclosed in the client agreement executed between TRS and the client. Fees will never be charged based upon a share of capital gains or capital appreciation in the client's account.

TRS will allocate the client's assets to various types of securities investments. Typically, TRS will allocate the client's assets to mutual funds, exchange traded funds (ETFs), stocks, bonds, options, or variable annuities. TRS charges an investment management fee on client's assets invested in these securities. Therefore, clients may pay two levels of advisory fees for the management of their assets, one directly to TRS or SAA and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in their portfolios.

Management fees will be automatically deducted from the account. Clients will be required to provide written authorization to the custodian to have fees automatically deducted and paid to TRS. Each month the client will be sent a management fee notification which may be included in the account statement. This fee notification statement will show the amount of fees for the month, the manner in which the fees were calculated and any adjustment to the fees and explanations of any adjustments.

There are no commissions charged for transactions. However, Fidelity may charge transaction fees to the client. Fees and charges will be noted on the client's statements and confirmations. Clients may also incur certain charges imposed by other third parties in connection with investments made through the account. These charges can include, but are not limited to, mutual funds sales loads, 12(b)-1 fees and surrender charges, variable annuity commissions and surrender charges, and IRA and Qualified Retirement Plan fees.

Management fees charged in the account are separate and distinct from the fees and expenses charged by mutual funds and variable annuities which may be recommended to clients. A description of these fees and expenses are available in each fund and annuity's prospectus.

Either party may terminate the agreement for management services by providing written or oral notice to the appropriate parties. Termination will be effective when all assets have been transferred and the account is closed. If services are terminated within five business days of signing the client agreement, services will be terminated without penalty. After the initial five business days, prepaid fees will be refunded on a prorated basis and TRS will provide the client with a statement detailing the prorated charges.

SEMINARS

TRS IARs may also offer general financial planning seminars for clients. A fee to cover the cost of seminar materials may be charged to clients attending seminars. If any cost is being charged for the seminars, such cost will be disclosed to the client at the time the client signs up to attend the seminar. Fees for the seminars will be due at the time the client signs up to attend the seminar.

The clients will have five business days from the time they sign up for the seminar to cancel and receive a full refund of any fees paid in advance. After five business days, a refund will be given only if the client cancels at least 48 hours prior to the seminar. In addition, the client should be aware that should the client choose to contract with the TRS IARs for additional services because of the financial planning seminars, then the IARs may earn advisory fees in their capacities as investment advisor representatives and/or commissions in their separate capacities as registered representatives and/or insurance agents.

PUBLICATIONS

Jeff Townsend, the President of TRS, has written and published two books on retirement planning: "The Master Plan" and "Road to Retirement." The books are available for purchase by clients and non-clients through the TRS web site, although purchase is limited to clients in those states where TRS is registered. The books may also be purchased at the client's favorite bookstore. Seminar attendees and current clients may purchase the books at a discounted price.

Item 6 – Performance-Based Fees and Side-By-Side Management

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because TRS does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

Item 7 – Types of Clients

TRS generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations

All clients are required to execute an agreement for services in order to establish a client arrangement with TRS, the Outside Money Manager, and/or the sponsor of a third-party money manager platform.

Minimum Investment Amounts Required

The minimum investment required for clients contracting for asset allocation services is at the discretion of the investment advisor representative providing the asset allocation services.

To establish an account at Fidelity, TRS requires a minimum of \$50,000 in total assets under management. At the discretion of the IARs, client's family members will be allowed to aggregate or bundle household accounts to meet this account minimum.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

TRS uses the following methods of analysis in formulating investment advice:

Charting – This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually

specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Investment Strategies

Our investment objective is to craft a portfolio designed to participate in market gains and limit losses in declining markets. We use a combination of strategies in implementing our portfolio design.

We start by building our portfolios based on Modern Portfolio Theory (MPT) which tries to maximize return and minimize risk by carefully choosing different assets. MPT is widely used in practice in the financial industry and several of its creators won a Nobel Prize for theory.

MPT is a mathematical formulation of the concept of diversification in investing with the aim of selecting a collection of investment assets that has a collectively lower risk than any individual asset. This is possible because different types of assets often change in value in opposite ways. For example, when stock values decline bond prices often increase and vice versa. In other words, a collection of both types of assets can theoretically have lower risk than if each type of asset were held individually.

So based on MPT our stock or equities are allocated among:

- Large capitalized companies – market capitalization of 5 billion or more;
- Medium capitalized companies – market capitalization of 1 to 5 billion dollars; and
- Small capitalized companies – market capitalization of 250 million to 1 billion dollars.

These three categories of stocks are further divided among:

- Value companies – Value companies or stock in these companies are deemed to be undervalued in price and are likely to pay higher than average dividends;
- Growth companies – Growth companies or stock in these companies are deemed poised for rapid growth and put emphasis on gaining market share; and
- Blend – These are companies or stock in companies that fall between growth and value.

Bonds or fixed income securities are an essential asset group that produces income in addition to lowering volatility. Our bonds are allocated between:

- Government Bonds – Treasuries and Treasury Inflation Protected Securities (TIPS); and
- Corporate Bonds – Domestic and international investment grade, high-yield, and floating-rate bank loans

Bonds can be further divided among:

- Short-term maturities – 1 year or less;
- Intermediate-term maturities – 1 to 15 years; and
- Long-term maturities – more than 15 years.

Every one of our portfolios consists of all of these different types of asset classes. The percentage we have in each area depends on your risk tolerance, which is determined by our risk assessment and whether TRS' relative strength indicator is positive or negative.

The next step is the investment selection depending on your individual situation. Based upon our analysis, we select investments that we believe have a competitive advantage and are likely to remain competitive. Our investment committee researches, tests and scrutinizes many investment components, including strategies, costs, risk, manager tenure, and Alpha, (a measurement which represents the value a portfolio manager adds to or subtracts from a fund's return). We repeat this process on a quarterly basis.

TRS uses the following investment strategies when managing client assets and/or providing investment advice:

Tactical asset allocation. Allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be

exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

TRS is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) lawyer or law firm, (7) real estate broker or dealer, or (8) sponsor or syndicator of limited partnerships.

Other Business Activities

Townsend & Associates, Inc. is a licensed insurance entity in several states. Townsend & Associates, Inc. conducts both its advisory services business and its insurance business under the business name Townsend Retirement Specialists (TRS). IARs of TRS may be independently licensed as insurance agents through various insurance companies and may sell products through these companies as well as through Townsend & Associates, Inc., a licensed insurance entity. In this separate capacity, the IARs can receive commissions for selling insurance products.

TRS' IARs are engaged in professions other than giving investment advice. They are registered representatives and may also be independently licensed as insurance agents. Combined in general, the IARs spend approximately 47% of their time on their activities as registered representatives and approximately 5% of their time on insurance activities. The balance of their time is spent on activities as investment adviser representatives with TRS. Specifically, Tiffany Brown, Erin Buis, and Deborah Macey spend the majority of their time on securities business and a small amount of time on insurance activity. In addition, Jeff Townsend spends a small amount of time on various activities for rental properties owned by a family trust and Townsend Capital, LLC.

Jeff Townsend and Shawn Kelly hold ownership interests in an accounting firm, Townsend Lippa Advisors, LLC. The majority owner of the accounting firm is David Lippa who is not associated with TRS. Townsend Lippa Tax Advisors, LLC was established in January 2013. Jeff Townsend and Shawn Kelly are involved with the management, administration, and marketing of Townsend Lippa Advisors, LLC; however Jeff Townsend and Shawn Kelly do not prepare tax returns or provide other tax services. Advisory clients of TRS may be referred to Townsend Lippa Advisors, LLC for the provision of tax services. Advisory clients of TRS are not obligated to use the tax services of Townsend Lippa Advisors, LLC.

TRS' IARs will recommend the assistance of qualified attorneys (not affiliated with TRS) in the preparation of trusts if clients require this service. A list of the attorneys used will be provided to clients upon request. The client pays fees for these legal services directly to the attorneys. No solicitor or referral fees are paid to TRS by the attorneys or by TRS to the attorneys for this service.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. TRS and its IARs have a fiduciary duty to all clients. TRS has established a Code of Ethics which all employees must read and then execute an acknowledgement agreeing that they understand and agree to comply with the TRS Code of Ethics. The fiduciary duty of TRS and the IARs to clients is considered the core underlying principle for the TRS Code of Ethics and represents the expected basis for all IAR dealings with clients. TRS has the responsibility to make sure that the interests of clients are placed ahead of TRS' or the IARs' own investment interests. All IARs will conduct business in an honest, ethical and fair manner. All IARs will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All IARs have a responsibility to avoid circumstances that might negatively affect or

appear to affect the IARs' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a summary description of the TRS Code of Ethics. If current clients or potential clients wish to review TRS' Code of Ethics in its entirety, a copy may be requested from any of TRS' IARs and a copy will be provided within 14 days of request.

Affiliate and Employee Personal Securities Transactions Disclosure

TRS or its IARs may buy or sell securities or have an interest or position in a security for their personal account that they also recommend to clients. TRS is and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations may represent a potential conflict of interest, it is a policy of TRS that no IAR shall prefer their own interest to that of the advisory client. No person employed by TRS may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. IARs shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of their employment unless the information is also available to the investing public upon reasonable inquiry. TRS maintains a list of all securities holdings for it and all IARs which is reviewed on a regular basis by a principal of TRS.

Item 12 – Brokerage Practices

Clients are under no obligation to act on the financial planning recommendations of TRS. If TRS or its IARs assist in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible.

TRS' IARs are registered representatives with SAI, a broker/dealer, member FINRA/SIPC. When placing securities transactions through SAI in their capacities as registered representatives, the IARs earn sales commissions.

TRS has no formal soft dollar arrangements in place. Clients wishing to implement the advice of TRS' IARs are free to select any broker they wish and are so informed. If the clients wish to have the IARs implement the advice in their capacities as registered representatives, their broker/dealer, SAI, will be used. SAI has a wide range of approved securities products for which it performs due diligence prior to selection. The registered representatives are required to adhere to these products when implementing securities transactions through SAI. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if these transactions were implemented through another broker/dealer.

TRS' IARs sell securities products in their separate capacities as registered representatives. Some IARs may also sell insurance products in their separate capacities as independently licensed insurance agents. They earn sales commissions when selling securities and insurance products. Some of the advice offered by the IARs may involve investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12(b)-1 fees. Any 12b-1 fees received are assigned to a master business account maintained by the Townsend branch office. All individuals affiliated with the branch office are strictly compensated by salary, which salary is calculated based upon the value of that individual's client assets under management and does not account for brokerage commissions. Additionally, all clients served by any individual affiliated with the Townsend branch office receive financial planning services pursuant to a financial planning advisory services agreement with TRS. As a result, any client who has a commission-based SAI account is also an advisory client of TRS. TRS has a fiduciary duty to act in the best interests of all advisory clients and the Townsend branch office

has structured its compensation to individuals affiliated with the branch in a manner that is intended to eliminate any incentive to recommend commission-based products. All IARs of TRS will discuss the advantages and disadvantages of establishing a fee-based account through TRS versus establishing a commission-based account through SAI with each client. TRS does not require its advisor representatives to encourage clients to implement investment advice through SAI. The branch office may receive a portion of the 12(b)-1 fees from some investment companies. Clients should be aware that these 12(b)-1 fees come from fund assets, and thus, indirectly from client's assets. Receipt of these fees could represent an incentive for registered representatives to recommend funds with 12(b)-1 fees or higher 12(b)-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

TRS from time to time may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

TRS has established relationships with other investment advisors through which it will act as a solicitor referring clients to the other investment advisors management programs. When acting in this solicitor/referral capacity, TRS will receive a portion of the fee paid to the other investment advisors by the client.

TRS may invest a portion of client's assets in mutual funds, exchange traded funds (ETFs) or variable annuities and charges an investment management fee on client's assets invested in these securities. Therefore, clients may pay two levels of advisory fees for the management of their assets, one directly to TRS and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in their portfolios.

Block Trading Policy

Transactions implemented by TRS for client accounts are generally effected independently, unless the firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the firm when TRS believes such action may prove advantageous to clients. When TRS aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When TRS determines to aggregate client orders for the purchase or sale of securities, including securities in which TRS may invest, the firm will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, TRS does not receive any additional compensation or remuneration as a result of aggregation.

Item 13 – Review of Accounts

Account Reviews and Reviewers

TRS contacts all planning clients who have an investment account (variable annuity or life, or equity product) on at least a quarterly basis. Asset managed accounts will be reviewed at least quarterly. The calendar is the triggering factor unless specific needs arise. Reviews include client satisfaction of account performance based on objectives, discussion of reallocating accounts to help reach objectives, past transaction review and public relations with clients.

Each IAR will be responsible for reviewing their own client's accounts.

Statements and Reports

Clients will receive confirmations and statements from the investment company, broker/dealer, or custodian at which the client's account is maintained at least quarterly. In addition, clients may receive quarterly or on-demand reports showing the performance of their advisory accounts from TRS.

Item 14 – Client Referrals and Other Compensation

TRS enters into agreements with Solicitors (Referring Parties) to refer clients to TRS. If a referred client enters into an investment advisory agreement with TRS, a one-time only cash referral fee is paid to the referring party. The referral agreements between any referring party and TRS will not result in any charges to clients in addition to the normal level of advisory fees charged. The referral agreements between TRS and referring parties are in compliance with regulations as set out in 17 CFR Section 275.206(4)-3.

TRS may use the services of unaffiliated investment advisors. TRS uses SAA, a registered investment advisor, through its FAP when managing assets and, when doing so, SAA will receive a portion of the fees.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

TRS is deemed to have custody of client funds and securities whenever TRS is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody TRS will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which TRS is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly.

Clients should carefully review those statements and are urged to compare the statements against reports received from TRS. When clients have questions about their account statements, they should contact TRS or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

Through its asset management services and upon receiving written authorization from a client, TRS will maintain trading authorization over client accounts. Upon receiving written authorization from the client, TRS may implement trades on a **discretionary** basis. When discretionary authority is granted, TRS will have the authority to determine the type of securities, the amount of securities that can be bought or sold, and the commission rates paid for the client's portfolio without obtaining the client's consent for each transaction. However, it is the policy of TRS to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, TRS will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Item 17 – Voting Client Securities

TRS will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in your accounts managed by our firm. You will receive proxies directly from your account custodian or transfer agent and such documents will not be delivered by TRS.

Item 18 – Financial Information

Item 18 is not applicable to this Disclosure Brochure. TRS does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is

reasonably likely to impair our ability to meet contractual commitments to clients. Finally, TRS has not been the subject of a bankruptcy petition at any time.

Item 19 - CUSTOMER PRIVACY POLICY NOTICE

This Privacy Notice is from TRS, a registered investment advisor in the business of providing investment advisory services to customers.

TRS is committed to safeguarding the confidential information of its clients. TRS holds all personal information provided by clients in the strictest confidence. TRS IARs may also be registered representatives of SAI, a registered broker/dealer that is not affiliated with TRS. TRS may also have relationships with other non-affiliated registered investment advisors, such as SAA, an affiliate of SAI, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, TRS does not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of client confidential information, TRS will provide written notice to its clients, and clients will be given an opportunity to direct whether such disclosure is permissible.

AN IMPORTANT NOTICE CONCERNING CUSTOMER PRIVACY

Customer Information Collected. TRS collects and develops personal information about clients, and some of that information is non-public personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the financial products and services clients obtain from TRS. The categories of Customer Information collected by TRS depend upon the scope of the engagement with the client and are generally described below. As an investment advisor, TRS collects and develops Customer Information about clients in order to provide investment advisory services. Customer Information TRS collects includes:

- Information received from clients on financial inventories through consultations. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning clients' financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about a client's financial products and services transactions with TRS.

Data Security. TRS restricts access to Customer Information to those IARs and employees who need the information to perform their job responsibilities. TRS maintains agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Customer Information about clients.

Use and Disclosure of Customer Information to Provide Customer Service for Accounts. To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for TRS to provide access to Customer Information within the firm and to non-affiliated companies such as SAI, SAA, other investment advisors, other broker/dealers, trust companies, custodians and insurance companies. TRS may also provide Customer Information outside of the firm as

permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

Former Clients. When clients close an account with TRS, TRS will continue to operate in accordance with the principles stated in the Notice.

Requirements of Federal Law. In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, including broker-dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to non-affiliated third parties, other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that that TRS does not disclose Customer Information to non-affiliated third parties, except as permitted or required by law (e.g., disclosures to service a client's account or to respond to subpoenas).

Item 20 – Brochure Supplements

Part 2B Brochure Supplement - Jeffery Townsend

Item 1 – Cover Page

Jeffery Townsend
Townsend & Associates, Inc.
d/b/a Townsend Retirement Specialists
2761 W. 120th Ave., Suite 200
Westminster, CO 80234
Ph: 303-452-5986

Date of Supplement: March 2011

This brochure supplement provides information about Jeffery Townsend (“Jeff”) that supplements the Townsend & Associates Inc. doing business as Townsend Retirement Specialists (“TRS”) brochure. You should have received a copy of that brochure. Please contact Shawn Kelly at 303-452-5986 if you did not receive the TRS brochure or if you have any questions about the contents of this supplement.

Additional information about Jeff is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Jeffery Townsend, Born 1958

Educational Background:

Attended Front Range College (no degree conferred)
Completed Effective Supervisory Management Course

Industry Licenses:

Series 7 (Registered Representative)

Series 24 (Registered Principal)
Series 63 (Securities Agent State Law)

Business Experience:

Townsend & Associates, Inc., *President*, 1991 to Present;
Townsend Capital, LLC, *President*, 09/2006 to Present;
Townsend & Associates, Inc., *Investment Advisor Representative*, 03/1998 to Present;
Securities America Inc., *Registered Representative*, 01/1995 to Present.

Professional Designations:

Jeff Townsend has the Chartered Retirement Planning CounselorSM (CRPC®) designation.

Chartered Retirement Planning Counselor (CRPC®)

Charter Retirement Planning CounselorSM (CRPC®); the College for Financial Planning® awards the Chartered Retirement Planning CounselorSM AND CRPC® designation to students who:

- successfully complete the program;
- pass the final examination; and
- comply with the Code of Ethics, which includes agreeing to abide by the Standards of Professional Conduct and Terms and Conditions. Applicants must also disclose any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct. Conferment of the designation is contingent upon the College for Financial Planning's review of matters either self-disclosed or which are discovered by the College that are required to be disclosed.

Applicants must sign and return the Code of Ethics forms within six months of passing the final exam. Failure to complete and submit the forms within this time frame may result in termination of the applicant's candidacy. If an individual wishes to apply for authorization to use the Marks in the future, the individual may be required to fulfill the initial designation requirements in place at the time the individual passed the final examination.

Successful students receive a certificate and are granted the right to use the designation on correspondence and business cards for a two-year period.

Continued use of the CRPC® designation is subject to ongoing renewal requirements. Every two years individuals must renew their right to continue using the CRPC® designation by:

- completing 16 hours of continuing education;
- reaffirming to abide by the Standards of Professional Conduct, Terms and Conditions, and to self disclose any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct; and
- paying a biennial renewal fee of \$75.

Item 3 – Disciplinary Information

Jeff has no legal or disciplinary events to report.

Item 4 – Other Business Activities

Registered Representative of Securities America, Inc.

Jeff is separately licensed as a registered representative with Securities America, Inc. ("SAI") an SEC registered broker-dealer. When acting in his separate capacity as a registered representative of SAI, he may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, he may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based SAI account in addition to a TRS advisory account.

All commissions earned for brokerage transactions are assigned to a master business account maintained by the branch office. All individuals that are registered representatives with SAI are also investment advisor representatives of Townsend Retirement Specialists. None of these individuals, including Jeff, directly receive commissions earned for brokerage transactions. All individuals affiliated with the branch office are strictly compensated by salary, which salary is calculated based upon the value of that individual's client assets under management and does not account for brokerage commissions. Additionally, all clients served by any individual affiliated with the Townsend branch office receive financial planning services pursuant to a financial planning advisory services agreement with TRS. As a result, any client who has a commission-based SAI account is also an advisory client of TRS. TRS has a fiduciary duty to act in the best interests of all advisory clients and the Townsend branch office has structured its compensation to individuals affiliated with the branch in a manner that is intended to eliminate any incentive to recommend commission-based products. Jeff will discuss the advantages and disadvantages of establishing a fee-based account through TRS versus establishing a commission-based account through SAI with each client. TRS does not require its advisor representatives to encourage clients to implement investment advice through SAI.

Jeff does not earn commissions in fee-based accounts.

Jeff will receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. Any 12b-1 fees are treated in the same manner as other brokerage compensation, and are assigned to a master business account maintained by the Townsend branch office. 12b-1 fees come from fund assets, therefore, indirectly from client assets. 12b-1 fees are received only in commission-based brokerage accounts. Jeff discusses with clients the selection of a 12b-1 paying mutual fund or other trail paying mutual funds. TRS maintains records of all 12b-1 fee payments to Jeff which may be viewed by clients upon request.

Clients are never obligated or required to establish accounts through TRS or SAI. However, if a client does not choose to accept Jeff's advice or decides not to establish an account through SAI or an SAI-approved custodian, Jeff may not be able to implement transactions for the client. Clients should understand that, due to certain regulatory constraints, Jeff, in his capacity as a SAI registered representative must place all purchases and sales of securities products in commission-based brokerage accounts through SAI or its other approved institutions.

Insurance Agent

Townsend & Associates, Inc. doing business as Townsend Retirement Specialists is a licensed insurance entity in several states. Additionally, Jeff is independently licensed to sell insurance and annuity products through various insurance companies as well as through Townsend & Associates as a licensed

insurance entity. When acting in this capacity, he can receive commissions for selling insurance products.

Jeff may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect his judgment when recommending products to clients. While he endeavors at all times to put the interest of his clients first as a part of his and TRS' overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect his decision making process when making recommendations.

Clients are never obligated or required to purchase insurance products from or through Jeff and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

Ownership of Accounting Firm

Jeff Townsend has an ownership interest the accounting firm, Townsend Lippa Advisors, LLC. The majority owner of the accounting firm is David Lippa who is not associated with TRS. Townsend Lippa Tax Advisors, LLC was established in January 2013. Jeff Townsend is involved with the management, administration, and marketing of Townsend Lippa Advisors, LLC; however Jeff Townsend does not prepare tax returns or provide other tax services. Advisory clients of TRS may be referred to Townsend Lippa Advisors, LLC for the provision of tax services. Advisory clients of TRS are not obligated to use the tax services of Townsend Lippa Advisors, LLC.

Rental Properties

Jeff spends a small amount of time on various activities for rental properties owned by a family trust and by Townsend Capital, LLC.

Item 5 – Additional Compensation

Other than the fees detailed in the TRS Form ADV Part 2A Disclosure Brochure, Jeff receives no other compensation related to advisory services provided to clients.

Item 6 – Supervision

Shawn Kelly is the Chief Compliance Officer of TRS. Shawn is responsible for developing, overseeing and enforcing the firm's compliance programs that have been established to monitor and supervise the activities and services provided by the firm and its representatives, including Jeff Townsend. Shawn can be contacted at 303-452-5986.

Form ADV Part 2B Brochure Supplement - Shawn R. Kelly

Item 1 – Cover Page

Shawn R. Kelly
Townsend & Associates, Inc.
d/b/a Townsend Retirement Specialists
2761 W. 120th Ave., Suite 200
Westminster, CO 80234
Ph: 303-452-5986

Date of Supplement: December 2011

This brochure supplement provides information about Shawn R. Kelly (“Shawn”) that supplements the Townsend & Associates Inc. (“TRS”) brochure. You should have received a copy of that brochure. Please contact Shawn Kelly at 303-452-5986 if you did not receive the TRS brochure or if you have any questions about the contents of this supplement.

Additional information about Shawn is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Shawn R. Kelly, Born 1975

Educational Background:

Effective Supervisory Management Course
Bachelor of Science in Business Administration, Doane College: 1999

Industry Licenses:

Series 7 (Registered Representative)
Series 66 (Series 66 (Uniform Combined State Law Agent))
Series 53 (Municipal Securities Security Principal)
Series 4 (Registered Options Principal)
Series 24 (Registered Principal)

Business Experience:

Townsend & Associates, Inc., *Producing Financial Advisor, Vice President, Chief Compliance Officer*, 01/2008 to Present
Securities America Advisors, Inc., *Registered Principal*, 01/2008 to Present
U.S. Bank, *Business Banking Officer*, 08/2007 to 12/2007
Securities America Inc., *Registered Representative, Compliance Examiner*, 01/2000 to 08/2007
Securities America Advisors, Inc., *Investment Advisor Representative, Compliance Examiner*

Professional Designation:

Shawn Kelly has the Chartered Retirement Planning CounselorSM (CRPC®) designation.

➤ Chartered Retirement Planning CounselorSM (CRPC®)

Chartered Retirement Planning CounselorSM (CRPC®); the College for Financial Planning® awards the Chartered Retirement Planning CounselorSM And CRPC® designation to students who:

- successfully complete the program;
- pass the final examination; and
- comply with the Code of Ethics, which includes agreeing to abide by the Standards of Professional Conduct and Terms and Conditions. Applicants must also disclose of any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct. Conferment of the designation is contingent upon the College for Financial Planning's review of matters either self-disclosed or which are discovered by the College that are required to be disclosed.

Applicants must sign and return the Code of Ethics forms within six months of passing the final exam. Failure to complete and submit the forms within this time frame may result in termination of the individual's candidacy. If an individual wishes to apply for authorization to use the Marks in the future, he or she may be required to fulfill the initial designation requirements in place at the time of passing the exam.

Successful students receive a certificate and are granted the right to use the designation on correspondence and business cards for a two-year period.

Continued use of the CRPC® designation is subject to ongoing renewal requirements. Every two years individuals must renew their right to continue using the CRPC® designation by:

- completing 16 hours of continuing education;
- reaffirming to abide by the Standards of Professional Conduct, Terms and Conditions, and self disclose any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct; and
- paying a biennial renewal fee of \$75.

Item 3 – Disciplinary Information

Shawn has no legal or disciplinary events to report.

Item 4 – Other Business Activities

Registered Representative of Securities America, Inc.

Shawn is separately licensed as a registered representative with Securities America, Inc. ("SAI") an SEC registered broker-dealer. When acting in his separate capacity as a registered representative of SAI, he may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, he may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based SAI account in addition to a TRS advisory account.

All commissions earned for brokerage transactions are assigned to a master business account maintained by the branch office. All individuals that are registered representatives with SAI are also

investment advisor representatives of Townsend Retirement Specialists. None of these individuals, including Shawn, directly receive commissions earned for brokerage transactions. All individuals affiliated with the branch office are strictly compensated by salary, which salary is calculated based upon the value of that individual's client assets under management and does not account for brokerage commissions. Additionally, all clients served by any individual affiliated with the Townsend branch office receive financial planning services pursuant to a financial planning advisory services agreement with TRS. As a result, any client who has a commission-based SAI account is also an advisory client of TRS. TRS has a fiduciary duty to act in the best interests of all advisory clients and the Townsend branch office has structured its compensation to individuals affiliated with the branch in a manner that is intended to eliminate any incentive to recommend commission-based products. Shawn will discuss the advantages and disadvantages of establishing a fee-based account through TRS versus establishing a commission-based account through SAI with each client. TRS does not require its advisor representatives to encourage clients to implement investment advice through SAI.

Shawn does not earn commissions in fee-based accounts.

Shawn will receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. Any 12b-1 fees are treated in the same manner as other brokerage compensation, and are assigned to a master business account maintained by the Townsend branch office. 12b-1 fees come from fund assets, therefore, indirectly from client assets. 12b-1 fees are received only in commission-based brokerage accounts. Shawn discusses with clients the selection of a 12b-1 paying mutual fund or other trail paying mutual funds. TRS maintains records of all 12b-1 fee payments to Shawn which may be viewed by clients upon request.

Clients are never obligated or required to establish accounts through TRS or SAI. However, if a client does not choose to accept Shawn's advice or decides not to establish an account through SAI or an SAI-approved custodian, Shawn may not be able to implement transactions for the client. Clients should understand that, due to certain regulatory constraints, Shawn, in his capacity as a SAI registered representative must place all purchases and sales of securities products in commission-based brokerage accounts through SAI or its other approved institutions.

Insurance Agent

Townsend & Associates, Inc. doing business as Townsend Retirement Specialists is a licensed insurance entity in several states. Additionally, Shawn is independently licensed to sell insurance and annuity products through various insurance companies as well as through Townsend & Associates as a licensed insurance entity. When acting in this capacity, he can receive commissions for selling insurance products.

Shawn may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect his judgment when recommending products to clients. While he endeavors at all times to put the interest of his clients first as a part of his and TRS' overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect his decision making process when making recommendations.

Clients are never obligated or required to purchase insurance products from or through Shawn and may choose any independent insurance agent and insurance company to purchase insurance products.

Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

Ownership of Accounting Firm

Shawn Kelly has an ownership interest in the accounting firm, Townsend Lippa Advisors, LLC. The majority owner of the accounting firm is David Lippa who is not associated with TRS. Townsend Lippa Tax Advisors, LLC was established in January 2013. Shawn Kelly is involved with the management, administration, and marketing of Townsend Lippa Advisors, LLC; however Shawn Kelly does not prepare tax returns or provide other tax services. Advisory clients of TRS may be referred to Townsend Lippa Advisors, LLC for the provision of tax services. Advisory clients of TRS are not obligated to use the tax services of Townsend Lippa Advisors, LLC.

Item 5 – Additional Compensation

Other than the fees detailed in the TRS Form ADV Part 2A Disclosure Brochure, Shawn receives no other compensation related to advisory services provided to clients.

Item 6 – Supervision

Shawn Kelly is the Chief Compliance Officer of TRS. He is responsible for developing, overseeing and enforcing the firm's compliance programs that have been established to monitor and supervise the activities and services provided by the firm and its representatives. Shawn can be contacted at 303-452-5986.

Form ADV Part 2B Brochure Supplement - Theresa L. Ashton

Item 1 – Cover Page

Theresa L. Ashton
Townsend & Associates, Inc.
d/b/a Townsend Retirement Specialists
2761 W. 120th Ave., Suite 200
Westminster, CO 80234
Ph: 303-452-5986

Date of Supplement: March 2011

This brochure supplement provides information about Theresa L. Ashton (“Ashton”) that supplements the Townsend & Associates Inc. (“TRS”) brochure. You should have received a copy of that brochure. Please contact Shawn Kelly at 303-452-5986 if you did not receive the TRS brochure or if you have any questions about the contents of this supplement.

Additional information about Therese is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Theresa L. Ashton, Born 1964

Education Background:

Attended Front Range Community College (no degree conferred)

Industry Licenses:

Series 7 (Registered Representative)
Series 66 (Uniform Combined State Law Agent)
Series 63 (Securities Agent State Law)

Business Background:

Townsend & Associates, Inc., *Investment Advisor Representative*, 08/2007 to Present
Townsend & Associates, Inc., *Retirement Specialist*, 10/2006 – 08/2007
Securities America Inc., *Registered Representative*, 12/2001 to Present;
Ashton Financial Group, *Vice President, Mortgage Loan Officer*, 02/2005 to 10/2006;
Denver Mortgage, *Loan Officer*, 06/2004 to 02/2005
Turning Point Financial Solutions, Inc., *President, Insurance Agent*, 03/2004 to 10/2006;
Complete Spectrum Financial Services, *Insurance Agent*, 10/2001 to 09/2003
Complete Spectrum Lending, LLC, *Mortgage Consultant*, 12/2002 to 09/2003
Indianapolis Life Insurance, *Insurance Agent*, 07/2002 to 10/2006

Professional Designation:

Theresa Ashton has the Chartered Retirement Planning CounselorSM (CRPC®) designation.

➤ Chartered Retirement Planning CounselorSM (CRPC®)

Chartered Retirement Planning CounselorSM (CRPC®); the College for Financial Planning® awards the Chartered Retirement Planning CounselorSM And CRPC® designation to students who:

- successfully complete the program;
- pass the final examination; and
- comply with the Code of Ethics, which includes agreeing to abide by the Standards of Professional Conduct and Terms and Conditions. Applicants must also disclose of any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct. Conferment of the designation is contingent upon the College for Financial Planning's review of matters either self-disclosed or which are discovered by the College that are required to be disclosed.

Applicants must sign and return the Code of Ethics forms within six months of passing the final exam. Failure to complete and submit the forms within this time frame may result in termination of the individual's candidacy. If an individual wishes to apply for authorization to use the Marks in the future, he or she may be required to fulfill the initial designation requirements in place at the time of passing the exam.

Successful students receive a certificate and are granted the right to use the designation on correspondence and business cards for a two-year period.

Continued use of the CRPC® designation is subject to ongoing renewal requirements. Every two years individuals must renew their right to continue using the CRPC® designation by:

- completing 16 hours of continuing education;
- reaffirming to abide by the Standards of Professional Conduct, Terms and Conditions, and self disclose any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct; and
- paying a biennial renewal fee of \$75.

Item 3 – Disciplinary Information

Theresa Ashton has no legal or disciplinary events to report.

Item 4 – Other Business Activities

Registered Representative of Securities America, Inc.

Theresa is separately licensed as a registered representative with Securities America, Inc. ("SAI") an SEC registered broker-dealer. When acting in her separate capacity as a registered representative of SAI, she may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, she may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based SAI account in addition to a TRS advisory account.

All commissions earned for brokerage transactions are assigned to a master business account maintained by the branch office. All individuals that are registered representatives with SAI are also investment advisor representatives of Townsend Retirement Specialists. None of these individuals, including Theresa, directly receive commissions earned for brokerage transactions. All individuals affiliated with the branch office are strictly compensated by salary, which salary is calculated based upon the value of that individual's client assets under management and does not account for brokerage commissions. Additionally, all clients served by any individual affiliated with the Townsend branch office receive financial planning services pursuant to a financial planning advisory services agreement with TRS. As a result, any client who has a commission-based SAI account is also an advisory client of TRS. TRS has a fiduciary duty to act in the best interests of all advisory clients and the Townsend branch office has structured its compensation to individuals affiliated with the branch in a manner that is intended to eliminate any incentive to recommend commission-based products. Theresa will discuss the advantages and disadvantages of establishing a fee-based account through TRS versus establishing a commission-based account through SAI with each client. TRS does not require its advisor representatives to encourage clients to implement investment advice through SAI.

Theresa does not earn commissions in fee-based accounts.

Theresa will receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. Any 12b-1 fees are treated in the same manner as other brokerage compensation, and are assigned to a master business account maintained by the Townsend branch office. 12b-1 fees come from fund assets, therefore, indirectly from client assets. 12b-1 fees are received only in commission-based brokerage accounts. Theresa discusses with clients the selection of a 12b-1 paying mutual fund or other trail paying mutual funds. TRS maintains records of all 12b-1 fee payments to Theresa which may be viewed by clients upon request.

Clients are never obligated or required to establish accounts through TRS or SAI. However, if a client does not choose to accept Theresa's advice or decides not to establish an account through SAI or an SAI-approved custodian, Theresa may not be able to implement transactions for the client. Clients should understand that, due to certain regulatory constraints, Theresa, in her capacity as a SAI registered representative must place all purchases and sales of securities products in commission-based brokerage accounts through SAI or its other approved institutions.

Insurance Agent

Townsend & Associates, Inc. doing business as Townsend Retirement Specialists is a licensed insurance entity in several states. Additionally, Theresa is independently licensed to sell insurance and annuity products through various insurance companies as well as through Townsend & Associates as a licensed insurance entity. When acting in this capacity, she can receive commissions for selling insurance products.

Theresa may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect her judgment when recommending products to clients. While she endeavors at all times to put the interest of her clients first as a part of her and TRS' overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect her decision making process when making recommendations.

Clients are never obligated or required to purchase insurance products from or through Theresa and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

Item 5 – Additional Compensation

Other than the fees detailed in the TRS Form ADV Part 2A Disclosure Brochure, Theresa receives no other compensation related to advisory services provided to clients.

Item 6 – Supervision

Shawn Kelly is the Chief Compliance Officer of TRS. He is responsible for developing, overseeing and enforcing the firm's compliance programs that have been established to monitor and supervise the activities and services provided by the firm and its representatives, including Theresa Ashton. Shawn can be contacted at 303-452-5986.

Form ADV Part 2B Brochure Supplement - Mark E. Thomas

Item 1 – Cover Page

Mark E. Thomas
Townsend & Associates, Inc.
d/b/a Townsend Retirement Specialists
2761 W. 120th Ave., Suite 200
Westminster, CO 80234
Ph: 303-452-5986

Date of Supplement: March 2011

This brochure supplement provides information about Mark E. Thomas (“Mark”) that supplements the Townsend & Associates Inc. (“TRS”) brochure. You should have received a copy of that brochure. Please contact Shawn Kelly at 303-452-5986 if you did not receive the TRS brochure or if you have any questions about the contents of this supplement.

Additional information about Mark is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Mark E. Thomas, Born 1962

Educational Background:

Front Range Community College (no degree conferred)

Industry Licenses:

Series 7 (Registered Representative)

Series 66 (Uniform Combined State Law Agent)

Business Experience:

Townsend & Associates, Inc., *Investment Advisor Representative & Retirement Specialist*,
02/2010 to Present;

Securities America Inc., *Registered Representative*, 02/2010 to Present

LaFarge North America, *Assistant Plant Manager*, 12/2005 to 01/2010

Professional Designation:

Mark Thomas has the Chartered Retirement Planning CounselorSM (CRPC®) designation.

- Chartered Retirement Planning CounselorSM (CRPC®)

Chartered Retirement Planning CounselorSM (CRPC®); the College for Financial Planning® awards the Chartered Retirement Planning CounselorSM And CRPC® designation to students who:

- successfully complete the program;
- pass the final examination; and
- comply with the Code of Ethics, which includes agreeing to abide by the Standards of Professional Conduct and Terms and Conditions. Applicants must also disclose of any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct. Conferment of the designation is contingent upon the College for Financial Planning's review of matters either self-disclosed or which are discovered by the College that are required to be disclosed.

Applicants must sign and return the Code of Ethics forms within six months of passing the final exam. Failure to complete and submit the forms within this time frame may result in termination of the individual's candidacy. If an individual wishes to apply for authorization to use the Marks in the future, he or she may be required to fulfill the initial designation requirements in place at the time of passing the exam.

Successful students receive a certificate and are granted the right to use the designation on correspondence and business cards for a two-year period.

Continued use of the CRPC® designation is subject to ongoing renewal requirements. Every two years individuals must renew their right to continue using the CRPC® designation by:

- completing 16 hours of continuing education;
- reaffirming to abide by the Standards of Professional Conduct, Terms and Conditions, and self disclose any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct; and
- paying a biennial renewal fee of \$75.

Item 3 – Disciplinary Information

Mark has no legal or disciplinary events to report.

Item 4 – Other Business Activities

Registered Representative of Securities America, Inc.

Mark is separately licensed as a registered representative with Securities America, Inc. ("SAI") an SEC registered broker-dealer. When acting in his separate capacity as a registered representative of SAI, he may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, he may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based SAI account in addition to a TRS advisory account.

All commissions earned for brokerage transactions are assigned to a master business account maintained by the branch office. All individuals that are registered representatives with SAI are also investment advisor representatives of Townsend Retirement Specialists. None of these individuals, including Mark, directly receive commissions earned for brokerage transactions. All individuals affiliated with the branch office are strictly compensated by salary, which salary is calculated based upon the value of that individual's client assets under management and does not account for brokerage commissions. Additionally, all clients served by any individual affiliated with the Townsend branch office receive financial planning services pursuant to a financial planning advisory services agreement with TRS. As a

result, any client who has a commission-based SAI account is also an advisory client of TRS. TRS has a fiduciary duty to act in the best interests of all advisory clients and the Townsend branch office has structured its compensation to individuals affiliated with the branch in a manner that is intended to eliminate any incentive to recommend commission-based products. Mark will discuss the advantages and disadvantages of establishing a fee-based account through TRS versus establishing a commission-based account through SAI with each client. TRS does not require its advisor representatives to encourage clients to implement investment advice through SAI.

Mark does not earn commissions in fee-based accounts.

Mark will receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. Any 12b-1 fees are treated in the same manner as other brokerage compensation, and are assigned to a master business account maintained by the Townsend branch office. 12b-1 fees come from fund assets, therefore, indirectly from client assets. 12b-1 fees are received only in commission-based brokerage accounts. Mark discusses with clients the selection of a 12b-1 paying mutual fund or other trail paying mutual funds. TRS maintains records of all 12b-1 fee payments to Mark which may be viewed by clients upon request.

Clients are never obligated or required to establish accounts through TRS or SAI. However, if a client does not choose to accept Mark's advice or decides not to establish an account through SAI or an SAI-approved custodian, Mark may not be able to implement transactions for the client. Clients should understand that, due to certain regulatory constraints, Mark, in his capacity as a SAI registered representative must place all purchases and sales of securities products in commission-based brokerage accounts through SAI or its other approved institutions.

Insurance Agent

Townsend & Associates, Inc. doing business as Townsend Retirement Specialists is a licensed insurance entity in several states. Additionally, Mark is independently licensed to sell insurance and annuity products through various insurance companies as well as through Townsend & Associates as a licensed insurance entity. When acting in this capacity, he can receive commissions for selling insurance products.

Mark may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect his judgment when recommending products to clients. While he endeavors at all times to put the interest of his clients first as a part of his and TRS' overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect his decision making process when making recommendations.

Clients are never obligated or required to purchase insurance products from or through Mark and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

Item 5 – Additional Compensation

Other than the fees detailed in the TRS Form ADV Part 2A Disclosure Brochure, Mark receives no other compensation related to advisory services provided to clients.

Item 6 – Supervision

Shawn Kelly is the Chief Compliance Officer of TRS. Shawn is responsible for developing, overseeing and enforcing the firm's compliance programs that have been established to monitor and supervise the activities and services provided by the firm and its representatives, including Mark Thomas. Shawn can be contacted at 303-452-5986.

Form ADV Part 2B Brochure Supplement - Deborah A. Macey

Item 1 – Cover Page

Deborah A. Macey
Townsend & Associates, Inc.
d/b/a Townsend Retirement Specialists
2761 W. 120th Ave., Suite 200
Westminster, CO 80234
Ph: 303-452-5986

Date of Supplement: October 2012

This brochure supplement provides information about Deborah A. Macey (“Deborah”) that supplements the Townsend & Associates Inc. (“TRS”) brochure. You should have received a copy of that brochure. Please contact Shawn Kelly at 303-452-5986 if you did not receive the TRS brochure or if you have any questions about the contents of this supplement.

Additional information about Deborah is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Deborah A. Macey, Born 1962

Educational Background:

Associate Degree, College of Financial Planning, 1999

Industry Licenses:

Series 7 (Registered Representative)

Series 63 (Securities Agent State Law)

Business Experience:

Townsend & Associates, Inc., *Producing Financial Advisor*, 10/2009 to Present;

Securities America Inc., *Registered Representative*, 03/2009 to Present;

Morgan Stanley & Company, Inc., *Financial Advisor*, 08/2008 to 09/2008

Wachovia Securities, LLC (formerly AG Edwards & Sons), Sr. Registered Sales Assistant, 01/2008 to 08/2008

AG Edwards & Sons, Sr. Registered Financial Associate, 12/2003 to 12/2007

Salomon Smith Barney, Registered Sales Assistant, 10/2001 to 12/2003

Professional Designations:

Deborah holds the following professional designations:

¹Certified Divorce Financial Analyst (CFDA), 2009

²Chartered Retirement Planning Counselor (CRPC), 2008

³Certified Financial Planner (CFP), 2003

⁴Accredited Asset Management SpecialistSM (AAMS®) 2010

Certified Divorce Financial Analyst

¹A Certified Divorce Financial Analyst (CDFA) is a member of the Institute for Divorce Financial Analysts (IDFA) who specializes in the financial issues surrounding divorce. The role of the CDFA includes acting as an advisor to one party's divorce lawyer, or as a mediator for both parties. A CDFA uses his or her knowledge of tax law, asset distribution, and short- and long-term financial planning to achieve an equitable settlement.

To become a CDFA, a person must have two years of financial planning or legal experience. After attaining the proper work experience, candidates are required to complete a four-step modular program and exam designed by the IDFA. The program is a self-study system, covering financial and tax issues, with case studies of divorce settlements.

CDFATM PRACTICE STANDARDS

Education - CDFATM professionals must develop their theoretical and practical understanding and knowledge of the financial aspects of divorce by completing a comprehensive course of study approved by the IDFATM.

Examination - CDFATM practitioners must pass a four-part Certification Examination that tests their understanding and knowledge of the financial aspects of divorce. In addition, the practitioner must demonstrate the practical application of this knowledge in the divorce process.

Experience - CDFATM professionals must have two years minimum experience in a financial or legal capacity prior to earning the right to use the CDFATM certification mark.

Ethics - As a final step to certification, CDFATM practitioners agree to abide by a strict code of professional conduct known as the IDFATM's Code of Ethics and Professional Responsibility, that sets forth their ethical responsibilities to the public, clients, employers and other professionals. The IDFATM may perform a background check during this process and each candidate for CDFATM certification must disclose any investigations or legal proceedings relating to his or her professional or business conduct.

Ongoing Certification Requirements - Once certified, CDFATM practitioners are required to maintain technical competence and fulfill ethical obligations. Every two years, they must complete a minimum of twenty (20) hours of continuing education, ten (10) of which are specifically related to the field of divorce. In addition to the biennial continuing education requirement, all CDFATM practitioners must voluntarily disclose any public, civil, criminal or disciplinary actions that have been taken against them during the past two years as part of the renewal process.

Chartered Retirement Planning Counselor

²Chartered Retirement Planning Counselor (CRPC). The College for Financial Planning® awards the CHARTERED RETIREMENT PLANNING COUNSELORSM AND CRPC® designation to students who:

- successfully complete the program;
- pass the final examination; and
- comply with the Code of Ethics, which includes agreeing to abide by the Standards of Professional Conduct and Terms and Conditions. Applicants must also disclose any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct. Conferment of the designation is contingent

upon the College for Financial Planning's review of matters either self-disclosed or which are discovered by the College that are required to be disclosed.

Students must sign and return the Code of Ethics forms within six months of passing the final exam. Failure to complete and submit the forms within this time frame may result in termination of the individual's candidacy. If an individual wishes to apply for authorization to use the Marks in the future, he or she may be required to fulfill the initial designation requirements in place at the time of passing the exam.

Successful students receive a certificate and are granted the right to use the designation on correspondence and business cards for a two-year period.

Continued use of the CRPC® designation is subject to ongoing renewal requirements. Every two years individuals must renew their right to continue using the CRPC® designation by:

- completing 16 hours of continuing education;
- reaffirming their obligation to abide by the Standards of Professional Conduct, Terms and Conditions, and self disclose any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct; and
- paying a biennial renewal fee of \$75.

Certified Financial Planner

³The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional*

Conduct, to maintain competence and keep up with developments in the financial planning field; and

- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

CFP Acknowledgment: Deborah acknowledges her responsibility as a CFP® Certificant to adhere to the standards that have been established in the CFP Board's Standards of Professional Conduct. If you become aware that her conduct may violate the Standards of Professional Conduct, you may file a complaint with the CFP Board at www.CFP.net/complaint.

Accredited Asset Management SpecialistSM/AAMS®

⁴ Accredited Asset Management SpecialistSM. The College for Financial Planning® awards the Accredited Asset Management SpecialistSM and AAMS® designation to individuals who have completed a course of study encompassing investments, insurance, tax, retirement, and estate planning issues. The program is designed for approximately 120-150 hours of self-study. The AAMS® designation is awarded upon passing the final examination. Designees are required to comply with the Code of Ethics, which includes agreeing to abide by the Standards of Professional Conduct and Terms and Conditions. Continued use of the AAMS® designation is subject to a) completion of 16 hours of continuing education every two years; b) reaffirmation to abide by the Standards of Professional Conduct, Terms and Conditions and to self disclose any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation or proceeding relating to the individual's professional or business conduct; and c) payment of a biennial renewal fee.

Item 3 – Disciplinary Information

Deborah has no legal or disciplinary events to report.

Item 4 – Other Business Activities

Registered Representative of Securities America, Inc.

Deborah is separately licensed as a registered representative with Securities America, Inc. ("SAI") an SEC registered broker-dealer. When acting in her separate capacity as a registered representative of SAI, she may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, she may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based SAI account in addition to a TRS advisory account.

All commissions earned for brokerage transactions are assigned to a master business account maintained by the branch office. All individuals that are registered representatives with SAI are also investment advisor representatives of Townsend Retirement Specialists. None of these individuals, including Deborah, directly receive commissions earned for brokerage transactions. All individuals affiliated with the branch office are strictly compensated by salary, which salary is calculated based upon the value of that individual's client assets under management and does not account for brokerage

commissions. Additionally, all clients served by any individual affiliated with the Townsend branch office receive financial planning services pursuant to a financial planning advisory services agreement with TRS. As a result, any client who has a commission-based SAI account is also an advisory client of TRS. TRS has a fiduciary duty to act in the best interests of all advisory clients and the Townsend branch office has structured its compensation to individuals affiliated with the branch in a manner that is intended to eliminate any incentive to recommend commission-based products. Deborah will discuss the advantages and disadvantages of establishing a fee-based account through TRS versus establishing a commission-based account through SAI with each client. TRS does not require its advisor representatives to encourage clients to implement investment advice through SAI.

Deborah does not earn commissions in fee-based accounts.

Deborah will receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. Any 12b-1 fees are treated in the same manner as other brokerage compensation, and are assigned to a master business account maintained by the Townsend branch office. 12b-1 fees come from fund assets, therefore, indirectly from client assets. 12b-1 fees are received only in commission-based brokerage accounts. Deborah discusses with clients the selection of a 12b-1 paying mutual fund or other trail paying mutual funds. TRS maintains records of all 12b-1 fee payments to Deborah which may be viewed by clients upon request.

Clients are never obligated or required to establish accounts through TRS or SAI. However, if a client does not choose to accept Deborah's advice or decides not to establish an account through SAI or an SAI-approved custodian, Deborah may not be able to implement transactions for the client. Clients should understand that, due to certain regulatory constraints, Deborah, in her capacity as a SAI registered representative must place all purchases and sales of securities products in commission-based brokerage accounts through SAI or its other approved institutions.

Insurance Agent

Townsend & Associates, Inc. doing business as Townsend Retirement Specialists is a licensed insurance entity in several states. Additionally, Deborah is independently licensed to sell insurance and annuity products through various insurance companies as well as through Townsend & Associates as a licensed insurance entity. When acting in this capacity, she can receive commissions for selling insurance products.

Deborah may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect her judgment when recommending products to clients. While she endeavors at all times to put the interest of her clients first as a part of her and TRS' overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect her decision making process when making recommendations.

Clients are never obligated or required to purchase insurance products from or through Deborah and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

Item 5 – Additional Compensation

Other than the fees detailed in the TRS Form ADV Part 2A Disclosure Brochure, Deborah receives no other compensation related to advisory services provided to clients.

Item 6 – Supervision

Shawn Kelly is the Chief Compliance Officer of TRS. He is responsible for developing, overseeing and enforcing the firm's compliance programs that have been established to monitor and supervise the activities and services provided by the firm and its representatives, including Deborah Macey. Shawn can be contacted at 303-452-5986.

Form ADV Part 2B Brochure Supplement - Tiffany A. Brown

Item 1 – Cover Page

Tiffany A. Brown
Townsend & Associates, Inc.
d/b/a Townsend Retirement Specialists
2761 W. 120th Ave., Suite 200
Westminster, CO 80234
Ph: 303-452-5986

Date of Supplement: May 2013

This brochure supplement provides information about Tiffany A. Brown (“Tiffany”) that supplements the Townsend & Associates Inc. (“TRS”) brochure. You should have received a copy of that brochure. Please contact Shawn Kelly at 303-452-5986 if you did not receive the TRS brochure or if you have any questions about the contents of this supplement.

Additional information about Tiffany is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Tiffany A. Brown, Born 1978

Education Background:

Chadron State College, 2000

Industry Licenses:

Series 7 (Registered Representative)

Series 66 (Uniform Combined State Law Agent)

Business Experience:

Townsend & Associates, Inc., *Producing Financial Advisor*, 10/2009 to Present;

Townsend & Associates, Inc., *Office Assistant*, 10/2007 to 10/2009

Securities America Inc., *Registered Representative*, 01/2008 to Present;

Community First National Bank (now d/b/a Bank of the West), *Credit Trainee, Financial Services Officer*, 01/2002 to 10/2007.

Professional Designations:

Tiffany holds the following professional designations:

¹Chartered Retirement Planning CounselorSM (CRPC®)

²Certified Financial PlannerTM (CFP®)

Chartered Retirement Planning Counselorsm (CRPC®)

¹Chartered Retirement Planning Counselorsm (CRPC®); the College for Financial Planning® awards the Chartered Retirement Planning Counselorsm And CRPC® designation to students who:

- successfully complete the program;
- pass the final examination; and
- comply with the Code of Ethics, which includes agreeing to abide by the Standards of Professional Conduct and Terms and Conditions. Applicants must also disclose of any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct. Conferment of the designation is contingent upon the College for Financial Planning's review of matters either self-disclosed or which are discovered by the College that are required to be disclosed.

Applicants must sign and return the Code of Ethics forms within six months of passing the final exam. Failure to complete and submit the forms within this time frame may result in termination of the individual's candidacy. If an individual wishes to apply for authorization to use the Marks in the future, he or she may be required to fulfill the initial designation requirements in place at the time of passing the exam.

Successful students receive a certificate and are granted the right to use the designation on correspondence and business cards for a two-year period.

Continued use of the CRPC® designation is subject to ongoing renewal requirements. Every two years individuals must renew their right to continue using the CRPC® designation by:

- completing 16 hours of continuing education;
- reaffirming to abide by the Standards of Professional Conduct, Terms and Conditions, and self disclose any criminal, civil, self-regulatory organization, or governmental agency inquiry, investigation, or proceeding relating to their professional or business conduct; and
- paying a biennial renewal fee of \$75.

Certified Financial PlannerTM (CFP®)

²The CERTIFIED FINANCIAL PLANNERTM, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios

designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;

- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

CFP Acknowledgment: Tiffany acknowledges her responsibility as a CFP® Certificant to adhere to the standards that have been established in the CFP Board's Standards of Professional Conduct. If you become aware that her conduct may violate the Standards of Professional Conduct, you may file a complaint with the CFP Board at www.CFP.net/complaint.

Item 3 – Disciplinary Information

Tiffany has no legal or disciplinary events to report.

Item 4 – Other Business Activities

Registered Representative of Securities America, Inc.

Tiffany is separately licensed as a registered representative with Securities America, Inc. ("SAI") an SEC registered broker-dealer. When acting in her separate capacity as a registered representative of SAI, she may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to advisory clients. As such, she may suggest that advisory clients implement investment advice by purchasing securities products through a commission-based SAI account in addition to a TRS advisory account.

All commissions earned for brokerage transactions are assigned to a master business account maintained by the branch office. All individuals that are registered representatives with SAI are also investment advisor representatives of Townsend Retirement Specialists. None of these individuals, including Tiffany, directly receive commissions earned for brokerage transactions. All individuals affiliated with the branch office are strictly compensated by salary, which salary is calculated based upon the value of that individual's client assets under management and does not account for brokerage commissions. Additionally, all clients served by any individual affiliated with the Townsend branch office receive financial planning services pursuant to a financial planning advisory services agreement with TRS. As a result, any client who has a commission-based SAI account is also an advisory client of TRS. TRS has a

fiduciary duty to act in the best interests of all advisory clients and the Townsend branch office has structured its compensation to individuals affiliated with the branch in a manner that is intended to eliminate any incentive to recommend commission-based products. Tiffany will discuss the advantages and disadvantages of establishing a fee-based account through TRS versus establishing a commission-based account through SAI with each client. TRS does not require its advisor representatives to encourage clients to implement investment advice through SAI.

Tiffany does not earn commissions in fee-based accounts.

Tiffany will receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. Any 12b-1 fees are treated in the same manner as other brokerage compensation, and are assigned to a master business account maintained by the Townsend branch office. 12b-1 fees come from fund assets, therefore, indirectly from client assets. Typically, 12b-1 fees are received only in commission-based brokerage accounts. However, such fees can be earned in fee-based accounts managed by Tiffany if 12b-1 fee paying mutual funds are held in the managed account. For ERISA accounts, there is an offset for any amount of 12b-1 fees. Tiffany discusses with clients the selection of a 12b-1 paying mutual fund or other trail paying mutual funds. TRS maintains records of all 12b-1 fee payments to Tiffany which may be viewed by clients upon request.

Clients are never obligated or required to establish accounts through TRS or SAI. However, if a client does not choose to accept Tiffany's advice or decides not to establish an account through SAI or an SAI-approved custodian, Tiffany may not be able to implement transactions for the client. Clients should understand that, due to certain regulatory constraints, Tiffany, in her capacity as a SAI registered representative must place all purchases and sales of securities products in commission-based brokerage accounts through SAI or its other approved institutions.

Insurance Agent

Townsend & Associates, Inc. doing business as Townsend Retirement Specialists is a licensed insurance entity in several states. Additionally, Tiffany is independently licensed to sell insurance and annuity products through various insurance companies as well as through Townsend & Associates as a licensed insurance entity. When acting in this capacity, she can receive commissions for selling insurance products.

Tiffany may also receive other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of compensation and other incentive benefits may affect her judgment when recommending products to clients. While she endeavors at all times to put the interest of her clients first as a part of her and TRS' overall fiduciary duty to clients, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect her decision making process when making recommendations.

Clients are never obligated or required to purchase insurance products from or through Tiffany and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

Item 5 – Additional Compensation

Other than the fees detailed in the TRS Form ADV Part 2A Disclosure Brochure, Tiffany receives no other compensation related to advisory services provided to clients.

Item 6 – Supervision

Shawn Kelly is the Chief Compliance Officer of TRS. He is responsible for developing, overseeing and enforcing the firm's compliance programs that have been established to monitor and supervise the activities and services provided by the firm and its representatives, including Tiffany Brown. Shawn can be contacted at 303-452-5986.